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

2024

ANNUAL REPORT

* For identification purpose only

CONTENTS

CORPORATE INFORMATION

Directors	Executive Directors Mr. Gao Xia *(Chairman)* Mr. Li Xin Qing Mr. Bi Jingfeng Mr. An Wei *(Chief Executive Officer)* Non-executive Director Mr. Tao Chen Independent non-executive Directors Mr. Li Xiang Feng Mr. Liu Wei Ms. Jiang Yan
Audit Committee	Ms. Jiang Yan *(Committee Chairman)* Mr. Li Xiang Feng Mr. Liu Wei
Remuneration Committee	Mr. Li Xiang Feng *(Committee Chairman)* Mr. Liu Wei Ms. Jiang Yan
Nomination Committee	Mr. Gao Xia *(Committee Chairman)* Mr. Li Xiang Feng Ms. Jiang Yan
Authorised Representatives	Mr. Gao Xia Ms. Ho Wing Yan
Company Secretary	Ms. Ho Wing Yan
Auditor	SHINEWING (HK) CPA Limited
Registered Office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands

CORPORATE INFORMATION

Principal Place of Business and Address of Headquarters in the PRC	Building G1 South Section of The High and New Technology Factory Renhe Road Caofeidian Industrial District Tangshan Hebei Province The People's Republic of China
Principal Place of Business in Hong Kong	Suite 2703, 27/F., Shui On Centre Nos. 6-8 Harbour Road Wanchai Hong Kong
Principal Share Registrar and Transfer Office	SMP Partners (Cayman) Limited Royal Bank House 3rd Floor 24 Shedden Road P.O. Box 1586 Grand Cayman KY1-1110 Cayman Islands
Hong Kong Branch Share Registrar and Transfer Office	Computershare Hong Kong Investor Services Limited 17M Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Legal Adviser	*As to Hong Kong law:* Anthony Siu & Co. 18th Floor Nine Queen's Road Central Hong Kong
Principal Banker	Bank of Communications Zhuhai Jida Sub-branch 1/F, Zhong Dian Tech Building Jida Jiuzhou Road The PRC
Stock Code	2188
Website	www.titans.com.cn

FINANCIAL HIGHLIGHTS

OPERATING FIGURES FOR THE PAST FIVE YEARS

For the year ended 31 December	**2024 RMB'000**	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Revenue	**392,249**	374,277	344,848	337,344	275,592
Gross profit	**102,520**	107,802	110,319	114,421	68,264
Profit (loss) for the year attributable to owners of the Company	**(45,383)**	(43,979)	(18,227)	18,595	(29,622)
Total comprehensive income (expense) for the year attributable to owners of the Company	**(49,136)**	(54,410)	(22,044)	17,181	(31,285)
Earnings (loss) per share					
Basic	**RMB(0.030)**	RMB(0.034)	RMB(0.020)	RMB0.020	RMB(0.032)
Diluted	**RMB(0.030)**	RMB(0.034)	RMB(0.020)	RMB0.020	RMB(0.032)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE PAST FIVE YEARS

As at 31 December	**2024 RMB'000**	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Total assets	**1,020,697**	1,078,847	906,964	866,432	826,440
Non-current assets	**221,823**	225,108	246,224	255,425	277,359
Current assets	**798,874**	853,739	660,740	611,007	549,081
Total liabilities	**451,686**	460,210	404,361	343,513	321,547
Current liabilities	**386,403**	394,858	337,865	282,155	254,706
Net current assets	**412,471**	458,881	322,875	328,852	294,375
Net assets	**569,011**	618,637	502,603	522,919	504,893

FINANCIAL HIGHLIGHTS

FINANCIAL INDICATORS FOR THE PAST FIVE YEARS

For the year ended 31 December	2024	2023	2022	2021	2020
Inventory turnover [(1)] (days)	**211**	253	240	194	165
Trade and bills receivables turnover [(2)] (days)	**283**	261	269	250	302
Trade and bills payables turnover [(3)] (days)	**207**	250	223	177	182
Current ratio [(4)] (times)	**2.07**	2.16	1.96	2.17	2.16
Gearing ratio [(5)] (%)	**20.55**	14.51	18.14	18.90	20.43
Return on equity [(6)] (%)	**(8.55)**	(7.22)	(3.71)	3.64	(6.01)

Notes:

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

(2) Trade and bills receivables turnover equals the average of trade and bills receivables at the beginning and the ending of the year divided by revenue and 1+13% value added tax (as trade and bills receivables include the value added tax receivables from customers), and multiplied by 365.

(3) Trade and bills payable turnover equals the average of trade and bills payables at the beginning and ending of the year divided by cost of sales and 1+13% value added tax (as trade and bills payables include the value added tax payable to suppliers), and multiplied by 365.

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

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

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

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors of China Titans Energy Technology Group Co., Limited (中國泰坦能源技術集團有限公司) (the "Company") and its subsidiaries (collectively the "Group"), I hereby present the annual report for 2024 of the Company.

China's new energy vehicle industry has once again demonstrated its leadership in the grand narrative of global energy transformation. Over the past year, the number of new energy vehicles in China has crossed new milestones, and the charging infrastructure network has continued to be built, with the number of new energy vehicles exceeding 28 million. China has successively launched a number of policies to support the construction of charging infrastructure, providing strong support for the promotion of sustainable socio-economic development and the realisation of the goals of carbon peak and carbon neutrality. According to the statistics released by China Electric Vehicle Charging Infrastructure Promotion Alliance, from January to December 2024, the sales volume of new energy vehicles reached 11,582,000 units, and the number of new charging infrastructure was approximately 4,222,000 units, representing a year-on-year increase of 24.7%. Among them, the number of public charging piles increased was 853,000 units, representing a year-on-year decrease of 8.1%, while the increased number of private charging piles built with vehicles was 3,368,000 units, representing a year-on-year increase of approximately 37.0%. In 2024, charging infrastructure and the new energy vehicle industry continued to maintain a momentum of vigorous development.

During the Reporting Period, the Group achieved revenue of approximately RMB392,249,000, representing a year-on-year increase of approximately 4.80%. Despite the increase in revenue, the Group recorded a loss attributable to owners of the Company of approximately RMB45,383,000 in 2024 as a result of, among other things, the decrease in gross profit margin and impairment loss on trade receivables.

The year 2024 is a year when China's new energy vehicle industry will be hard-pressed amidst change, and it is also an important stage for China Titans Energy Technology Group to carry on the past and move forward into the new 30 years. The current adjustment is the inevitable process of "survival of the fittest." Undaunted by the challenges at this stage, the Group has been promoting all-round innovation with the courage to "return to zero and start again", making full use of the resource advantages of the state-owned capital operation platform, focusing on the areas of strategy, finance, operation and management, and continuing to empower the Group in pursuit of high-quality development.

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CHAIRMAN'S STATEMENT

Looking forward to 2025, with the further increase in the penetration rate of new energy vehicles, the continuous optimisation of charging pile policy and the deepening of collaborative construction of distribution networks, the charging infrastructure sector will see more room for development. Against this backdrop, energy storage technology, as the core hub of energy restructuring, is experiencing explosive growth in market demand. Driven by the "Dual-Carbon" objective and the accelerated implementation of the domestic energy storage and electricity market reform, the Group will rely on advanced power electronic technology and new energy storage system technology to focus on the strategic depth of the energy storage business on the basis of continuously enhancing the sales volume and profitability of existing products. On the one hand, the Group will promote the deep integration of distributed energy storage and charging network through the integrated solution of "light, storage, charging" to achieve dynamic load regulation and absorption of renewable energy; on the other hand, the Group will focus on the landing of grid-side energy storage, industrial and commercial energy storage, and shared energy storage projects to effectively enhance the stability of green power supply and to promote the synergistic development of green energy. The Group will actively integrate the resources of the industry chain through a more open ecological mindset, and ultimately construct a "vehicle-pile-storage-network" intelligent energy ecosystem to create multi-dimensional value for shareholders.

Last but not least, on behalf of the Board, I would like to take this opportunity to sincerely thank all our shareholders, customers and partners for your long-standing support and trust in our Group, and I would also like to express my sincere gratitude to all my colleagues for your hard work and dedication in the past year.

Chairman
Gao Xia

Hong Kong, 14 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 December 2024 (the "Reporting Period"), the Group recorded revenue of approximately RMB392,249,000, representing an increase of approximately 4.80% 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 2024 and 2023:

	For the year ended 31 December			
	2024		2023	
	RMB'000	**%**	RMB'000	%
Electrical DC products	**144,473**	**36.83**	141,021	37.68
Charging equipment for electric vehicles	**224,584**	**57.26**	206,661	55.22
Charging services for electric vehicles	**22,998**	**5.86**	26,517	7.08
Others	**194**	**0.05**	78	0.02
Total	**392,249**	**100**	374,277	100

In 2024, the Group recorded a loss attributable to owners of the Company and total comprehensive expense attributable to owners of the Company of approximately RMB45,383,000 and RMB49,136,000, respectively, representing an increase of approximately RMB1,404,000 and a decrease of approximately RMB5,274,000 as compared to the loss of approximately RMB43,979,000 and the total comprehensive expense of approximately RMB54,410,000 of last year.

The loss of the Group for 2024 was mainly due to: (1) the increase in costs and expenses during the Reporting Period; and (2) the impairment losses of trade receivables.

Electrical DC products

During the Reporting Period, the Group's revenue of the electrical DC product was approximately RMB144,473,000, representing an increase of approximately 2.45% over 2023.

Charging equipment for electric vehicles

During the Reporting Period, the Group's revenue of the charging equipment for electric vehicles amounted to approximately RMB224,584,000, representing an increase of approximately 8.67% over 2023. The Directors are of the view that the Group's revenue increased during the Reporting Period as a result of the further development of the new energy vehicle industry and the rising demand for charging equipment projects in various regions of China.

MANAGEMENT DISCUSSION AND ANALYSIS

Charging services for electric vehicles

During the Reporting Period, the Group recorded revenue from charging services for electric vehicles of approximately RMB22,998,000, representing a decrease of approximately 13.27% as compared to that recorded in 2023. The Directors are of the view that the decrease in revenue from electric vehicle charging services was mainly due to the decrease in charging volume at some of the public transport charging stations, which resulted in the decrease in revenue from the Company's charging services business.

Others

During the Reporting Period, the Group's revenue of other businesses amounted to approximately RMB194,000, being the income from the sales of power storage products and the leasing business in relation to electric vehicles, representing an increase as compared to that recorded in 2023.

Major operating activities in 2024:

During the Reporting Period, the new energy vehicle industry chain showed a high-quality development momentum, and the construction of charging infrastructure and the end-consumer market formed a positive interaction, driven by the full implementation of the rules of implementation of the national "trade-in for new" policy and the continued increase in local subsidies for purchasing new energy vehicles.

According to the latest statistics released by the China Electric Vehicle Charging Infrastructure Promotion Alliance, the new energy vehicle market achieved leapfrog growth in the year 2024, with annual terminal retail sales reaching 11,582,000 units. Supporting charging infrastructure developed in tandem, with the number of charging infrastructure increased by 4,222,000 units, representing a year-on-year increase of 24.7%, of which, public charging piles increased by 853,000 units, representing a year-on-year decrease of 8.1%. The private charging piles built with vehicles increased by 3,368,000 units, representing a year-on-year increase of 37.0%. As of the end of December 2024, the cumulative number of charging infrastructure nationwide was 12,818,000 units, representing a year-on-year increase of 49.1%. The piles to vehicle incremental ratio is 1:2.7, and the construction of charging infrastructure is basically adequate for the rapid development of new energy vehicles.

The data released by the China Electricity Council indicated that China's total electricity consumption reached 9,852.1 billion kWh in 2024, representing a year-on-year increase of 6.8%, and the construction of new power system continued to deepen. Against this backdrop, the Group's core smart grid key equipment of electrical DC products to seize the development opportunities. They continued to meet the demand for digitalization and intelligent upgrading of power grids and continued to expand their applications in scenarios such as UHV power transmission, distributed energy grid connections and an ancillary energy storage system. Benefiting from the national large-scale investment planning for new power systems and social demand for the power side, the market penetration of the Company's products is expected to further increase.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Group achieved revenue from the principal business of approximately RMB392,249,000, representing a year-on-year increase of 4.80%. Despite the increase in revenue, the domestic economy continued to face multiple challenges and competition in the new energy automobile industry chain intensified. In order to increase its market share, the Group increased its marketing efforts and related expenses on the one hand, and launched more price-competitive marketing policies on the other hand, which resulted in a decrease in gross profit margin. The main operating conditions are set out as below:

1. Electrical DC products

In 2024, the Group's electrical DC products recorded a revenue of approximately RMB144,473,000, representing a year-on-year increase of 2.45%. The Group continued to adopt the sales model of "direct sales + agency" and achieved certain results in the market. In bidding activities, leveraging on the professional brand reputation, high-quality services and intelligent and stable performance advantages of Titan's electrical DC products, Titans successfully won bids for numerous key projects in Jiangxi, Hubei, Fujian, and Tibet.

The Group's electricity-dazzling products continued to make an impact in the semiconductor, automobile manufacturing, metallurgy, food production and chemical industry. The products effectively enhance the stability of the power system, effectively reduce the length of equipment downtime and the risk of equipment damage, and safeguard the safe and stable operation of customers' production equipment.

In addition, in 2024, the Group launched a brand new power supply product - "Remote Nuclear Capacitor (Discharge) Product", the application areas of which cover the State Grid, new energy power generation, industrial and commercial energy storage, charging stations for new energy electric vehicles, airport power supply systems, large-scale industrial and mining enterprises, shopping malls, hotels and residential areas, etc. The Group is aware of the broad application prospect of this product and has been actively engaged in its research and development and promotion. The technology of this product is currently at the leading level in China and has been successfully applied in many power grid companies in Guangdong, Guangxi, Ningxia, Qinghai, Fujian and Guizhou.

2. Charging and power-replacing equipment for electric vehicles

During the Reporting Period, the charging equipment for electric vehicles of the Group achieved revenue of approximately RMB224,584,000, representing a year-on-year increase of 8.67%. Since entering the electric vehicle charging and power-replacing industry in 2005, Titans has always adhered to the concept of "innovation, quality and service", providing users with high-quality charging products and services through technological innovation, and promoting the development of the industry.

In 2024, leveraging on our excellent brand reputation, high-quality services and reliable product functions, the Group successfully won the bids for numerous procurement projects of charging equipment for electric vehicles in multiple provinces and cities such as Hubei, Guangdong, Beijing, Sichuan, Gansu, Anhui, Hebei, Fujian, Shandong and Hainan. In addition, the Group paid special attention to the charging projects of China National Petroleum Corporation ("CNPC"), with service areas including Shandong, Sichuan, Shanxi, Hainan, Beijing, Jiangsu and Tianjin. At the same time, the Group has comprehensively laid out the new energy industry in the Tangshan region of Hebei Province, actively participated in and successfully landed a number of smart charging poles projects in the Tangshan City, accelerating the formation of a closed-loop industrial chain integrating research and development, production and application demonstration, and serving the development of the industry in the whole region, and laying the foundation for promoting the coverage of local charging service network.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group continued to promote its 720kW liquid-cooled supercharger host and supercharger terminal based on liquid-cooling technology. The product can maintain stable operation under extreme conditions such as high temperature, low temperature, salt spray and high altitude due to its excellent environmental adaptability. With support for fast charging, it significantly reduced charging time. In addition, TT-Power's standardized charging and switching product series has been comprehensively upgraded in 2024 with excellent compatibility and high efficiency, further enhancing the charging experience for users.

The Company introduced a new intelligent ring set power scheduling solution for DC high-power charging products and launched a quasi-megawatt class charging system. By applying dynamic power allocation, the maximum power of a single system can reach 960kW, and the maximum number of gun ports can support 16 guns, which can optimize the power allocation strategy for different vehicles or scenarios, and will be more suitable for high-frequency scenarios, such as logistic parks, bus hubs, and so on. A single system can serve multiple heavy trucks or buses at the same time, reducing queuing and waiting. At the same time, through the high-density gun layout, in the limited space to achieve the "quasi-gas station" service capacity, the number of vehicles served per day by a single charging station will be significantly increased.

In addition, the Group is actively concerned about people's livelihood. In order to solve the charging safety problem of "flying wire charging and electric vehicles entering buildings", the Group has constructed charging infrastructures for electric vehicles and electric bicycles in the Caofeidian District of Tangshan City in Hebei Province, and has provided convenient charging services for 127 residential areas and public places.

Titans will continue to be committed to promoting new technologies and contributing to the construction of efficient and convenient electric vehicle charging networks in various regions.

3. Charging services for electric vehicles

In 2024, revenue from charging services for electric vehicles amounted to approximately RMB22,998,000, representing a year-on-year decrease of 13.27%, mainly due to the reduction in charging volume of some public transport charging stations. The Group focused on optimizing and upgrading the core equipment of the existing charging stations to comprehensively improve the quality of service and ensure that users receive a more efficient and stable charging experience. Meanwhile, it actively expanded its franchise cooperation network and deepened its market layout together with its partners. Through joint market promotion activities, the Group continued to enhance its brand influence and expand its service coverage to provide users with more convenient and high-quality travelling protection.

In terms of research and development, the Group focused on optimizing software functions, including delayed settlement after automatic detection of insufficient balance, two-gun charging for heavy trucks through applet code scanning and automatic parking fee waiver after charging, automatic sending of charging invoices for users, starting and stopping of charging by swiping the card at AC piles, optimization of the use of coupons and the refund mechanism, etc., in order to provide a more convenient and better charging experience for users.

MANAGEMENT DISCUSSION AND ANALYSIS

4. Research and development

The Group has always believed that innovation is an important driving force for sustained competitive advantage. During the Reporting Period, the Group significantly increased its investment in research and development, including replenishing the necessary experimental and testing equipment, increasing the remuneration of core research and development personnel and expanding co-operation with universities and scientific research institutes. Research and development focused on areas such as charging and switching technologies, energy storage and integrated energy utilization, and significant progress was made.

During the Reporting Period, the Group was granted a total of 7 patents for inventions covering innovations in the following 4 areas: (1) in the field of charging technology, the development of a method for preventing damage to power meters in the event of vibration or falling, thereby enhancing the stability of the connection between cables and power meters; (2) in the field of new energy charging piles, the optimization of cable distribution devices for charging piles for neater and more orderly cable management; (3) in the field of the technology of monitoring auxiliary switches, the Company has developed a device for monitoring relay auxiliary switches, with the aim of improving monitoring efficiency, reducing the required processor input and output ports (IO ports), and being able to quickly and accurately detect the status, position, and heat generation of each relay; (4) in the technical field of dynamic detection of pantographs and contact grids of electric locomotives in rail transport, providing a real-time transmission method of online detection alarms for contactless contact grids with high operational efficiency, accurate detection and quick response.

Titans has always adhered to technological innovation as the core driving force and has constantly enhanced product competitiveness, helping the industry to move towards high-quality development.

5. Marketing Management

During the Reporting Period, the Group invested more to vigorously build a comprehensive strategic marketing system and accelerated the pace of market expansion through multi-dimensional resource integration, including but not limited to: replenishing the necessary sales team, establishing new sales channels in the blank areas of the market, searching for more market partners, and stepping up the promotion of the product brand. The Group believes that more marketing channels, partners and product promotion will effectively enhance the Company’s marketing capability.

6. Customer Service

Titans has always regarded “attentive service that meets or exceeds customers’ expectations” as an important objective of its quality policy. Through continuous investment of resources, Titans has established a highly skilled, professional, efficient and experienced service team and a comprehensive and efficient service system to ensure that Titans provides customers with excellent service experience.

During the Reporting Period, Titans once again passed the national standard GB/T 27922-2011 after-sales service system certification and was awarded a five-star service rating based on its excellent performance in the field of customer service. This marks Titans in the service capabilities, widely recognized and highly evaluated, but also the affirmation of the corporate culture and business philosophy. Titans will continue to uphold the “customer first” principle, and constantly improve the level of service, to provide each customer with a more high-quality, comprehensive service experience, and is committed to becoming the most trusted partner of customers.

MANAGEMENT DISCUSSION AND ANALYSIS

Future business prospect and plans

In 2025, new energy vehicles will remain a key area for China to promote the growth of domestic demand and industrial upgrading, and its related industries will also usher in opportunities for sustained development. It is estimated that by 2025, the number of new energy vehicles will exceed 40 million units. Under the policy support, the upgrading of charging infrastructure equipment will be accelerated, and the collaborative construction of the power grid to jointly drive the development of the industry.

On 24 January 2025, the General Office of eight departments, including the Ministry of Commerce, issued a notice on the launch of a pilot reform of vehicle circulation and consumption. The notice proposed that in 2025-2027, a pilot reform of vehicle circulation and consumption would be carried out to stabilize and expand vehicle consumption. The notice proposed to explore the establishment of a coordinated mechanism across vehicle consumption promotion departments in their local regions, to strengthen regular consultation, collaboration and linkage, and to make good use of beneficial policies to form a joint force for the work. It encouraged relevant regions to improve measures on vehicle purchase and driving restrictions, to promote the refined and differentiated management of vehicle purchase targets, to make comprehensive use of economic and technological methods, and to explore the gradual relaxation or cancellation of policies on the restriction of purchase, so as to better satisfy residents' demand for an automobile purchase. The notice proposed to explore the establishment of low-carbon emission zones and to guide and encourage the consumption of energy-saving vehicles and new energy vehicles; to explore the multi-scenario application of autonomous driving technology based on the efficient synergy of vehicles, road networks, the Internet, cloud computing, and maps; to accelerate the technological breakthroughs and industrialized development of intelligent network automobile technology; and to nurture and grow the consumption of intelligent network new energy vehicles.

Under the national "dual carbon" strategy, the electrification of transport and the reform of new energy power have become two core development directions. As a key bridge between new energy vehicles and the new power system, charging infrastructure not only assumes the important functions of energy management and information interaction but also shoulders the mission of promoting the high-quality development of the industry. Meanwhile, the energy storage sector has an irreplaceable significance in the realisation of the "dual-carbon" goal. It is able not only to balance supply and demand and improve energy efficiency, but also to promote the large-scale application of renewable energy and enhance the flexibility and stability of the power grid.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group will actively respond to the needs of the national strategy, give full play to its advantages, continue to improve the level of product technology, expand its business areas and further strengthen its brand influence, contributing to the sustainable development of the new energy industry. The business and management priorities for 2025 are as follows:

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

In terms of manufacturing, the Group will continue to improve the design and process level of its two manufacturing plants in Zhuhai of Guangdong and Tangshan of Hebei, optimize inspection equipment, and accelerate the pace of digital and intelligent production transformation, introducing artificial intelligence (AI) to continuously improve manufacturing efficiency and product quality.

In terms of sales and market expansion, the Group will keep abreast of market trends and customer needs to expand market penetration in order to increase overall market share. Based on solidifying its market advantages in high-power fast charging and intelligent flexible charging, the Group will further promote the implementation of standardized products. Meanwhile, it will increase its investment in heavy truck battery charging and swapping projects, focus on the urgent need for electrification of heavy trucks, rely on its existing experience in implementing heavy truck battery swapping projects, tap into its target customer groups and lay out intelligent heavy truck battery charging and swapping stations at key nodes of the logistics system.

In order to effectively enhance the stability of green power supply and promote the synergistic development of green energy, the Group plans to actively promote the landing of grid-side energy storage, industrial and commercial energy storage and shared energy storage projects relying on the existing accumulation of advanced power electronics technologies, BATTERY MANAGEMENT SYSTEM (BMS), Energy Management System (EMS) technologies and new energy storage integration technologies, etc.

The Group will continue to optimise the structure of the industrial chain, with high-quality development as its core objective. In terms of marketing, it will optimise the sales incentive mechanism and fully mobilise and support frontline sales staff to expand new customers and channels. Based on the market foundation that has been laid out in 2024, the Group will further increase capital investment and vigorously integrate resources to consolidate existing channels and partnerships on the one hand to boost business growth, and accelerate the pace of promotion of new products on the other hand to promote further expansion of the market scale, and further build a comprehensive energy eco-network covering the entire region.

2. Strengthening the operation and management of charging stations and assisting major operators in upgrading their operations

At present, under the leadership of the strategy of building a new energy system, governments around the world are accelerating the intelligent upgrading of charging infrastructure and strengthening policy support through diversified financing channels. Relying on the mature investment, construction and operation experience accumulated over the years of ploughing into the new energy field, the Group has innovatively constructed a full ecological closed loop of “investment + construction + operation” with the support of the independently developed high-performance charging equipment product system and the continuously iterated core technologies such as V2G and intelligent scheduling. Focusing on the stock of charging stations in urban transport hubs, commercial complexes and other public places, it provides full life-cycle services covering equipment renewal, system upgrading and energy-efficiency management, and simultaneously builds a “light, storage, charging, swapping and inspection” integrated intelligent energy demonstration project to build a multi-energy complementary integrated energy service system. Through the flexible use of financial tools and the innovative creation of a diversified business ecosystem of “basic service + value-added operation”, the Group strives to improve the utilisation efficiency of charging facilities and user experience, promote the synergistic development of the new energy vehicle industry and the new type of electric power system, and provide a replicable full-scenario solution for the green and low-carbon transformation of the city.

MANAGEMENT DISCUSSION AND ANALYSIS

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

The Group will deeply practise the innovation-driven development strategy. In terms of product research and development and technology, the Group will maintain its core technological advantages in power electronics, realise breakthroughs in intelligent power supply products, develop a new monitoring product system to upgrade its existing charging pile products in four dimensions: power, heat dissipation, safety and cost, including liquid-cooled super-charging, air-cooled super-charging, conventional charging piles and slow-charging for sequential charging. The Group will complete the upgrade of all standard products, land a new generation of industrial and commercial energy storage systems, covering BMS and EMS control systems as well as high-power electricity dazzling products. In terms of platform, the Group will focus on strengthening the monitoring product platforms, software platforms and system integration capabilities, and realise the synergistic control of charging facilities, energy storage systems and photovoltaic power plants. The Group continues to shape and improves the core competitiveness of its products centred on customer needs, and at the same time strengthens cooperation with various research and development teams to continuously iterate existing products and reserve new technologies ahead of schedule, with the goal of producing safer, more efficient and intelligent products to improve future market suitability.

4. Optimizing internal management and enhancing comprehensive resilience

The Group will increase the synergy, fusion and integration of internal and external resources in the supply chain and production chain to enhance digital production, and enhance the effectiveness and orderliness of production through the use of the MES system; the Group will continue to promote the integration of business and finance in order to optimise data accuracy, progressively bring the configuration quotation system online, optimise and expand the product lifecycle management system PLM ("Product Lifecycle Management"), and progressively upgrade the information technology system as a whole in order to enhance the overall work efficiency. Departments will be deeply integrated, the division of labour will be refined, management positions will be appropriately adjusted, and the training of management cadres will be strengthened to enhance their management capabilities; the Group will promote the development of cross-competence in the form of job rotation, optimize the personnel structure and continue to promote the rejuvenation of cadres. The Group will deepen the assessment mechanism combining Key Performance Indicators (KPIs) and the Objectives and Key Results (OKRs) method, promote the introduction of AI tools into office application scenarios, enhance the overall quality and work efficiency of employees, and create an efficient team.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Our revenue increased from approximately RMB374,277,000 for the year ended 31 December 2023 to approximately RMB392,249,000 for the year ended 31 December 2024, representing an increase of approximately 4.80%. The main reason for the increase in the Group's revenue is that during the Reporting Period, Chinese economy showed a steady and better trend, and maintained steady growth, while market demand ramped up rapidly. 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 2.45%, charging equipment for electric vehicle increased by approximately 8.67%, charging services for electric vehicles decreased by approximately 13.27% and others increased by approximately 148.72%.

Cost of sales

Our cost of sales, which mainly included raw material costs, direct labour costs and manufacturing expenses, increased by approximately 8.73% from RMB266,475,000 for the year ended 31 December 2023 to RMB289,729,000 for the year ended 31 December 2024. 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 2024 and 2023:

	For the year ended 31 December 2024			For the year ended 31 December 2023		
	Gross profit RMB'000	**Percentage of total gross profit %**	**Gross profit margin %**	Gross profit RMB'000	Percentage of total gross profit %	Gross profit margin %
Electrical DC products	**23,442**	**22.87**	**16.23**	33,411	30.99	23.69
Charging equipment for electric vehicles	**77,705**	**75.79**	**34.60**	72,836	67.57	35.24
Charging services for electric vehicles	**1,322**	**1.29**	**5.75**	1,534	1.42	5.78
Others	**51**	**0.05**	**26.29**	21	0.02	26.92
Total/average	**102,520**	**100**	**26.14**	107,802	100	28.80

Our gross profit decreased by approximately 4.90% from RMB107,802,000 for the year ended 31 December 2023 to RMB102,520,000 for the year ended 31 December 2024. Our gross profit margin decreased from approximately 28.80% for the year ended 31 December 2023 to approximately 26.14% for the year ended 31 December 2024. The decrease in gross profit margin as compared to that of the corresponding period of last year was primarily due to the intensified market competition in respect of the sales of electrical DC products and charging equipment products for electric vehicle during the Reporting Period, resulting in the adjustment of the product pricing by the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Other revenue and income

Our other revenue, which mainly included VAT refunds, government grants and bank interest income, decreased by approximately RMB11,510,000 from RMB15,802,000 for the year ended 31 December 2023 to RMB4,292,000 for the year ended 31 December 2024.

The decrease in other revenue of the Group was mainly attributable to the combined effects of factors such as the decrease in subsidies received from the government in 2024.

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 8.73% from RMB68,453,000 for the year ended 31 December 2023 to RMB74,426,000 for the year ended 31 December 2024. Our selling and distribution expenses as a percentage of revenue increased from approximately 18.29% for the year ended 31 December 2023 to approximately 18.97% for the year ended 31 December 2024. 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 RMB4,844,000; (2) sales-related fees such as bid-winning services fees increased by approximately RMB206,000; (3) sales-related expenses such as office and advertising expenses increased by approximately RMB157,000; (4) sales-related expenses such as transportation, installing and testing expenses increased by approximately RMB559,000; and (5) sales-related expenses such as amortization, depreciation and other miscellaneous expenses increased by approximately RMB207,000.

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 10.75% from RMB80,016,000 for the year ended 31 December 2023 to RMB88,621,000 for the year ended 31 December 2024. Our administrative and other expenses as a percentage of revenue increased from approximately 21.38% for the year ended 31 December 2023 to approximately 22.59% for the year ended 31 December 2024. The increase of approximately RMB8,605,000 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 RMB1,445,000; (2) bank charges and payment to lawyers and professionals increased by approximately RMB1,202,000; (3) expenses such as office, maintenance, consumables, subscription and utility expenses relating to management increased by approximately RMB1,874,000; (4) amortization and other sundry expenses increased by approximately RMB62,000; (5) expenses such as benefits, travelling and entertainment expenses relating to management increased by approximately RMB2,559,000; and (6) rental, transportation and other taxes increased by approximately RMB1,463,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Share of results of associates

As at 31 December 2024, the Group owned 20% (as at 31 December 2023: 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 RMB22,000.

As at 31 December 2024, the Group owned 9.4% (as at 31 December 2023: 9.4%) 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 RMB709,000.

As at 31 December 2024, the Group owned 17% (as at 31 December 2023: 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 RMB1,106,000.

Finance costs

Our finance costs decreased by approximately 2.46% from RMB8,815,000 for the year ended 31 December 2023 to RMB8,598,000 for the year ended 31 December 2024. Our finance costs as a percentage of revenue decreased from approximately 2.36% for the year ended 31 December 2023 to approximately 2.19% for the year ended 31 December 2024. 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 RMB6,062,000 for the year ended 31 December 2024 whereas our income tax credit was approximately RMB4,763,000 for the year ended 31 December 2023. The effective tax rate (being the ratio of our tax credit to our profit before tax) for the year ended 31 December 2024 was approximately 11.67% (2023: approximately 9.33%).

MANAGEMENT DISCUSSION AND ANALYSIS

Loss attributable to non-controlling interests

For the year ended 31 December 2024, loss attributable to non-controlling interests of the Group's non-wholly owned subsidiaries was approximately RMB490,000, as compared with a loss of approximately RMB2,324,000 for the year ended 31 December 2023. 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 2024 was approximately RMB45,383,000 whilst loss attributable to owners of the Company for the year ended 31 December 2023 was approximately RMB43,979,000, representing an increase of loss of approximately RMB1,404,000.

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 trade receivables.

Total comprehensive expense attributable to owners of the Company for the year ended 31 December 2024 was approximately RMB49,136,000 whilst total comprehensive expense for the year ended 31 December 2023 was approximately RMB54,410,000, representing a decrease of approximately RMB5,274,000.

Inventory Analysis

The table below sets out the information on our inventory for the years ended 31 December 2024 and 2023:

	Year ended 31 December			
	2024		2023	
	RMB'000	**%**	RMB'000	%
Raw materials	**7,192**	**5.03**	10,618	5.53
Work-in-progress	**6,133**	**4.29**	18,923	9.85
Finished goods	**129,757**	**90.68**	162,558	84.62
	143,082	**100**	192,099	100

The Group's inventory balances decreased from approximately RMB192,099,000 as at 31 December 2023 to approximately RMB143,082,000 as at 31 December 2024.

Our average inventory turnover days decreased from approximately 253 days for the year ended 31 December 2023 to approximately 211 days for the year ended 31 December 2024. The decrease was due to further management optimisation as a result of increased sales of main products during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Analysis on Trade Receivables

As at 31 December 2023 and 2024, our trade receivables (net of allowance) amounted to approximately RMB306,613,000 and approximately RMB380,413,000, 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 2024 and 2023:

	Year ended 31 December 2024		Year ended 31 December 2023	
	Net amount RMB'000	**%**	Net amount RMB'000	%
0 to 90 days	**215,345**	**56.61**	173,387	56.55
91 days to 180 days	**38,094**	**10.01**	28,799	9.39
181 days to 365 days	**88,850**	**23.36**	44,495	14.51
After 1 year but within 2 years	**26,216**	**6.89**	43,256	14.11
After 2 years but within 3 years	**11,908**	**3.13**	16,676	5.44
Total	**380,413**	**100**	306,613	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 2024, we made an impairment loss on trade receivables of approximately RMB20,339,000 (2023: approximately RMB25,991,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Analysis on Trade and Bills Payables

As at 31 December 2023 and 2024, our trade and bills payables amounted to approximately RMB215,509,000 (comprising trade payables of approximately RMB170,859,000 and bills payables of approximately RMB44,650,000) and approximately RMB155,765,000 (comprising trade payables of approximately RMB106,527,000 and bills payables of approximately RMB49,238,000, respectively. Trade and bills payables slightly decreased. For the years ended 31 December 2023 and 2024, our trade and bills payable turnover days were approximately 250 days and approximately 207 days, respectively.

The table below sets out the ageing analysis of our trade payables as of 31 December 2024 and 2023:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Within 90 days	**121,242**	132,158
91 days to 180 days	**21,368**	46,770
181 days to 365 days	**4,800**	20,075
After 1 year but within 2 years	**7,953**	15,590
After 2 years but within 3 years	**402**	916
	155,765	215,509

Bank and Other Borrowings

The following table sets out our bank and other borrowings as at 31 December 2024 and 2023.

	For the year ended 31 December 2024		For the year ended 31 December 2023	
	RMB'000	**Interest rates**	RMB'000	Interest rates
Current				
Bank borrowings	**150,800**	**3.85% to 4.5%**	93,886	4.0% to 4.45%
Other borrowings	**5,000**	**4.5% to 7.92%**	11,555	4.5% to 7.92%
Non-current				
Bank borrowings	**53,968**	**5.43%**	51,108	5.43%
	209,768		156,549	

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2024, total bank borrowings and other borrowings amounted to approximately RMB209,768,000 (as at 31 December 2023: approximately RMB156,549,000), among which approximately RMB209,768,000 were secured loans (as at 31 December 2023: approximately RMB156,549,000) and none of them were unsecured loans (as at 31 December 2023: nil). Bank borrowings as at 31 December 2024 were subject to the floating interest rates ranging from 3.85% to 7.92% per annum (as at 31 December 2023: from 4.00% to 7.92% 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 Science and Technology"), 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 Science and Technology 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 HK$ million	Utilised amount as at 31 December 2023 HK$ million	Utilised amount as of 31 December 2024 HK$ million	Unutilised net proceeds as of 31 December 2024 HK$ million	Expected time period of the balance to be fully utilized
Investments in the expansion of the charging services or electric vehicles business	50%	94.14	–	42.44	51.70	By the end of 2025
Investments in the expansion of the charging equipment for electric vehicles business	40%	75.32	24.11	75.32	–	
General working capital of the Group	10%	18.83	12.90	18.83	–	
Total	100%	188.29	37.01	136.59	51.70	

MANAGEMENT DISCUSSION AND ANALYSIS

Save as disclosed above, there has been no change in the capital structure of the Group during the year ended 31 December 2024. The capital of the Group only comprises ordinary shares.

As at 31 December 2024, the total equity of the Group amounted to approximately RMB569,011,000 (as at 31 December 2023: approximately RMB618,637,000), the Group's current assets were approximately RMB798,874,000 (as at 31 December 2023: approximately RMB853,739,000) and current liabilities were approximately RMB386,403,000 (as at 31 December 2023: approximately RMB394,858,000). As at 31 December 2024, the Group had bank balances and cash of approximately RMB133,861,000 (as at 31 December 2023: approximately RMB219,772,000), excluding restricted bank balances of approximately RMB56,874,000 (as at 31 December 2023: approximately RMB32,979,000). Our total assets less our total liabilities equals to our net assets, which was approximately RMB569,011,000 as at 31 December 2024 (as at 31 December 2023: approximately RMB618,637,000).

The Group finances its operations with internally generated cash flow and bank borrowings. As at 31 December 2024, the Group had aggregate amount of outstanding bank borrowings and other borrowings of approximately RMB209,768,000 (as at 31 December 2023: approximately RMB156,549,000).

The gearing ratio (i.e. borrowings divided by total assets x 100%) was approximately 20.55% as at 31 December 2024.

SIGNIFICANT INVESTMENTS

The Group did not hold any significant investment during the year ended 31 December 2024.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 16 May 2024, the Company entered into the equity transfer agreement (the "Equity Transfer Agreement") with the Chen Wenjia (陳文加) (the "Purchaser") and 珠海市金得拍賣有限公司 (Zhuhai Jinde Auction Co., Ltd.*) (as the auction agent), pursuant to which the Company conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the entire equity interest in Zhuhai Libo New Energy Technology Co., Ltd (indirect wholly owned subsidiary of the Company) at the consideration of RMB30.1 million (equivalent to approximately HK$33.1 million and the final bid price offered by the Purchaser during the auction) (the "Disposal").

Zhuhai Libo was holding the properties of two industrial buildings situated at 60 Shihua Road West, Zhuhai City, Guangdong Province, the PRC with an aggregate gross floor area of 6,870.21 sq.m.. Based on the valuation conducted by Guangdong Renhe Land Real Estate and Assets Evaluation Co., Ltd., the value of the properties was at the value of RMB27,660,988 as of 8 January 2024.

According to the Equity Transfer Agreement, the parties agreed that the mortgage loan of the properties of approximately RMB50,000,000 shall be repaid by the Company to the bank before the registration of change of shareholders of Zhuhai Libo. The parties also agreed that within 120 days from the date of the Equity Transfer Agreement, the Company shall repay all debts and release the mortgage loan, and ensure that Zhuhai Libo's equity interest is not subject to any liabilities before the change shareholding is proceeded. The Purchaser also agreed that the Company will continue to use the properties on a lease basis until the end of 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Due to (i) the completion of the production facilities and office of the Group located in Tangjiawan Town, Zhuhai High-Tech Industrial Development Zone; and (ii) the new production facilities of the Group established in 2023 in Caofeidian Industrial District, Tangshan City, Hebei Province, the Board is of the view that the Disposal would help improve the overall management efficiency of the Group's business, optimize the resource allocation of the Group. The net proceeds to be received from the Disposal upon its completion is expected to increase the cash flow of the Company and therefore provide flexibility to the Company in identifying and participating in other investment should any suitable opportunity arise.

The gross proceeds from the disposal is RMB30.1 million (equivalent to approximately HK$33.1 million). The Group intends to apply the proceeds from the Disposal for general working capital purpose or any potential investments of the Group in the future.

Upon completion of the Disposal, the Company would cease to have any interest in Zhuhai Libo, and Zhuhai Libo would no longer be an indirect wholly-owned subsidiary of the Company. The financial results of Zhuhai Libo would cease to be recognised in the accounts of the Group.

For details, please refer to the announcements of the Company dated 26 April 2024 and 16 May 2024.

Completion of the Disposal took place in July 2024.

Save as disclosed above, during the year ended 31 December 2024, the Group had no material acquisitions or disposals of subsidiaries, associates or joint ventures.

CONTINGENT LIABILITIES

As at 31 December 2024 and the date of this report, the Group had no material contingent liability.

CAPITAL COMMITMENTS

As at 31 December 2024, the Group had capital expenditure contracted for but not provided in the consolidated financial statements of approximately RMB5,250,000 (as at 31 December 2023: approximately RMB9,170,000) in respect of investment capital.

Save as disclosed above, as at 31 December 2024 and the date of this report, the Group did not have other capital expenditure authorised but not contracted for in respect of investment, factory renovation and purchase of equipment.

MANAGEMENT DISCUSSION AND ANALYSIS

PLEDGE OF ASSETS

The Group's leasehold land and buildings with carrying amounts of approximately RMB122,900,000 as at 31 December 2024 (as at 31 December 2023: approximately RMB130,638,000) were pledged to secure the bank borrowings and bank facilities.

EMPLOYEES AND REMUNERATION

As at 31 December 2024, the Group had 441 employees in total (as at 31 December 2023: 442 employees). During the year ended 31 December 2024, total employees' remuneration amounted to approximately RMB66,920,000 (2023: approximately RMB61,230,000). 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 2023 and 2024, 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 2023 and 2024, 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 2023 and 31 December 2024, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 RMB185,000 (2023: exchange gain of approximately RMB6,605,000). 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 2024. As at 31 December 2024, 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 2024.

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.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Gao Xia, born in 1972, is the Chairman, an executive Director and the chairman of the nomination committee of the Company. At present, Mr. Gao is also a director of Grace Technology Development Limited, Titans Holdings Co., Limited, Zhuhai Titans Power Electronics Company Limited* (珠海泰坦電力電子集團有限公司) ("Titans Power Electronics"), the legal representative and chairman of Hebei Titans New Energy Development Group Co., Ltd.* (河北泰坦新能源發展集團有限公司) ("Hebei Titans"), the above of which all are subsidiaries of the Company. He has over 20 years of management experience. Mr. Gao worked in the United States of America in the earlier stage of his career. From May 2012 to January 2022, Mr. Gao successively served as assistant to the general manager, deputy general manager, deputy secretary of the party committee, general manager and director of Tangshan Caofeidian Development Investment Group Co., Ltd.* (唐山曹妃甸發展投資集團有限公司). From October 2017 to January 2022, Mr. Gao served as the general manager of Caofeidian State-owned Investment Group Co., Ltd* (曹妃甸國控投資集團有限公司). Since August 2019, Mr. Gao served as the chairman and director of Liancheng Technology (Hebei) Co., Ltd.* (聯城科技（河北）股份有限公司) (formerly known as Tangshan Caofeidian Liancheng Technology Co., Ltd* (唐山曹妃甸聯城科技股份有限公司)) (stock code: 873456), a company listed on the National Equities Exchange And Quotations (NEEQ) in the PRC. Since April 2022, Mr. Gao has served as secretary of the party committee of Tangshan Guokong Science and Technology. Since May 2022, Mr. Gao has also served as the chairman and director of Tangshan Guokong Science and Technology. Mr. Gao has won several awards, including being awarded the second batch of "Hundred Talents Program" innovative talents in Hebei Province in January 2012, and "Young and Middle-Aged Experts with Outstanding Contributions of Year 2012" in Hebei Province in February 2013. In May 2019, Mr. Gao won the "Best Science and Technology Worker" of Tangshan City. Mr. Gao obtained a bachelor degree with a major in automatic control engineering from Huazhong University of Science and Technology (華中理工大學) in July 1992. Mr. Gao also obtained a master's degree in automatic control from Huazhong University of Science and Technology (華中理工大學) in June 1995. In May 2002, Mr. Gao obtained a degree of doctor of philosophy, majoring in electronics and computer engineering from the University of Illinois at Urbana-Champaign in the United States.

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

* *for identification purpose only*

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Bi Jingfeng, born in August 1965, is an executive Director, the financial controller of our Company. At present, Mr. Bi is also a director of Grace Technology Development Limited and Titans Holdings Co., Limited, the above of which all are subsidiaries of the Company. He has more than 20 years of experience in finance. From 2003 to 2006, Mr. Bi was the manager of finance department of Hebei Changlu Daqinghe Salt Chemical Group Co., Limited* (河北長蘆大清河鹽化集團有限公司). From May 2006 to June 2015, Mr. Bi served as the chief financial officer of Tangshan Caofeidian Dredging Co., Ltd.* (唐山曹妃甸疏浚有限公司). Mr. Bi served as the deputy general manager from June 2014 to January 2021 of Tangshan Caofeidian Development Investment Group Co., Ltd.* (唐山曹妃甸發展投資集團有限公司) and the chief financial officer from June 2014 to May 2022. From October 2017 to May 2022, Mr. Bi concurrently served as the chief financial officer of Caofeidian State-owned Investment Group Co., Ltd.* (曹妃甸國控投資集團有限公司). Since April 2022, Mr. Bi has served as the deputy secretary of the party committee of Tangshan Guokong Science and Technology. Since May 2022, Mr. Bi has also served as the general manager and director of Tangshan Guokong Science and Technology. Mr. Bi graduated from Hebei Broadcasting Television University* (河北廣播電視大學) majoring in financial accounting in July 1989. Mr. Bi also obtained a bachelor degree from Hebei Broadcasting Television University* (河北廣播電視大學) majoring in economic law in October 1996.

Mr. An Wei, born in October 1956, is an executive Director, the chief executive officer of our Company. At present, Mr. An is also a director of Titans BVI Limited, Grace Technology Development Limited, Titans Holdings Co., Limited, Titans Power Electronics and Hebei Titans, the above of which all are subsidiaries of the Company. Mr. An was appointed as an executive Director on 16 November 2007. Mr. An is responsible for the overall operation and management of our Group. Mr. An graduated from the post-graduate class of management engineering department in Tongji University (同濟大學) in July 1986 and obtained his doctorate degree in science management and engineering from Tongji University in November 2005. Mr. An was also accredited as a senior economist (高級經濟師) by the Title Reform Leading Group Office of Hebei Province in the PRC in August 1997. With his doctorate degree majoring in management and over 20 years of experience in the Group, Mr. An has acquired a variety of skills and extensive experiences in management. Mr. An joined the Group in September 1992 as a director of Titans Technology. He has been the general manager of Titans Technology since July 1998. He is the current vice chairman of Guangdong Province Private Enterprises Association (廣東省私營企業協會副會長), and a director of China EV100.

* *for identification purpose only*

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTOR

Mr. Tao Chen, born in March 1988, is a non-executive Director of the Company. At present, Mr. Tao is also a director of Grace Technology Development Limited, Titans Holdings Co., Limited, Titans Power Electronics and Zhuhai Yilian New Energy Motor Company Ltd.* (珠海驛聯新能源汽車有限公司), a director and general manager of Hebei Titans, the chairman and manager of Tangshan Yilian New Energy Co., Ltd.* (唐山驛聯新能源科技有限公司), Tangshan Titans Technology Co., Ltd.* (唐山泰坦科技有限公司) and Tangshan Yiyitong Property Services Co., Ltd.* (唐山驛易通物業服務有限公司), the above of which all are subsidiaries of the Company. Mr. Tao is senior economist, graduated from Northwest University with a bachelor's degree in public policy in July 2011. Mr. Tao has more than 10 years of working experience in enterprise and business management. From December 2014 to March 2022, he worked at the Enterprise Management Department of Tangshan Caofeidian Development Investment Group Co., Ltd.* (唐山曹妃甸發展投資集團有限公司) ("CFD Investment"). During the period, he served as the deputy head of the Enterprise Management Department of CFD Investment, and concurrently served as the deputy secretary-general of Caofeidian High-Quality Development Research Institute* (曹妃甸高質量發展研究院) ("CFD Research"). Since March 2022, he has been serving as the head of the Enterprise Management Department of Tangshan Guokong Kechuang. Since July 2022, Mr. Tao has been serving as a director of each of Tangshan Guokong and Liancheng Technology (Hebei) Co., Ltd.* (聯城科技(河北)股份有限公司). Since April 2023, he has also been serving as the vice chairman of the labor union of Tangshan Guokong Kechuang. During his tenure, Mr. Tao was awarded the honorary title of Excellent Manager several times and in 2023, he was awarded the honorary title of "Excellent Communist Party Member" of Caofeidian District.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Li Xiang Feng, born in November 1967, is an independent non-executive Director, chairman of the remuneration committee and a member of each of the audit committee and the nomination committee of the Company. He was appointed as an independent non-executive Director on 15 July 2021. Mr. Li is a senior engineer. He graduated from Xi'an Jiaotong University with a bachelor's degree in chemical machinery and automation in July 1989. He further obtained his master's degree in electrical system and automation from Huazhong University of Science and Technology in June 1992. Mr. Li has been a member of the eighth session of the council committee of the Electromagnetic Measurement and Information Processing Instrument Branch of China Instrument and Control Society since August 2018. Mr. Li has more than 29 years of experience in field of power and electronic technology. From July 1992 to April 2002, he served as an engineer of Guangdong Power Grid Co., Ltd. Zhuhai Power Supply Bureau. Mr. Li worked as a chief engineer in various companies from the period of April 2002 to July 2015, including Landis+Gyr Meters & Systems (Zhuhai) Co., Ltd., Zhejiang Chint Instrument & Meter Co., Ltd. and Shenzhen Star Instrument Co., Ltd. From July 2015, he has been serving as a chief engineer of Hangzhou Hexing Electrical Co., Ltd., a multi-national company offering variety of electrical equipment and relevant solution to global power utilities. Mr. Li has been named as an inventor of more than 10 awarded PRC patents that relate to the technical field of electronic transmissions and various types and forms of electric energy meters. Mr. Li's major research areas include development and innovation of intelligent power system products, AMI systems, automation of electric power systems, microgrid technology, power transmission and distribution technologies. Mr. Li has authored and published three EI (The Engineering Index) level papers. He has also participated in compiling numerous systems pertaining to electricity metering equipment that meet the PRC national standards issued by the Standardization Administration of China.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Liu Wei, born in July 1968, is an independent non-executive Director, a member of the audit committee and remuneration committee of the Company. He was a chief operation manager of the operation department of Heilongjiang Construction Investment Group Co., Ltd.* (黑龍江建設集團) from September 1989 to August 1995. From September 1995 to July 2010, he was the director of engineering of China United Network Communications Group Co., Ltd (Heilongjiang Branch)* (中國聯合通信公司黑龍江省分公司). Mr. Liu worked as a general manager at Beijing Diansheng Investment Management Co., Ltd.* (北京點盛投資管理有限公司) from October 2010 to September 2015 and as the chairman, director and general manager at Shenzhen Metaseq Capital Co., Ltd. (深圳水杉元和投資有限公司) from March 2015 to June 2021. Mr. Liu is currently a general manger of Beijing Shuishan Xinghe Investment Management Partnership (Limited Partnership)* (北京水杉興和投資管理合夥企業(有限合夥)) since March 2015, and the chairman of the investment committee of Beijing Zhuyuan Tongde Investment Management Co., Ltd.* (北京逐源同德投資管理有限公司) since September 2018. Mr. Liu graduated from Harbin Engineering University (哈爾濱工程大學) with a bachelor degree in electronic information engineering in July 2001. He further obtained his master degree in executive business administration from Tsinghua University (清華大學) in July 2002. In June 2022, he obtained a degree of doctor of business administration from Temple University through distance learning.

Ms. Jiang Yan, born in December 1972, is an independent non-executive Director, chairman of the audit committee and member of each of the remuneration committee and nomination committee of the Company. She is experienced in financial management. From April 2001 to April 2012, Ms. Jiang was the chief financial officer of Beijing Huatianheng Technology Development Co., Ltd* (北京市華天恒科技發展有限公司) and was responsible for, among other things, establishing financial system, financial management and inventory control. From July 2018 to December 2021, Ms. Jiang worked at HouseSigma Inc., where her first position was investment manager and her last position was broker of record, responsible for compliance checks and supervision of client's trust or commission accounts. Ms. Jiang is currently working at Canada-China Ageing Industry Development Inc. and is responsible for the operation and financial management of the organisation. Ms. Jiang graduated from the Central University of Finance and Economics (中央財經大學) (formerly known as Central Institute of Finance* (中央財政金融學院)) with a bachelor degree majoring in accounting in June 1994. Ms. Jiang obtained a diploma in postgraduate studies in finance from Tsinghua University (清華大學) in October 2006 and a Master of Business Administration from The Chinese University of Hong Kong in December 2006. Ms. Jiang was a fellow member of the Chinese Institute of Certified Public Accountants.

* *for identification purpose only*

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Li Xiao Bin, born in January 1962, is a senior engineer. He obtained a bachelor degree from Hefei United University (合肥聯合大學) in 1984 and a master degree from Institute of Plasma Physics of Chinese Academy of Sciences in 1990. Mr. Li Xiao Bin worked as an engineer for three years with the Plasma Physics Laboratory of the Chinese Academy of Sciences from 1990 to 1993. Mr. Li Xiao Bin joined our Group in 1993, and he is currently a director of Titans Technology. Mr. Li Xiao Bin received the "Certificate for Outstanding Technology Improvement* (科學技術進步獎)" from the Chinese Academy of Sciences (中國科學院). Mr. Li Xiao Bin is interested in the 40% issued share capital of Honor Boom, a company which holds approximately 5.53% of the issued share capital of our Company.

Mr. Chen Xiang Jun, born in September 1968, holds a master degree in business administration. He obtained a bachelor degree of mathematics from Nankai University (南開大學) in 1990. Mr. Chen obtained an Executive Master of Business Administration degree from Tongji University (同濟大學) in 2016. Mr. Chen joined Titans Technology in March 2001. Mr. Chen is currently the president of Titans Power Electronics, a wholly-owned subsidiary of our Company and a director of Titans Technology and Zhuhai Yilian New Energy Motors Co., Ltd. ("Zhuhai Yilian"), the subsidiaries of our Company. Mr. Chen is mainly responsible for the operation management and capital operation related matters.

Mr. Liu Jun, born in December 1979, graduated from North China University of Water Resources and Electric Power (華北水利水電學院) and obtained his bachelor degree in engineering in 2003, obtained his master degree in electric engineering from Beijing Jiaotong University (北京交通大學) in 2015 and obtained master of business administration from Sun Yat-sen University (中山大學) in 2021. Mr. Liu joined our Group in 2003 and served as sales manager, project manager, and general manager of a subsidiary. After years of working in new energy vehicle charging sector, he has rich experience in sales and management. Mr. Liu currently works as chief executive officer of Titans Power Electronics and a director of Titans Technology and Zhuhai Yilian.

* *for identification purpose only*

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

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 good 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 2024 and there have been no material deviations from the Code Provision.

Throughout the Reporting Period, the Company has complied with all applicable Code Provisions.

The Board will continually review and monitor its corporate governance practices to ensure compliance with the CG Code.

THE BOARD

Detailed biographies outlining each Director's scope of specialist experience are set out on pages 27 to 32 of this annual report. The biographies of the Directors are set out in the section headed "Biography of Directors and Senior Management" of this annual report. Save as disclosed in the biographies of the Directors as set out under the section headed "Biography of Directors and Senior Management" of this annual report, none of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship), with any other Director.

7 board meetings were held during the year 2024. Regular Board meetings were held at least once every quarter.

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

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

CORPORATE GOVERNANCE REPORT

Directors' Attendance at Board and Committee Meetings

The composition of the Board and members' attendance of the Board meetings and the Board committees' meetings for the year 2024 were as follows:

	Number of meetings attended/held			
	Board	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**
Executive Directors				
Mr. Gao Xia *(Chairman)*	7/7	N/A	N/A	2/2
Mr. Li Xin Qing	7/7	N/A	N/A	N/A
Mr. Bi Jingfeng	7/7	N/A	N/A	N/A
Mr. An Wei *(Chief Executive Officer)*	7/7	N/A	N/A	N/A
Non-executive Directors				
Mr. Tao Chen (appointed on 8 January 2025)	–	N/A	N/A	N/A
Mr. Jiang Wenqi (resigned on 8 January 2025)	7/7	N/A	N/A	N/A
Independent Non-executive Directors				
Mr. Li Xiang Feng	6/7	2/2	0/1	1/2
Mr. Liu Wei	7/7	2/2	1/1	2/2
Ms. Jiang Yan	7/7	2/2	1/1	N/A

General Meetings

During the year 2024, the Company held one general meeting, being the annual general meeting on 21 June 2024.

	Number of meetings attended/held
Executive Directors	
Mr. Gao Xia *(Chairman)*	1/1
Mr. Li Xin Qing	1/1
Mr. Bi Jingfeng	1/1
Mr. An Wei *(Chief Executive Officer)*	1/1
Non-executive Directors	
Mr. Tao Chen (appointed on 8 January 2025)	0/0
Mr. Jiang Wenqi (resigned on 8 January 2025)	1/1
Independent Non-executive Directors	
Mr. Li Xiang Feng	1/1
Mr. Liu Wei	1/1
Ms. Jiang Yan	1/1

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

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

CORPORATE GOVERNANCE REPORT

ROLES OF THE BOARD

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

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

The day-to-day operations of the Group are delegated to the management with department heads being responsible for different aspects of the business and functions.

TRAINING AND SUPPORT FOR DIRECTORS

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

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

	Update on corporate governance, ordinance, regulation and provision	**Accounting, finance, management and other professional technique**	
	Reading publications	**Reading publications**	**Attending seminar and/or briefing session**
Executive Directors			
Mr. Gao Xia *(Chairman)*	✓	✓	✓
Mr. Li Xin Qing	✓	✓	✓
Mr. Bi Jingfeng	✓	✓	✓
Mr. An Wei *(Chief Executive Officer)*	✓	✓	✓
Non-executive Directors			
Mr. Tao Chen* *(appointed on 8 January 2025)*	✓	✓	✓
Mr. Jiang Wenqi *(resigned on 8 January 2025)*	✓	✓	✓
Independent Non-executive Directors			
Mr. Li Xiang Feng	✓	✓	✓
Mr. Liu Wei *(appointed on 30 May 2023)*	✓	✓	✓
Ms. Jiang Yan *(appointed on 30 May 2023)*	✓	✓	✓

* As at the date of his appointment, the Director has obtained the legal advice from a firm of solicitors qualified to advise on Hong Kong law as regards the requirements under the Listing Rules that are applicable to him as the Director and any possible consequences of making a false declaration or giving false information to the Stock Exchange. And the Director confirmed that he has understood his obligations as the Director.

CORPORATE GOVERNANCE REPORT

CODE OF CONDUCT AND BUSINESS ETHICS

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the Reporting Period, Mr. Gao Xia, an executive director of the Company, and Mr. An Wei, another executive director of the Company, were the Chairman and the chief executive officer of the Company ("Chief Executive Officer"), respectively. During the Reporting Period, the roles and duties of the Chairman and Chief Executive Officer have been separately undertaken by different officers.

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

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

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

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

CORPORATE GOVERNANCE REPORT

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors serve the relevant functions of making independent judgment on the development, performance and risk management of the Group through their contributions in Board meetings. In particular, the independent non-executive Directors bring an impartial view on issues related to the Group's strategy and internal control. All the independent non-executive Directors possess extensive academic, professional and industry expertise and management experience and have provided their professional advice to the Board.

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

The independent non-executive Directors of the Company are Mr. Li Xiang Feng, Mr. Liu Wei and Ms. Jiang Yan. Mr. Li Xiang Feng has signed a letter of appointment for a term of three years commencing from 15 July 2021 with the Company and both Mr. Liu Wei and Ms. Jiang Yan have signed the letters of appointment for a term of three years commencing from 30 May 2023 with the Company. Under the letters of appointment, they agreed to act as independent non-executive Director for a period of three years unless terminated in accordance with the terms of the letter of appointment. Under the said appointment letters, either party may terminate the agreement at any time by giving to the other not less than three months' prior written notice.

DIRECTORS' INSURANCE

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

BOARD COMMITTEES

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

Audit Committee

The primary duties of the audit committee of the Company (the "Audit Committee") are to review and supervise the preparation of annual reports, the interim reports and financial statements of the Company and to provide advice and recommendations to the Board. In doing so, members of the Audit Committee will communicate with the Board, the senior management, the reporting accountants and/or the auditor of our Company. The Audit Committee will also consider whether there are any material or general matters which are, or may be, necessary to be reflected in such reports and financial statements, and will consider matters raised by our auditor. Members of the Audit Committee are also responsible for reviewing the financial reporting process and internal control systems of the Group.

CORPORATE GOVERNANCE REPORT

The Audit Committee comprises three independent non-executive Directors, namely Ms. Jiang Yan, Mr. Li Xiang Feng and Mr. Liu Wei and is chaired by Ms. Jiang Yan. The main roles and responsibilities of the Audit Committee are set out by the Board with clearly defined written terms of reference which are available on the websites of the Stock Exchange and the Company. The Audit Committee held two meetings in 2024 to review the final results of the Group for the year ended 31 December 2023 and the interim results of the Group for the six months ended 30 June 2024, and to conduct other affairs.

Remuneration Committee

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

Remuneration Policy

Remuneration policy of the Group is reviewed regularly, making reference to legal framework, market condition and performance of the Group and individual staff (including the Directors). The remuneration policy and remuneration packages of the executive Directors and member of the senior management of the Group are reviewed by the Remuneration Committee.

The Remuneration Committee comprises three independent non-executive Directors, namely Mr. Li Xiang Feng, Mr. Liu Wei and Ms. Jiang Yan, and is chaired by Mr. Li Xiang Feng. The main roles and responsibilities of the Remuneration Committee are set out by the Board with clearly defined written terms of reference which are available on the websites of the Stock Exchange and the Company. The Remuneration Committee held one meeting in 2024.

During the Reporting Period, the Remuneration Committee had performed duties as follows:

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

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

3. Reviewing scope and authority of the Remuneration Committee.

4. Reviewing the grant of share options under the share option scheme of the Company.

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

CORPORATE GOVERNANCE REPORT

For the year ended 31 December 2024, the annual salary of the senior management of the Company falls within the following bands.

Remuneration bands (RMB)	Number of senior management
600,001 to 640,000	3

Nomination Committee

The Company have established the Nomination Committee of the Company (the "Nomination Committee") which is responsible for considering and recommending to the Board on appointment of Directors and management of the succession of the Board. The Nomination Committee comprises three members, namely Mr. Gao Xia, Mr. Li Xiang Feng and Ms. Jiang Yan (appointed with effect from 8 January 2025), and is chaired by Mr. Gao Xia. The main roles and responsibilities of the Nomination Committee are set out by the Board with clearly defined written terms of reference which are available on the websites of the Stock Exchange and the Company. The Nomination Committee reports to the Board and makes recommendations regarding the appointment of Directors, its evaluation of the Board's composition, and the management of Board succession with references endorsed by the Board itself. The Nomination Committee held two meetings in 2024.

Nomination Policy

The Board has adopted the nomination policy (the "Nomination Policy") on 31 December 2018 which sets out the nomination criteria and procedures for the Company to select candidate(s) for possible inclusion in the Board. The Nomination Policy could assist the Company to achieve board diversity in the Company and enhance the effectiveness of the Board and its corporate governance standard.

When assessing the suitability of a candidate, factors such as the qualifications, skills, integrity and experience will be taken into consideration as a whole. In the case of independent non-executive Directors, they must further satisfy the independence criteria set out within Rule 3.13 of the Listing Rules. Since the selection of candidates should ensure that diversity remains a central feature of the Board, a range of diverse perspectives, including but not limited to gender, age, cultural and educational background, or professional experience would be considered.

The process to identify potential candidates for the Board would be as follows:

1. identifying potential candidates, including recommendations from the Board members, professional search firms and the shareholders of the Company;

2. evaluating the candidates based on the approved selection criteria through methods such as reviewing the resume and conducting the background checks;

3. reviewing the profiles of the shortlisted candidates and interview them; and

4. making recommendations to the Board on the selected candidates.

CORPORATE GOVERNANCE REPORT

The Nomination Policy also includes the Board succession plan to assess whether vacancies on the Board would be created or expected due to the Directors' resignation, retirement, death and other circumstances and to identify candidates in advance if necessary. The Nomination Policy will be reviewed on a regular basis.

During the Reporting Period, the Nomination Committee had performed duties generally as follows:

1. Reviewing the structure, size and composition of the Board (including technique, knowledge, experience and year of service of Directors) and assessing the independence of independent non-executive directors.

2. Reviewing scope and authority of the Nomination Committee.

CORPORATE GOVERNANCE FUNCTIONS

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

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

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

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

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

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

COMPANY SECRETARY

The Company has engaged Ms. Ho Wing Yan ("Ms. Ho") as the company secretary of the Company. The primary corporate contact person at the Company is Mr. Chen Xiang Jun, the vice president of the Group.

In compliance with Rule 3.29 of the Listing Rules, Ms. Ho has undertaken not less than 15 hours of relevant professional training during the year ended 31 December 2024.

CORPORATE GOVERNANCE REPORT

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 2024.

FINANCIAL REPORTING

The Directors acknowledged their responsibility for preparation of the consolidated financial statements, which give a true and fair view of the Group's consolidated financial position, consolidated comprehensive income, consolidated changes in equity and consolidated cash flows for the year. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The external auditor of the Group, SHINEWING (HK) CPA Limited ("SHINEWING"), has the responsibility to express an opinion on the Group's consolidated financial statements according to the results of its audit and report its opinion solely to the Company. SHINEWING conducted its audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that SHINEWING complies with the ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the Group's consolidated financial statements are free from material misstatement. The Independent Auditor's Report on pages 95 to 100 of this annual report also sets out the responsibilities of SHINEWING.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the risk management and internal control systems of the Group and reviews the effectiveness of such systems through the Audit Committee. The risk management and internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material adverse changes or losses.

The Audit Committee assists the Board in fulfilling its oversight and corporate governance roles, and the internal audit department of the Company carries out audit work according to the annual audit work plan and implements daily or special internal control inspection. Through internal audit, problems existing in operating activities are found in time, and the Group will put forward rectification suggestions and implement rectification measures, so as to improve the effectiveness of internal control management and further prevent business risks and financial risks. The normal development of internal audit has played a supervisory, control and guiding role in the production and operation of the Company. For the internal control deficiencies found in internal audit, with respect of the existing deficiencies, the Group will report such results to the Audit Committee according to the established reporting procedures.

CORPORATE GOVERNANCE REPORT

In 2024, to address the impacts of changes in the external market and internal management on the Group, the internal audit department commenced and implemented the internal control and assessment of the Group. The inspection work carried out and the business and matters included in the evaluation scope include: organizational structure, development strategies, human resources, social responsibility, corporate culture, capital activities, production and operation, procurement business, asset management, sales business, research and development, connected transactions, guarantee business, fund raising, fixed assets management and subsidiary management, etc. The internal audit department follows the principles of legality, effectiveness, prudence, timeliness and independence, so as to guarantee that the Company can achieve various business management objectives through scientific and effective decision-making mechanisms, execution mechanisms and supervision mechanisms. The Group will establish an effective risk prevention and control system to ensure the safety of assets and business activities of the Company. The Group will establish a benign internal business environment in the Company to ensure that the operation of the Company conforms to the provisions of laws and regulations and the management system of the Company.

The internal audit team of the Company has submitted an audit report on internal controls to the Audit Committee to report its audit results and make recommendation on the improvement of insufficiency and omission it discovered. The Board, through the Audit Committee, has made an annual review in relation to the effectiveness of the Group's risk management and internal control systems, covering aspects of finance, operation, compliance, risk management and internal controls of the Company. During the Reporting Period, the Board didn't identify any material internal control defect and consider the Group's risk management and internal control systems effective and adequate. The Board believes the risk management and internal control management to be an on-going process of monitoring and improvement.

The Company has established policies on disclosure of inside information. The Company regularly reminds its directors and employees to properly comply relevant procedures of handling and dissemination of inside information, and implements internal controls over it.

AUDITOR'S REMUNERATION

The Audit Committee has reviewed with the management and the Group's external auditor, SHINEWING, the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters. Apart from considering the issues arisen from the audit process, the Audit Committee also discussed matters raised by the external auditor. The Audit Committee reviewed with the management on the Company's financial controls, internal control systems, risk management system, and the accounting principles and practices adopted by the Group. All issues reported by the external auditor are monitored closely by the Group's senior management. During the year under review, the fees paid by the Company to SHINEWING were as follows:

	HK$'000
Audit fees	1,070
Non-audit service fees	230

Non-audit service fees of HK$230,000 were fees for reviewing interim financial report of the Company.

The Audit Committee has concluded that it is satisfied with the findings of its review of the audit and non-audit service fees, process and effectiveness, and independence and objectivity of SHINEWING. The Audit Committee will therefore recommend to the Board that SHINEWING be re-appointed as the Group's external auditor at the annual general meeting of the Company in 2025.

CORPORATE GOVERNANCE REPORT

DIVERSITY

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

In respect of the gender diversity of the Board, as at the date of the Annual Report, 7 Directors are male and 1 Director is female. The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance, and sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. The ratio of female Directors has reached more than 10%.

Moreover, the current gender ratio of the company workforce (including senior management) is 334 males per 107 females, as compared with 329 males per 113 females of last year. The Company has already achieved gender diversity and will continue focusing on the area because workforce gender diversity is associated with resources that can provide a sustained competitive advantage to the company, which include market insight, creativity and innovation, and improved problem-solving. Men’s and women’s different experiences may provide insights into the different needs of male and female customers. Further, men and women may have different cognitive abilities, such as men’s proficiency in mathematics and women’s proficiency in verbal and interpersonal skills. Therefore, a mix of cognitive abilities in a gender diverse team may enhance the team’s overall creativity and innovation as proved by research. Moreover, a gender diverse team produces high quality decisions. Although there may be some mitigating circumstances where gender diversity can be very hard to achieve (for instance, male workers are more commonly seen regarding physical labor and female workers are more often seen during psychological consultation), the Company will keep focusing on the workforce gender diversity to maintain its current strength as well as to further improve its competitivity in the future.

CORPORATE GOVERNANCE REPORT

MECHANISMS TO ENSURE INDEPENDENT VIEWS

The Company makes certain that the Board has access to independent views and input through the mechanisms listed below:

1. The Nomination Committee should review the Board composition and the independence of the independent non-executive Directors annually, in particular the portion of the independent non-executive Directors and the independence of the independent non-executive Director who has served for more than nine years.

2. A written confirmation was received by the Company under Rule 3.13 of the Listing Rules from each of the independent non-executive Directors in relation to his/her independence to the Company. The Company considers all its independent non-executive Directors to be independent.

3. In view of good corporate governance practices and to avoid conflict of interests, the Directors who are also Directors and/or senior management of the Company's controlling shareholders and/or certain subsidiaries of the controlling shareholders, would abstain from voting in the relevant Board resolutions on the transactions with the controlling shareholders and/or its associates.

4. The chairman of the Board shall meet with independent non-executive Directors at least once annually.

5. All members of the Board can seek independent professional advice when necessary to perform their responsibilities in accordance with the Company's policy.

The mechanisms to ensure independent views are reviewed by the Nomination Committee for ensuring independent views and input are available to the Board on an annual basis, whether in terms of proportion, recruitment and independence of independent non-executive Directors, and their contribution and access to external independent professional advice.

SHAREHOLDERS' RIGHTS

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

VOTING RIGHTS

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

CORPORATE GOVERNANCE REPORT

INVESTOR RELATIONS

Constitutional Documents

There was no significant changes in the Company's constitutional documents during the year ended 31 December 2024.

SHAREHOLDERS' COMMUNICATION POLICY

Purpose

The Company recognises the importance of providing current and relevant information to its shareholders (the "Shareholders"). This shareholders' communication policy (the "Policy") aims to set out the provisions with the objective to ensure that the Shareholders and potential investors are provided with equal and timely access to balanced and understandable information about the Company, in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and potential investors to engage actively with the Company.

General Policy

The board of directors of the Company (the "Board") shall maintain an on-going dialogue with Shareholders and will regularly review the Policy to ensure its effectiveness.

Information is communicated to the Shareholders through periodic disclosure through the Company's financial reports (interim and annual reports), annual general meetings and other general meetings that may be convened, as well as by making available all the disclosures submitted to the Stock Exchange and other corporate publications on the Stock Exchange's website and corporate communications on the Stock Exchange's website (www.hkex.com.hk) and the Company's website (http://www.titans.com.cn).

Effective and timely dissemination of information to Shareholders shall be ensured at all times. Any questions, requests and comments can be addressed to the Company by mail to Building G1, South Section of the High and New Technology factory, Renhe Road, Caofeidian Industrial District, Tangshan, Hebei Province, The PRC or by email to ir@titans.com.cn or through the Company's share registrar.

CORPORATE GOVERNANCE REPORT

The Company believes that communication with Shareholders by electronic means, particularly through its website, is an efficient way to distribute information in a timely and convenient manner. Shareholders are encouraged to access to the corporate communications posted on the Company's website to help reduce the quantity of printed copies and hence reduce the impact on the environment.

The Company's website will be updated with material posted to the Stock Exchange's website immediately thereafter. Such material includes but not limited to financial statements, results announcements, circulars and notices of general meetings and associated explanatory documents.

Shareholders may at any time make a request for the Company's information to the extent such information is publicly available.

Shareholders shall be provided with designated contacts, email addresses and enquiry lines of the Company in order to enable them to make any query in respect of the Company.

The Company has reviewed the shareholders' communication policy conducted for the year ended 31 December 2024 and considered that the shareholders' communication policy has been well implemented and effective.

DIVIDEND POLICY

The Board has adopted the dividend policy (the "Dividend Policy") on 31 December 2018 which sets out the appropriate procedure on declaring and recommending the dividend payment of the Company. The Company takes priority to distributing dividends in cash and shares its profits with the shareholders of the Company. The dividend distribution decision of the Company will depend on, among others, the financial results, the current and future operations, liquidity and capital requirements, financial condition and other factors as the Board may deem relevant. The Board may also declare special dividends from time to time. The Dividend Policy will be reviewed on a regular basis.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

We are pleased to announce the 2024 Environmental, Social and Governance Report (the "Report"). The Group understands the concern of various sectors of society about sustainability. As a leading energy equipment manufacturer, we commit to perform our daily operations and management in a responsible manner towards environment, society and the economy, and leaping forward to sustainability with the world through the enterprise itself and its impact on social development.

This Report explains the work and effort of the Group in 2024 in regards to sustainability on environmental and social aspects. For details of corporate governance, please refer to the Corporate Governance Report on pages 33 to 46 of this annual report.

Scope of the Report

Compared with the scope of last year's report, four new subsidiaries have been added to the scope of this year's report. In addition to covering the environmental and social policies and key performance indicators of our three previous subsidiaries in the People's Republic of China (the "PRC"), including Zhuhai Titans Power Electronics, Zhuhai Titans Technology and Zhuhai Yilian, this year's report also adds Hebei Titans New Energy, Tangshan Titans Technology, Tangshan Yilian, and Tangshan Yiyitong. Therefore, this year's data cannot be directly compared with last year's data. The Group will continue to review our environmental and social performance and consider including more business in the Report in the coming year.

Unless otherwise stated, the Report covers the same period as the financial report of the Group, i.e. from 1 January 2024 to 31 December 2024 (the "Reporting Period" or the "Year").

Reporting Guidelines

The Report is prepared in accordance with the Environmental, Social and Governance ("ESG") Reporting Guide (the "Guide") in Appendix C2 to the Rules Governing the Listing of Securities on Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). In the case of any inconsistencies, the Chinese version will prevail.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Reporting Principles

The Group has observed the following reporting principles in preparing this Report.

Reporting Principles	Feedback of the Group
Materiality	We communicate with different stakeholders regularly, and conduct online questionnaire surveys to understand their concerns towards various sustainability issues of the Group. Meanwhile, through internal assessment of the management, we identify the level of impact towards the sustainability of the Group's business, and include the matters identified from various aspects in our strategic development plan. We explain in details the performance of the Group on relevant issues in this Report.
Quantitative	The Group refers to the Guide in developing quantified key performance indicators, to assist stakeholders in the effective comparison, assessment and verification of the policies and results of the Group in environmental, social and governance aspects.
Balance	This Report makes objective and fair disclosures, reports to stakeholders our performance and challenges on sustainability in a candid manner, and provides to stakeholders the information necessary for making investment decisions.
Consistency	Unless otherwise specified, we adopt methods and framework of reporting consistent with the internal records of the Group in collecting data in relation to environmental and social key performance indicators, and strive to enhance the comparability across reporting years.

Feedback

For details of the Group's environmental, social and corporate governance, please refer to the official website of the Group (http://www.titans.com.cn/) and the annual report. If you have any comments or suggestions regarding the contents or presentation of this Report, please contact us by email at IR@titans.com.cn.

ABOUT US

The Group was established in 1992 and listed on the Main Board of the Stock Exchange in 2010 (Stock code: 2188). We focus on the supply of power electric products and equipment, sales and leases of electric vehicles, provision of charging services for electric vehicles and construction services of charging poles for electric vehicles in the PRC. Through our professional and high-calibre workforce and research and development expertise, the Group maintains its leading position in the industry. Since 2014 till present, our projects have covered over 130 cities across the PRC, Hong Kong and Taiwan, which include serving over 2,000 customers with comprehensive supporting facilities.

The Group provides high-quality, reliable and multi-variety of charging, discharging and storage products, power quality monitoring and optimization systems and power battery maintenance management products and technologies to our customers. It also provides users with a variety of integrated solutions for power electronic products and technology, so as to meet the demands for high quality, efficient and diversified applications of electric energy. We make consistent efforts to keep pace with market development of low-carbon economy, energy conservation and emission reduction, use of new energy and smart grid construction.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We are committed to becoming an outstanding power and electrics enterprise, and uphold the corporate philosophy of "nurturing a culture, develop management, maintain high quality, reap the fruits, become a successful enterprise", and actively leverage the efficiency of corporate resources through effective management and healthy corporate culture. In line with various other enterprises bearing social responsibilities, we have an explicit corporate culture development principle "culture-driven management, culture development through management", for the construction of a set of positive and open values and beliefs. We bear the mission of "making electricity more valuable", aim to expand electricity uses, improve energy applications, broaden energy sources and optimize power quality, and strive to build an outstanding enterprise that customers, the society, employees and shareholders can be proud of. We take "customer-oriented, product first, innovation-based and integrity-first" as our management policy, and regards four "T" (Talent – talent-oriented, Trust – trustworthy, Team – team spirit and Technology – technology innovation) as the cornerstone of our culture.

For the year ended 31 December 2024, the Group has received more than 20 certificates and awards, including the "Caring Enterprise Award" presented by the Zhuhai Care Association, the "Excellence in Development Award" presented by the Zhuhai Trademark Association, and the "Top 10 Competitive Brands" award presented by the 2024 China Charging and Battery Swapping Industry.

OUR SUSTAINABILITY STRATEGIES

Strategies

The Group is committed to environmental protection and community development. In order to create a sustainable green living environment, we promote environmental awareness within the Group, implement eco-friendly management practices and make effective use of resources to minimize wastage. We aim to be the first choice of our customers, investors and employees, and endeavor to integrate components of sustainability into our daily operations to create value for the communities.

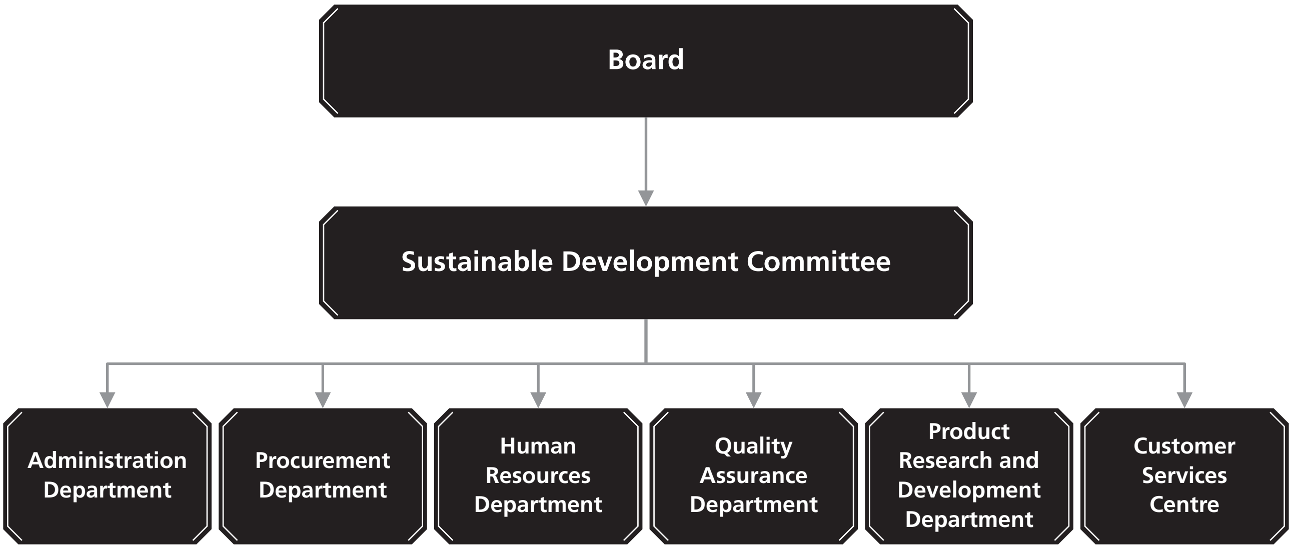
In order to integrate environmental, social, and economic issues, we have developed a sustainability policy and strategy that covers four scopes: 1) environmental protection, 2) social responsibility and supplier management, 3) product responsibility, and 4) employment relationship. We apply relevant policies to our daily business operations to ensure a consistent sustainability strategy at all levels of the Company. Each of the scopes is summarized below:

Scopes	Content
Environmentally-friendly	Environmental compliance and management, impact on the environment, control of production resources
Social responsibility and supplier management	Management of suppliers, performance of social services, business ethics
Product responsibility	Management of intellectual properties, quality control, monitoring of after-sales services
Employment relationship	Health and safety of employees, employee training, safe production management

Each thematic scope has relevant policy guidelines and implementation measures. Through the implementation of various policy guidelines and measures, employees can gain a clear understanding of the importance of sustainability and the management of the Group can also identify and assess important matters relevant to the four themes stated above.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Management Structure and Risk Management



The Group has established its ESG management structure under the leadership of the Board with an aim to further optimise the ESG management system, which will be responsible for various matters in relation to sustainability. Members of the Committee include managing personnel of the Administration Department, Procurement Department, Human Resources Department, Quality Assurance Department, Product Research and Development Department and Customer Services Centre. The Committee members will capitalize on their expertises and work experience to identify environmental, social and governance ("ESG") risks relevant to the Group, and advance and review the implementation of sustainability policies in a timely manner. The primary duties of the Committee are as follows:

– to organise and execute ESG-related works in accordance with the Group's ESG management approaches, strategies and annual works;

– to collect and report ESG data, implementation and adjustment of policies;

– to assist the Board to supervise and review ESG issues in a timely manner and further improve its strategies and policies for sustainable development; and

– to comply with all ESG-related policies and systems.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Board of the Company bears the responsibility for guiding the Group's overall sustainability strategies, its primary duties are as follows:

– to delegate authority to the Sustainable Development Committee;

– to resolve and approve the Group's ESG management approaches, strategies and annual works, including the assessments, priorities and management of significant ESG issues; and

– to regularly review and monitor ESG performance and progress towards goals.

The Group clearly understands the importance of internal control and risk management, as a sound internal control and risk management system is closely related to the sustainability of an enterprise. When environmental and social risks and opportunities arise or will arise, the Board will carry out identification of risks in operations, finance, compliance and environmental protection as well as assessment of work. Upon effective analysis, principles and approaches to tolerable risks will be implemented, and the Committee will be assigned to formulate detailed countermeasures against identified risks. Following the implementation of relevant ESG management by the Committee, the Board will regularly review and adjust the sustainability approaches and goals of the Group according to the feedback from the Committee and relevant indicators.

In addition, the internal audit team of the Company conducts internal control and assessment of the Group annually. For details of the Group's risk management and internal control system, please refer to the section headed "Risk Management and Internal Control" under the "Corporate Governance Report" of the Group's 2024 annual report. We hope to constantly monitor and improve internal control and risk management system subject to the Group's sustainability policies, in order to achieve the sustainability vision of the Group.

STAKEHOLDER ENGAGEMENT

The Group is committed to creating long-term value for our stakeholders and attaches great importance to the opinion and expectations of each stakeholders. We endeavour to build trusting long-term relationships with our stakeholders in order to clarify prerequisites and gain a deeper understanding of the risks and opportunities that exist in the market. Our major stakeholders include shareholders, customers, governmental and regulatory institutions, suppliers, business partners, industry peers, employees, the community and the public. With the joint participation of the management of the Group, colleagues of various departments and other stakeholders, the preparation of this Report will allow the Group to understand clearly our current development and performance in environment and social aspects.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In 2024, we communicated with stakeholders through the following channels, so as to understand and respond to their expectations and concerns:

Stakeholders	Issues Concerned & Expectations	Communication Platforms and Opinion Collection Channels
Government and regulators	• Compliance with national policies, laws and regulations • Promoting local economic development • Promoting local employment • Timely tax payment • Production safety • Energy conservation and emission reduction	• Regular reporting • Regular communication with regulators • Dedicated reports • Inspection and supervision • Communication with local environmental authorities • Submission of reports
Shareholders	• Returns • Operational compliance • Enhancement of corporate value • Information transparency and efficient communication	• General meeting • Announcement of the Company • Email, phone calls and company website • Dedicated reports
Business partners	• Operation integrity • Fair competition • Contract performance according to laws • Mutual benefits	• Review and assessment • Business communication • Exchange of views and discussion • Negotiation for cooperation
Suppliers	• Fair operation • Fair competition	• Review and evaluation • Business communication
Customers	• High-quality products and services • Health and safety • Contract performance according to laws • Operation integrity	• Customer service center and hotline • Customer survey • Customer meeting • Social media platform
Industry peers	• Formulation of industrial standards • Promoting industrial development	• Participation in industry forum • Reciprocal visit
Employees	• Protection of interests and rights • Occupational health and safety • Remuneration and benefits • Career development • Care for employees	• Staff meeting • Internal publication and intranet • Employee mailbox • Training and workshops • Employee activities
Community and public	• Improvement of community environment • Participation in public welfare • Open and transparent information	• Company website • Announcements of the Company

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Materiality assessment

In order to manage and disclose important issues for stakeholders and the Group's business more effectively, during the preparation of this report, we engaged an external consulting company to assist in the materiality assessment. Such assessment summarized the expectations of all stakeholders towards the Group's ESG, and reviewed the importance of various ESG issues. The steps and results of the materiality assessment are summarized as follows:

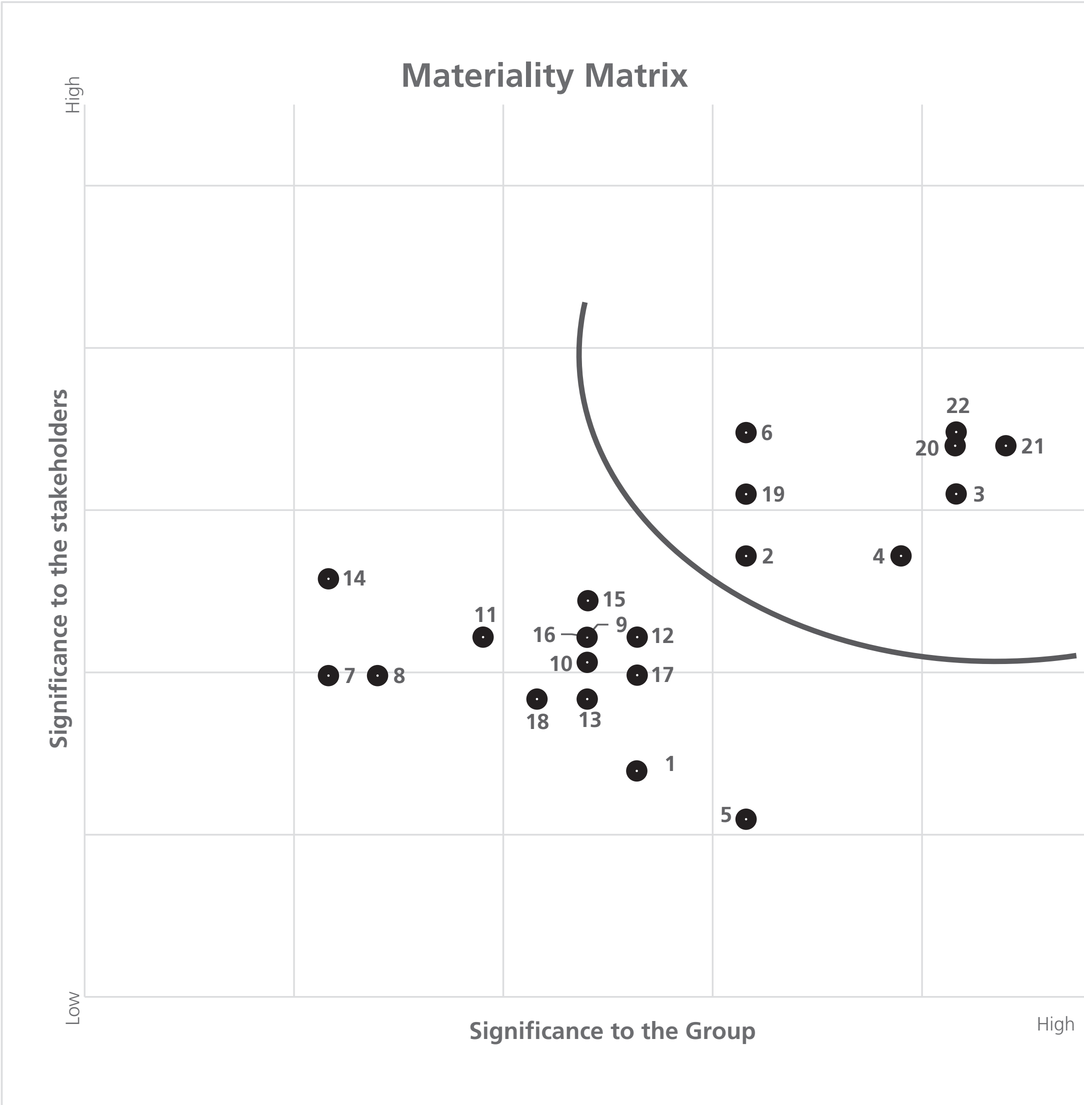
Step 1: Identify With reference to the "Guide", peer benchmark companies and industry trends, a total of 29 ESG issues were identified in five major areas.

Step 2: Prioritize Invite all stakeholders to anonymously participate in online questionnaire to score and rank the 29 ESG issues that have been identified. The management has also been invited to rank the business importance of related matters.

Step 3: Analysis Compile the "Materiality Matrix" based on the scores of the questionnaire and compile a list of sustainable development issues based on materiality.

Step 4: Accreditation The management reviews and verifies the "Materiality Matrix" and the list of material issues.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Workplace Quality	Environment Conservation and Green Operating	Operating Practices	Product and Service Responsibilities	Community Participation
1 Diversity and anti-discrimination	7 Greenhouse gas emissions	15 Supplier assessment and evaluation	20 Product and service quality	28 Participate in charitable activities
2 Employment relationship and communication	8 Air emissions	16 Evaluation of suppliers' environmental and social performance	21 Product safety	29 Charity donation
3 Occupational safety and health	9 Electricity and water saving	17 Anti-corruption policy	22 Product research and development	
4 Training and development	10 Use of resource	18 Anti-money laundering policy	23 Application of environmental protection technology	
5 Child labor and forced labor	11 Sewage disposal	19 Disaster emergency plan	24 Customer privacy protection	
6 Employee benefits	12 Waste disposal		25 Customer complaint handling	
	13 Green procurement		26 Customer satisfaction level	
	14 Climate change policy		27 Intellectual property rights	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

List of material issues on sustainable development

According to the assessment results, we summarized 8 material issues on sustainable development and listed them in the following table:

	Material issues on sustainable development	Chapter
	Workplace Quality	
2	Employment relationship and communication	Valuing staff's opinions
3	Occupational safety and health	Safe Work Awareness and Training
4	Training and development	Nurturing Talents
6	Employee benefits	Excellent Employee Benefits
	Operating Practices	
19	Disaster emergency plan	Contingency Measures for Emergencies
	Product and Service Responsibilities	
20	Product and service quality	Strict Quality Control
21	Product safety	Strict Quality Control
22	Product research and development	Product Innovation

Compared to 2023, this year's material issues have been expanded to include "Employment relationship and communication", "Occupational safety and health", "Disaster emergency plan", "Product and service quality" and "Product research and development", indicating that stakeholders are shifting from environmental protection issues to a greater focus on workplace quality. In terms of Product and Service Responsibilities, there is a shift from "Customer satisfaction level" and "Intellectual property rights" of the previous year to "Product and service quality" and "Product research and development". In the coming year, the Company will pay more attention to the issues of "Employment relationship", "Employees' health" and "Product research and development" in order to respond to the expectations of stakeholders.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Product and Service Responsibilities

The Group is dedicated to driving the electric vehicle industry forward, while shifting its core towards chargers. We implement the "product first and customer-oriented" corporate management policy and strive for continuous innovation in technological development to further improve the value and benefits of electrical energy, fulfill the responsibility of environmental protection enterprises with best efforts, and work with the society to solve global environmental problems to move towards the goal of sustainable development. We aim to utilize more clean energy to reduce greenhouse gas emissions and improve overall air quality. At the same time, we strive to promote the widespread adoption of electric energy, increasing its value and influence. With over 20 years of experience in supplying electrical DC products, we primarily supply electrical DC systems, power supply maintenance systems, and grid monitoring and management equipment to power grid companies, with a focus on the State Grid. By tapping into various electrical energy businesses, we strive to transform from a single equipment supplier to a comprehensive service provider of charging facilities. During the Report Period, the Group achieved significant milestones in electrical DC products. Among them, Titans' electrical DC products played an important role in the "Belt and Road" Initiative, especially in the first large-scale hydropower plant project - Karot Hydropower, which was officially put into full commercial operation in June 2022. In addition, Titans Technology Co., Ltd.*(泰坦科技股份有限公司), a subsidiary of the Group, continued to serve as a qualified supplier of China National Nuclear Corporation.

In recent years, society has become increasingly concerned about the impacts new energy vehicles have on the environment and health. Countries all over the world have proposed the gradual replacement of traditional fuel vehicles with electric vehicles to reduce air pollution. Electric vehicles operate solely on electricity, eliminating the need for fuel combustion or the installation of conventional internal combustion engines and fuel tank configurations found in fuel vehicles. This shift towards electric vehicles brings the reality of zero-emission transportation. The use of electric vehicle, as an alternative to petrol-powered vehicle, plays a role in air pollution mitigation and effective reduction of greenhouse gas emission. In addition to their eco-friendly advantages, electric vehicle offers outstanding performance. In fact, petrol-powered vehicle only converts approximately 20% of chemical energy in petrol into kinetic energy, whereas electric vehicle can achieve a conversion rate of over 75% with power battery.

The domestic penetration rate of new energy vehicles in 2021 was approximately 16%, which increased to 27% in 2022, surpassed 30% in 2023 and achieved 47.6% in 2024. It is expected that this rate will continue to rise, indicating an optimistic outlook for the future of the electric vehicle industry and the potential for promising development opportunities. In recent years, we have been dedicated to provide high quality service for clients, as well as improving the charging network in an effort to support the development of electric vehicles. We aim to provide stable and efficient charging system and equipment, ensuring that charging stations can operate in a sustainable and organized manner, effectively reducing resource wastage.

In 2024, relying on its excellent brand reputation, high-quality and efficient services, as well as reliable product performance, the Group successfully won the bids for multiple electric vehicle charging equipment projects, covering provinces and cities such as Hubei, Guangdong, Beijing, Sichuan, Gansu, Anhui, Hebei, Fujian, Shandong, and Hainan. We anticipate further expansion of our charging network in the future.

* *For identification purpose only*

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Strict Quality Control

The Group maintains strict standards for the quality and safety of the final products. We strictly monitor and measure the features of production process, raw materials, semi-finished products, and final products. Each operator is required to meet the requirement of "Three Self-One Control", which involves conducting self-inspection, segregating products based on varying inspection and test results, and personally labelling the products, thereby ensuring control over the self-inspection pass rate. Supervisors will monitor the production process and formulate quality records, to make sure that operators complete their work according to the work guidelines. Our quality inspection department is responsible for quality control. Only semi-finished products that passed the tests and are labelled as such will be used in the next production stage. Once the qualified raw materials and semi-finished products have been processed into finished products, we conduct a final inspection to ensure product quality. The inspection of the products will form "PCBA Semi-finished Products Inspection Record Sheet", "Testing Inspection Record Sheet", "Factory Inspection Report", etc., to properly record the results of our inspection of semi-finished products and products before they leave the factory.

In addition to routine inspections and tests, we also conduct inspections based on specific requirements from customers when an order is placed. This ensures that the products produced by the Group meet the expectations of our customers. Before manufacturing or shipping products, we implement coding for raw materials, semi-finished products, purchased parts, and finished products. This coding system ensures product quality, safety, and traceability. If any issues are identified, our dedicated staff promptly make corrections and implement corresponding countermeasures to ensure the stability of product quality.

With this in mind, improving employees' knowledge in quality control has become one of the Group's key concerns. The Group provides regular training sessions to its staff in relation to various aspects of business to educate employees on managing quality work in different ways to improve product quality and optimize production process.

In addition, the Group understands that beyond merely meeting customer needs, exceeding customer expectations is the key to the success of an enterprise. To maintain support from existing customers and build reputation in the industry to attract new customers, we strive for excellence in product quality. The quality management system adopted by the Group has been in compliance with the ISO9001 international standard since 2005, which has formulated various quality management principles, including the focus of customer needs and senior management's governance goals, process methods, and continuous improvement. In addition, the Group has obtained the "Qualification of Supplier of Charging Facilities for State Grid" (國網充電設備供應商資質) for 7 consecutive years since 2017. This recognition highlights our position as a national high-tech enterprise, demonstrating that our technology has received recognition and support from the state.

Product Innovation

The Group has always attached great importance to the development of new products, and innovation is an important driving force to sustain our competitive edge. In order to maintain the Group's position as one of the technology leaders in the market, we will continue to listen to market needs, enhance its research and development capability for existing product portfolio and potential new products, invest in, among others, human resources, equipment, hardware and software for product development. By the end of 2024, the Group has added 15 patents and 5 software copyrights. To date, the Group has obtained over 70 patents and 96 software copyrights. Such large number of products has not altered us to maintain uncompromising quality control over each stage of production, including new product design, pilot production, and mass production. The continuous control steps include the following:

– Pilot production of new products shall only be approved by specialists in research and development department after their assessment of manufacturing feasibility, practicality, and reliability of new product design;

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- Qualified products will be put in mass production after passing functional testing by specialists and users;

- Research and development department personnel is responsible for closely monitoring mass production of new products for one year upon their official launch and offering assistance in solving problems in the course of production. In the event of failure in testing, product design shall be modified over and over again for passing the test before production stage; and

- Be open to comments, and staff members are encouraged to give ideas or suggestions, as well as actively adopting their ideas or suggestions on design and functions into product development, creating a dynamic and innovative business environment.

The Group is committed to innovation and its practical application, constantly researching and developing various types of charging equipment. We actively explore the integration of diverse technologies to create products that satisfy users' needs and meet operators' requirements. During the year, the application of intelligent charging island remains as our key project. This project mainly capitalizes on intelligent charging power distribution technology and flexible charging technology to adjust output power in a dynamic and precise manner based on the actual needs of electric vehicles, so as to facilitate charging at optimal current and voltage. The design also maximizes the utilization rate of the charging core equipment, achieving intelligent distribution, high efficiency, and energy saving. Similar to filling stations, the intelligent charging island provides safe, convenient, and efficient charging services to electric vehicles. We believe that it is leading the development of a new generation of centralized charging stations in the industry. In addition, we have also explore the integration of cutting-edge technologies into charging stations, such as new energy power generation, energy storage power stations, and micro-grid power stations. We have incorporated various energy sources such as city power, wind power, and solar energy, to effectively improving energy utilization. The integrated photovoltaics power storage and charging station constructed in Mowming City is one of the examples for the applications. The photovoltaic module system installed on the top of the canopy absorbs solar energy and converts it into electricity, making the charging process more environmentally friendly and giving full play to intelligent distribution, safety and reliability, high efficiency, energy saving, and investment saving.

In order to meet the diversified needs of the market, the charging equipment we have developed is applicable to a variety of vehicle models, including electric private cars, electric buses, as well as other specific vehicles, such as logistics vehicles and commuters. We provide diversified charging solutions for different operational needs. For example, for the construction of charging stations on expressways, we offer charging equipment with short charging time and high power that supports various car models.

For the construction of public bus charging stations, we offer multi-purpose charging equipment for fast charging and slow one-to-many bus charging. This allows us to provide fast charging service for a small number of buses during the daytime and regular charging for multiple buses at night. This device is highly utilized, safe, and stable as it is equipped with a charging device that meets the different requirements of day and night.

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Green Smart Energy Infrastructure

Expansion of Charging Network

The Group's continuous recognition from clients builds upon our stable quality and extraordinary service. During the Report Period, Titans Technology won several bids for projects in Beijing City, Sichuan Province, Gansu Province, Tibet Autonomous Region, Fujian Province, Qinghai Province, Hebei Province, and Xiongan New Area of the State Grid for its professional brand reputation, high-quality service, and intelligent and stable products. We also stood out among 61 competitors in the bidding for the "Charging Equipment Procurement Project of PetroChina Company Limited's Sales Branch" due to our outstanding corporate qualifications, excellent performance, and trustworthy reputation. As a result, we successfully won the bidding for the charging equipment section, providing DC charging poles for PetroChina's charging stations in provinces and municipalities such as Shanxi, Beijing, Sichuan, Hainan, Jiangsu, Shandong, Guangxi, and other provinces and cities.

With respect to charging heavy electric trucks, the Group actively promoted the construction of a total of dozens of sets of charging facilities for heavy trucks in 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. In terms of battery swapping of heavy electric trucks, several sets of advanced battery swapping technology equipment have been installed in Yangquan City, Shanxi Province, to solve the problem of rapid recharging of heavy electric trucks. These charging and battery-swapping equipment have the advantages of intelligence, automation, high efficiency, and low energy consumption, and are capable of realizing full lifecycle data monitoring and control of the equipment, which significantly improve the operational efficiency of heavy trucks.

Starting from 2023, the Group launched a self-developed, self-designed, powerful, stable, and flexible liquid-cooling technology-based supercharging terminal that can cover most charging scenarios. Liquid-cooling technology reduces the internal temperature of the charging device, improves the conversion efficiency of the charging device, and enhances stability. The Group continues to promote the 720kW liquid-cooled ultra-fast charging host and ultra-fast charging terminal products based on liquid-cooling technology.

To strengthen management and to lower management loss, Zhuhai Yilian has developed tailored charging solutions. These solutions adopt methods such as site construction, unified management, and platform interoperability. As a result, operating costs for operators or regulators are significantly reduced, the charging management standards are elevated and the utilization efficiency of equipment is greatly improved. We are committed to establishing an intelligent electric vehicle charging network in the city, and optimizing the charging process to eliminate time-consuming and error-prone procedures. These efforts aim to change people's negative impression of electric vehicle charging.

The Group has built highly efficient and intelligent public charging network and centralized dedicated charging network in 76 cities in the PRC, including Zhuhai, Shaoguan, Foshan, Hefei, Shanghai, and Caofeidian to actively provide users with convenient and high-quality charging services. In 2024, the Group launched a brand-new power product - the "Remote Capacity Verification (Discharging) Product". The application areas of this product cover State Grid, new energy power generation, industrial and commercial energy storage, new energy electric vehicle charging stations, airport power supply systems, large industrial and mining enterprises, shopping malls, hotels, residential communities, etc. Currently, the technology of this product has been successfully applied in multiple power grid companies in provinces such as Guangdong, Guangxi, Ningxia, Qinghai, Fujian and Guizhou. Going forward, we will continue to participate in the planning and construction of charging infrastructure to support the development of electric vehicles, as well as tackling issues including the lack of supporting charging facilities, the incompatibility of charging facilities and different models of cars, the difficulties in the management of scattered charging stations, and the uneven allocation of resources, so electric vehicles can be widely used in small- and medium-scaled cities.

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Innovative and Comprehensive One-Stop Online Platform – "EV Link"

Inspired by the internet economy, the Group realized that a comprehensive charging station information platform would significantly change the consumer's electric vehicle usage ecosystem. In order to fill the gap in existing technology supply and lead the industry development, we have created a user-friendly one-stop mobile application "EV Link" to eliminate the troubles that users faced when using charging stations, as a way to promote the popularization of electric vehicles. "EV Link" not only provides customers with the functions of station distribution, real-time station usage status, and automatic navigation to the designated charging station location, but also provides charging equipment booking service, saving the time of waiting for equipment. "EV Link" can also display the real-time charging status of the car, provide charging reminder information, to avoid the situation of insufficient power or overcharging. With the cooperation of different payment platforms, "EV Link" can provide a full range of electric vehicle charging services. We aim to reduce the hardware and software setting concerns of the public when they switch to electric vehicles. We hope that the use of "EV Link" can effectively help users to make a more complete travel planning, so as to help users save the extra miles they drive to find a charging station and to avoid unnecessary fuel use and gas emissions. Based on customer requests and market survey results, we have added three new features to "EV Link", including enabling the system to remotely adjust the power of the charging poles, monitoring the battery status to ensure safe charging of vehicles, and providing WeChat's credit charging on a pay-in-arrears-after-power-charging basis. We are committed to continuously optimizing the program to make EV charging services more convenient. In 2024, the number of "EV Link" users achieved 1,062,159.

Customer Orientation

Customers are not only the users of our products, but also our cooperation partners and workmates for sustainable development around the globe. Therefore, we attach great importance to their opinions and keep in contact with them through diversified communication channels, such as the establishment of an e-communication platform, message board and 24-hour service hotline. We are committed to adopting customer-oriented business strategy which focuses unceasingly on improvement of products and services for the benefits of customers. Opinions from and requirements of our customers are always our top priority, and customer satisfaction is even considered as the indicator of our quality target. We have developed various indicators by business segment. We also place emphasis on provision of the most comprehensive after-sales service to customers, including "24-hour services", "advance services", "all-inclusive services" and "lifecycle services", with an aim to cover each stage of a product lifecycle such as manufacturing, installing, commissioning, and repairing. The Group has a 24-hour service hotline to respond to customers' complaints at any time. We are committed to providing them with a maintenance solution within 1 hour after receipt of the complaints and on-site services within 24 hours in designated areas.

We endeavor to provide our customers with comprehensive services and quality products to enhance customer satisfaction. In addition, we are always committed to meeting and exceeding customers' expectations by offering products with reliable quality, advanced technology, reasonable prices and attentive services in a precise and accurate manner. Therefore, we strive to protect our customers' interests by ensuring that product information is clear and accurate, by clearly explaining product details and specifications to our customers, by requiring the truthfulness and accuracy of the data contained in all sales materials, and by prohibiting false or misleading statements in any form of communication. In this way, the Group aims to achieve mutual benefits and win-win situations with our customers through the provision of quality and safe products.

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Protecting Customer Privacy and Intellectual Property Rights

The Group is deeply aware that the protection of client's privacy is provided by national law and regulations, it is also the basic principle for a high quality company. In light of this, we have adopted the following measures to protect the personal information of clients:

– Except for the requirements under relevant laws and regulations, we will not share or disclose users' personal information to a third party without prior consent of users;

– All information is professionally encrypted before storage and delivery to safeguard the security of users' personal information;

– Established an extensive management system for intellectual property;

– Each user of the mobile application "EV Link" must agree not to transmit, disseminate, distribute and store any content which is in breach of others' legal rights, such as right to reputation, portrait rights, intellectual rights and trade secrets, for the purpose of building respect for intellectual property rights among users; and

– We also entered into a confidentiality agreement with employees, suppliers and clients to enhance protection of trade secrets for securing legal interest of both parties.

Upon stringent implementation of the foresaid measures, the Group has been recognized by the Zhuhai Intellectual Property Office as one of the Enterprises with Intellectual Property Advantages in Zhuhai City. The criteria of such recognition include having persons-in-charge of intellectual property and a comprehensive intellectual property system in place, possessing a total of 30 or above valid patents with over 20 innovation types and utility-models. The Group had no production of counterfeit goods or identified breaches of intellectual property rights through administrative and legal procedures in the past three years. The recognition represents our effort and commitment in this regard.

During the Reporting Period, the Group was not aware of infringement of laws and regulations in relation to personal privacy and intellectual property, including but not limited to the Advertising Law of the PRC, the Trademark Law of the PRC, the Patent Law of the PRC and the Copyright Law of the PRC, and the Civil Code of the PRC.

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Pursue Green Development

Global warming has been escalating, leading to various impacts and challenges. As a manufacturer of green energy facilities, we shoulder the role and responsibility in promoting green development in the community. In addition to promoting the growth of the green industry through product development and innovative design, we also actively adopt a variety of energy-saving and carbon reduction measures in our business operations. For example, using eco-friendly designs wherever possible in the construction of new plants to improve energy efficiency and reduce energy consumption. Our environmental protection management system has obtained ISO14001:2015 international standard certification. We endeavor to protect the environment through our sound management system coupled with implementation of relevant policies.

We have established the following four environmental policies at four levels:

Strict Compliance with Regulations

The Group adheres to the principle of "strict compliance with law and regulations and full compliance with emission standards". In other words, we strictly follow the law and regulations on emissions of the local governments under which we operate and perform the civic compliance obligations, including but not limited to the Environmental Protection Law of the PRC, the Air Pollution Prevention and Control Law of the PRC, the Solid Waste Pollution Prevention and Control Law of the PRC, the Water Pollution Prevention and Control Law of the PRC and the Energy Conservation Law of the PRC. We have "Management Measures for Identifying and Evaluating Environmental Factors and Sources of Danger" in place to acknowledge and control material environmental factors and sources of danger through identifying and evaluating those environmental factors and sources of danger in our control or under our prospective influence with an aim to achieve the emission limits of gas, noise, and solid waste. For the material environmental factors, we engage qualified third-party to conduct inspection of waste water, drinking water, gas, noise, etc. During the Reporting Period, we are not aware of any breach of environmental laws and regulations by the Group.

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Energy Conservation and Consumption Reduction

Besides, our endeavors in environmental protection include "energy conservation, reduction of consumption, and uncompromising emphasis on accident prevention", since we, as a citizen enterprise, are obliged to cherish rare resources in the world and adopt various measures to manage and use resources. Our energy consumption, emission of greenhouse gas and air emission primarily come from electricity purchased from external parties, LPG used for our canteens, and petrol used for our own vehicles. Over the past years, we have made continuous efforts in energy conservation, sparing no effort to review its effectiveness from time to time for further improvement.

Over the past years, we are committed to reducing energy consumption in our business processes while introducing different green products. We have replaced some of our petrol-powered vehicles with electric vehicles to reduce gas emission from road transport. Also, we have adjusted the temperature of air conditioners to 26 degrees celsius in summer in response to the government's initiatives to reduce electricity consumption. In addition, we re-examined the design and actual needs of different working environments with a view to reducing unnecessary energy consumption. For example, we switch off the lights in daytime for toilets with sufficient daylight and adopted fans to reduce the use of air conditioners in rooms with high ceiling height and good ventilation.

In our business process, product testing consumes a lot of power. In order to save energy, we have completed the development of the "Energy Storage Power Conversion System", which can automatically control power charging and discharging, where energy can flow in both directions, so that energy consumption and recharging take place at the same time in product testing and the stored energy can be re-used for next testing, thus reducing the amount of power consumption.

As the Group expands, our demand for servers has increased significantly. The increase in the number of servers will increase the demand for cabinets and the cooling system. Due to the large amount of heat generated by servers, in order to keep the temperature of the data center stable, we need to install extra air conditioning equipment. To reduce the use of servers, Zhuhai Yilian, our subsidiary, has adopted a hybrid cloud system to relieve the demand for servers and air conditioning and achieve the purpose of energy saving.

Apart from upgrading energy-saving technologies to increase energy efficiency, we also reduce energy usage at source. We require our staff to switch off all equipment such as computers, air-conditioners, fans and lighting when they leave the office area to save electricity. In addition, we also advocate saving water and encourage employees to use water as needed when washing hands and properly turn off the faucet for leakage control. Although we have no difficulty in obtaining sufficient water through our purchase from the municipal water supply company, we emphasize the importance of using water efficiently.

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Raising the Environmental Awareness of Employees

We actively promote an environmental protection concept and raise the environmental awareness and participation of employees. Our goal is to create a desirable working and living environment. With the accelerated progress of modernization and informatization, the operation of the Group is also digitalised gradually. We have implemented a digital office within the Company and encourage our staff to use computer information systems for internal and external communications to minimize negative impacts on the environment. We use Office Automation (OA) system for internal communication, training applications, leave applications and other administrative procedures to achieve the goal of paperless office. Besides providing the platform for executing different administrative procedures, the OA system comprises more than 20,000 processes, enabling relevant staff to understand the workflow anytime and anywhere. It also reduces paper used for internal communication and approval processes. In terms of business, we use the Enterprise Resource Planning system for the entire business process. From procurement requests to completion of transactions with customers, documents regardless of purchase orders or sales orders are electronic documents instead of paper documents, which significantly reduces the use of paper. At the same time, in order to fully utilize paper, we encourage using both sides of paper. We have established recycling points for single-sided waste papers to encourage employees to use single-sided wastepaper for notes taking.

Environmental Sustainability

Meanwhile, the Group strives to promote the sustainable development of the environment by practicing the environmental concept of "3R"–"Reduce", "Recycle" and "Reuse" in business operations. In terms of "Reduce", we minimize the use of packaging materials, and pursue practical packaging rather than extravagance. As our main non-hazardous waste is domestic waste, we encourage employees to reduce the use of disposable items. Instead of having cleaning staff to dispose of dormitory wastes regularly, we are now encouraging our employees to dispose their own wastes, with a view to strengthening employees' awareness towards waste, thereby reducing the use of garbage bags. In terms of "Recycle", we are actively implementing different recycling plans to facilitate the redevelopment and use of underutilized resources. We reuse certain packaging materials such as wooden pallets and cartons, and require employees to dispose reusable waste materials in a centralised location to avoid discarding such materials as scraps. In 2022, we recycled a total of 1.3 tonnes of cartons for use as transit boxes. However, as cartons are prone to breakage, from 2023 onwards, we have fully adopted the use of plastic boxes to replace cartons, and therefore we did not recycle any cartons this year. Plastic boxes are made of stronger materials and can be reused, which is in line with our environmental philosophy.

In respect of hazardous wastes, according to the Directory of National Hazardous Wastes published by the Ministry of Ecology and Environment, the hazardous wastes the Group produces are categorized as HW49 other wastes, namely wastes produced when dealing with environmentally friendly emissions and during the supplementary process. These waste include organic materials and organic peroxide and its vessels, such as waste empty containers, waste rag and waste activated charcoal. We have transferred these wastes to qualified recycling companies for subsequent treatment. From 2023 onwards, we also switched from the manual application of conformal coating to the use of spray coating equipment, thus reducing the amount of conformal coating used. In addition, we have switched to environmentally friendly conformal coating to reduce the generation of hazardous waste.

In addition, we also carry out promotion and education to employees on waste separation and storage, separate and label recyclable goods and waste, and strictly prohibit discarding recyclable goods together with wastes or directly as wastes. In terms of "Reuse", we require suppliers to purchase customized pallets according to customers' requirements and reuse the same pallets for the entire workflow, so as to extend the useful life of the pallets and avoid excessive use of pallets.

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Tackling the Challenges of Climate Change

Climate change is a global challenge that affects communities and businesses as a whole. In recent years, the problems caused by climate change have become more acute, with one of the most pervasive impacts being global warming and intensifying extreme weather. Although global warming has not had a significant impact on the Group's operations, we will continue to pay attention to the issue of climate change, and adopt appropriate measures accordingly and in a timely manner. The Group has formulated the "Contingency Plan for Work Safety Incidents" and added solutions for coping with natural disasters caused by climate change to the Group's emergency response plan, to ensure that the Group has measures in place to minimize damage in the event of such disasters.

Goal Setting

01

Goals to reduce emissions during the business process

The Group will actively seek to reduce the negative impact on the environment in its business processes and gradually maintain or reduce the exhaust gas, greenhouse gas, waste and water consumption generated during production

02

Goals to improve energy management

The Group makes good use of various types of resources such as energy, water and raw materials to enhance reuse rate and effectiveness, and strengthen waste management and emissions

Talent-oriented

One of the four "Ts" stands for talent. "Talent-oriented" is one of the cornerstones of the Group's culture and a crucial pillar of the Group. Thus, we always give top priority to the safety and health of our staff. We provide them with appropriate training and working environment that enable them to realize their full potential and ambition, and maintain a balance between life and work. The Group has formulated sound Human Resource Management System, and firmly believes that reasonable human resource management can improve the overall quality and work efficiency of employees. This, in turn, enables us to meet the needs of the Company's future development and earn public recognition. During the Reporting Period, the Group was not aware of any breach of labour-related laws and regulations in areas in which the Group operates, including but not limited to the Labour Law of the PRC and the Labour Contract Law of the PRC.

Merit-based Recruitment

We attach great importance to building a positive corporate culture and carrying out recruitment on a merit basis. We constantly improve recruitment, training, performance, remuneration, attendance, and departure management to put in place a specific mechanism for appropriate and fair treatment of employees. The Group adheres to fair and just standards in recruitment process to protect the benefits of candidates and internal employees. We are fully aware of the importance of career development to employees, and therefore adopts different approaches to help employees to achieve their potential.

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At the beginning of every year, we will specify the direction and planning of development of the upcoming year and review the allocation of human resources of the Group. We recruit and seek talents through diversified channels such as on-site job fairs, online recruitment, internal recommendation, campus recruitment, and headhunting recruitment. We adhere to a fair standard of evaluation in recruitment process, and conduct interview assessments according to objective selection criteria, including the adaptability, professionalism and abilities in respect of the job position. We also conduct tests of professional quality, development potential, comprehensive ability and other capabilities to ensure fulfilment of the needs of talent and the satisfaction of objectives of corporate business strategies. Any discrimination based on age, gender, race, religion, nationality, disability or sexual orientation will not be tolerated, and promotion or job opportunities of current employees will not be prejudiced by the above factors. Moreover, we do not allow employment of child labour, the identity document of candidates must be cautiously reviewed before the interview to ensure they have reached the legal age of employment, and avoid any possibility of the employment of persons under the legal working age. When an employee commences employment, the Human Resources Department arranges the signing of a Labour Contract, stipulating important information such as job responsibilities, location and working hours of the relevant position, and indicating that both the employer and employee agree to the relevant employment terms to prevent any form of forced labour. We also allow internal employees to make different attempts in their positions, having obtained the approval of the department head. Employees passing the assessment are allowed to apply for an internal transfer. When an employee resigns, a formal application must be made, and the remaining resignation procedures may be proceeded after approval by the person in-charge of the designated position. If an employee does not pass the probation or substantially breaches the rules and regulations of the Company, dismissal procedures and multiple layers of approvals must be strictly implemented to ensure that the Company dismisses the employee on reasonable grounds and that the employee receives fair treatment. During the Reporting Period, the Group was not aware of any cases of forced labour and child labour.

Excellent Employee Benefits

The Group is concerned about the rights and interests of employees. The Group not only conducts regular salary analysis based on its industry peers, but also adjusts the salaries of individual employees and teams according to their work performance. We aim to attract and retain talents by offering competitive and attractive salary and welfare to our employees. Our salary adjustment mechanism is influenced by a number of factors, including seniority, work efficiency, rank experience, and professional qualifications. The Group mainly evaluates employees' personal abilities in 6 categories, including their influence, problem-solving ability, leadership and management ability, communication and coordination ability, knowledge and skills, and their work scope, so as to comprehensively understand whether employees can bring a positive impact on the Company. In addition, the Group has set up the Annual Evaluation Plan to assist the Company to identify employees and work teams with excellent performance and give additional bonuses according to their performance as encouragement. We hope that we can encourage our employees to continue to innovate, and at the same time, set up professional standards and examples for employees, and establish a positive atmosphere to strive for excellence, so as to help the Group to achieve new heights.

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In addition, the Company cares about the welfare of employees and adopts various working arrangements to promote work-life balance. We believe that these activities can strengthen the construction of corporate culture, consolidate corporate strength and competitiveness, and ultimately assist the Group in achieving the goals of its sustainable development strategy. During the year, we also organized our spring tour, which enriched the after-work life of our staff and facilitated communication among departments to enhance the team spirit.

As required by local laws, the Group pays social insurances for qualified employees, including pension insurance, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance, and housing provident fund. We will also provide employees with different types of allowances according to various situations, including length of service, tutors, meals, on-duty allowances, etc. We also purchase commercial insurance for special positions and provide subsidies for work in high temperatures. All employees are entitled to various legally-stipulated paid holidays, including statutory holidays, annual leave, marriage leave, maternity check-up leave, maternity leave, nursing leave, breastfeeding leave, compassionate leave, and work injury leave, etc. The labor union of the Group also provides employees with marriage and childbirth benefit, hospital cash and funeral condolences, and distributes daily necessities, grains, oils and food to employees on New Year's Day, Spring Festival, Dragon Boat Festival, Mid-Autumn Festival and other festivals. Cake vouchers are issued in the birth month of employees to make them feel being cared. The Group arranges physical examinations for all employees every year in order to encourage them to pay more attention to their own health.

During the Reporting Period, the Group was not aware of any violations of laws and regulations related to remuneration and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination, and other treatment and benefits.

Nurturing Talents

The Group is committed to providing every employee with learning and development opportunities and helping employees uncover their best job fit on the basis of "maximizing capabilities, and maximizing talents". To better manage the career development ladder of our employees while refining the hierarchy progression of various positions, we stipulate the qualifications and requirements of all professional, technical and management positions in the "Remuneration Management Policy", providing employees with diversified career development opportunities. Employees can seek promotion along their original career path, or adjust their promotion path as their direction of development changes. Employees of the Group can develop towards three different directions, namely managerial, professional and technical expertise, and each direction can be further divided into more professional and specific scope of development. Employees can make career planning in accordance with their capabilities, skills, and preferences.

The Group adheres to its goals of "learning in Titans, succeeding in the future; advancing with the times, action without delay" to nurture talents, we, thus, have established a series of "Training Management Policy" and "Internal Lecturer Management Policy", to encourage employees to participate in continuous learning and training. Meanwhile, we provide various support and allowance for staff training, including vocational skills and qualification awards, training incentives, lecturer allowance, and support for further studies. During the Reporting Period, the Group offered the following five types of training courses for our employees with over 17,731 (2023: 3,709) hours of learning.

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Types of training courses	Content	Examples of training programs of the Year
New employee courses	Basic working knowledge Computer operating Company culture Safety training Major rules and regulations	• Warehouse supervisor training • SPC basic knowledge • DC system remote centralized control platform operation training • Firewall basic knowledge training • Server security management training and departmental meeting • Important issues learning/training interpretation of "Purchasing Management Manual, Purchasing Management Program Document" • Training on safe operation of commissioning instruments and equipment
General courses	System management Computer operating	• PLM system training • Firewall basic knowledge training • Quotation system operation training
Technical courses	Technical training in professional fields Communication skills	• Design training • Sales experience and sales techniques in sales, how to create plans • Pre-screen maintenance 3D layout design review • AI design
Management courses	Thematic short-term training	• Zhejiang Magtron product exchange • Infy Power vehicle charging module technology exchange • Guangqi Honda facility trio exchange meeting • Hawker Battery product promotion seminar
Specialized courses	Professional knowledge training	• Shipping and invoicing reconciliation skills • U8-ERP system front-end and back-end database courses • Electrical knowledge training for structural design engineers • Critical process and special process control specification and Training on the use of torque wrenches

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We conduct a survey of employee training needs at the end of each year to ensure that the training provided can meet the needs of employee development. We also collect data monthly such as employee satisfaction towards the trainings, training reflection, and results, as a basis for regular review and improvement.

Occupational Safety and Health

We consistently prioritize the safety and health of our employees by continuously monitoring and optimizing our safety management measures. Our aim is to provide a safe and healthy working environment. We adhere to the principle of "Safety and compliance, prevention of risks, care for health, continuous improvement" as our occupational safety and health policy. We strictly abide by the national laws, regulations, rules and standards related to the prevention and control of occupational hazards, including but not limited to the Production Safety Law of the PRC, Law of the PRC on the Prevention and Treatment of Occupational Diseases, the Regulations of the PRC on the Prevention and Control of Pneumoconiosis, and the Regulations on the Management of Labor Protection Products for Employers. The Group focuses on employee protection and occupational safety management. It maintains the self-requirement that "production must never sacrifice safety", and fully implements "safe production, everyone is responsible; safe production, prevention first". We have also established high standards for occupational disease hazard accidents and fire safety, formulated the Occupational Health and Safety Management Policy that complies with the GB/T28001-2011/OHSAS 18001:2007 international standard, and also established related systems. In addition to daily production safety management, we have implemented a comprehensive system to ensure that all employees can effectively prevent and control occupational diseases. Furthermore, we make continuous efforts to integrate health and safety into various aspects of our operations. We strive to improve the working environment and conditions for our employees, constantly seeking opportunities for enhancement.

The Group strongly believes in the principle of eliminating risk factors at the initial stage. Therefore, we implement various measures to strengthen the control of dangers throughout the production process to reduce or eliminate various risks. The Group has formulated the "Safety Production Responsibility Policy", which defines the safety responsibilities of employees at all levels. Leaders at all levels, all functional departments, all production departments and employees share the responsibility for occupational disease prevention and control. This includes formulating measures, implementing them, conducting regular inspections, and determining activities and services related to items with significant risks. Each department formulates operation control management plans or procedures, clarifying control methods and standards. For example, we have established detailed management measures and standards for hazardous chemicals. This includes affixing classification signs to all containers containing chemicals for easy identification of their hazards. Furthermore, we have designated dedicated storage areas equipped with safety facilities such as anti-theft, fire protection, explosion prevention, moisture control, leak-proofing, and ventilation. These storage areas are kept away from open flames to ensure utmost safety. We also provide different personal protective equipment according to the job position and nature of each employee, and strictly prohibit employees from using unqualified or invalid protective equipment. In addition, we also conduct monthly safety inspections throughout the plant to eliminate any unsafe environment, conditions, and behaviors.

Valuing staff's opinions

The Group values to and respects the opinions and ideas of its employees. In order to facilitate communication and harmony between employees and the Company, to raise the awareness of all employees to participate in the Company's production and operation, the Group has formulated the "System of Management for Rationalization Suggestion", which encourages employees to positively put forward innovative suggestions for company development, to enhance work efficiency and reduce production costs, to facilitate technological advancement to improve corporate quality, to foster a co-development of the Company and its employees, and to forge a corporate culture that is positive, active, and innovative. In addition, once the rationalization proposals put forward by the staff are adopted, corresponding rewards will be given according to the effect of implementation.

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Hygiene Awareness

After 3 years of preventing and controlling the COVID-19, the Group understands the importance of a good hygiene environment and awareness. We continue to pay attention to hygiene issues despite the relaxation of measures against the pandemic. We will continue to equip the Company with sufficient disinfectant hand sanitizers and carry out regular disinfection in the workplace to minimize the possibility and risk of large-scale virus infection or transmission.

Safe Work Awareness and Training

To ensure production safety and minimize the risk of work-related injuries, the Group focuses not only on providing a safe workplace and equipment but also on promoting awareness and training among our staff. We place great importance on educating our employees to enhance their safety consciousness and self-protection abilities. In order to remind our staff of the prevention of occupational disease hazards and the national laws and regulations on occupational disease hazards, we regularly update the "Occupational Disease Hazard Publicity Column" in our factories with tips on occupational safety. In addition, we also publish the results of testing and evaluation of occupational disease hazards, and the implementation and improvement of occupational hygiene work in the employing units promptly. Hazard warning signs and instructions are also placed in conspicuous places to remind employees of the types of occupational hazards, consequences, prevention and emergency response measures.

In addition to emphasizing the significance of occupational safety, we also provide pre-employment safety training and regular safety training to enhance staff's occupational health knowledge. All workers are required to attend safety training before the commencement of work and can only commence work after passing the exam to obtain work permits. The training content includes occupational hygiene-related laws, regulations and standards, basic knowledge, management systems and operating procedures, proper use of occupational disease protection equipment and personal protective equipment, emergency rescue measures, planned procedures and basic skills in the event of an accident, and cases of occupational hazards. In addition, to make sure that the awareness of safety and prevention of occupational disease and hazards of employees keeps updating, the Group invites professional technicians to provide specialized safety and technical training for operators of new equipment. If new machines are to be introduced in the construction process, the operators must pass a practical operation examination before the commencement of work.

Contingency Measures for Emergencies

The Group has formulated the "Emergency Responses to Work Safety Accidents", "Risk Assessment Report for Work Safety Accidents" and "Emergency Resources Investigation List for Work Safety Accident", to set out emergency rescue units and their responsibilities in emergency situations. We have established on-site response plans for the most common sources of dangers of the Group, including fire and explosion, electric shock, mechanical injury and chemical spill accidents, improving employees' capability in responding to accidents and providing safe and orderly emergency response guidance to minimize harm and loss.

In addition to clearly outlining the notification procedures, evacuation routes and emergency gathering points after an accident, we also set up fixed signs and simple user's guide at the storage locations of emergency supplies, equipment and facilities to ensure that employees know the proper usage methods. We will regularly check and replace the emergency rescue facilities and occupational hazard prevention facilities to ensure that the relevant equipment can effectively protect the safety of employees when being used.

Regular exercise of emergency rescue plan is also indispensable. In addition to familiarizing employees with the handling process of relevant accidents, managers can also review the existing accident handling plan during the exercise, so as to improve and perfect the whole emergency rescue plan of hazard accidents. Furthermore, in the event of an accident, we will form an occupational hazard accident investigation team to collect evidence, analyze the responsibility of the accident, enforce appropriate consequences for those accountable, and take measures to prevent the accident from happening again.

Fire Control Safety Management

As fire safety is another important matter for safety management, the Group has formulated a "Fire Safety Management Policy" in accordance with the "Provisions on the Administration of Fire Control Safety of State Organs, Organizations, Enterprises and Institutions". The Group will also hold regular meetings of person-in-charge of key units, and carefully check and implement various fire prevention systems and safety measures. We will also conduct regular fire inspections during both regular days and before and after holidays to eliminate fire hazards. In order to ensure the effectiveness of fire equipment, we will regularly check, acquire and repair fire equipment, and ensure all equipment is intact and in good conditions. We commission the units with relevant qualification to carry out a comprehensive inspection and test of fire extinguishers and automatic fire facilities in the buildings every year.

In addition to regular inspections, publicity and education are also a key components for our fire safety management. We set up fire safety promotion facilities at fixed locations in the Company such as the fire prevention column and billboards to improve staff's fire safety awareness and skills. We will not only provide pre-service training for newly recruited staff, but also carry out fire emergency plan drills to familiarize employees with the procedures of the emergency plans. Moreover, after fire drills, we will review their performance in order to identify existing issues and propose improvement measures.

During the Reporting Period, the Group was not aware of any breach of relevant laws and regulations in relation to safe working environment and protection of employees against occupational hazards.

Staff Conduct

The Group has formulated the "Staff Code of Conduct" to regulate the daily work conduct of employees. Through the reward and punishment system, we aim to guide our employees to work towards goals that are in line with the direction of the Group's safe production development. The reward and penalty policy is divided into two levels. The first level targets individual behaviour and performance. We will offer rewards such as bonuses, travel opportunities, and sponsored educational programs to employees who effectively handle emergencies and reduce the Company's loss by a certain amount, or those who achieve a certain ranking or higher in external contests; on the contrary, those who violate operational procedures or even cause work safety accident resulting in the Company's loss to a certain amount will be subject to warning letters, disciplinary actions, and penalties. Such actions may also have a negative impact on their performance appraisal and salary. The second level targets the accountability of department heads. If accidents, delayed rectifications, or rule violations are caused by employees during their service, the heads of related departments will be held accountable for inadequate regulations and may face disciplinary action. We are committed to incentivizing employees to improve and enhance production safety using the reward and penalty policy. This not only ensures the personal safety of employees but also enhances the management of production safety.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Promoting Development of Society

In line with the management approach of "innovation-based, integrity-first", the Group not only advances together with its employees, but also leverages its position as a leading enterprise to foster close cooperation with the entire supply chain, contribute resources to society, and showcase the Group's values. We adopt a zero tolerance approach to corruption and fraud as we strive to promote global economy with integrity, aiming for prosperity, stability and sustainable development while cultivating a culture of honesty.

Cooperation with Suppliers

During the Reporting Period, the Group procured raw materials and components from over 370 (2023: 239) qualified suppliers with most of their plants locating within Guangdong Province to reduce carbon emission generating from different modes of transportation.

The Group is having a strong and stable relationship with its suppliers and encountered no significant difficulties in obtaining a sufficient supply of raw materials and components. As a leading equipment producer, we give great prominence to quality of raw materials and takes meticulous care when selecting suppliers. We have an all-inclusive "Standards for Supplier Management" in place to evaluate quality of suppliers. This ensures that our suppliers are capable of consistently providing qualified products and helps us optimize the management of supply chain.

When engaging with a new supplier, the supplier is required to present complete documents specifying its qualification and product quality, including business license, quality system certificate, subcontractor accreditation and inspection report, to ensure its quality level achieve our Group's stringent standard. Based on the type of purchase, On-site audit and sample testing of potential supplier, if available, may also be conducted to guarantee product quality. Criteria for selecting a supplier include multiple dimensions, such as qualification, creditability, supply capability and technology level, so as to extensively analyze its suitability to our production requirements. Those qualified suppliers will be put on our "Qualified Suppliers' List".

Qualified suppliers will be monitored on an on-going basis to ensure the consistent delivery of high quality of products. Our existing suppliers are categorized by their degree of importance and the percentage of total purchase they represent. This categorization helps to determine the department responsible for their evaluation, the frequency of evaluations, and the approach used for performance evaluations. We systematically evaluate qualified suppliers and regularly update the "Qualified Suppliers' List". In the event of issues on timely delivery rate, purchase qualification rate, settlement methods and services, etc., the qualified suppliers involved may be disqualified and delisted from the "Qualified Suppliers' List".

The Group establishes an "Environment, Occupational Health and Safety Agreement" with its major suppliers. This agreement ensures that the raw materials provided by suppliers comply with the requirements of national law and regulations, and that suppliers priorities production processes and equipment with minimal pollution. If the emission produced during the production process by suppliers exceeds the standards, they are required to take proactive remedial measures to reduce the impact on the environment. Suppliers are also required to provide safe environment and equipment during production and transportation to reduce harm to health and safety of relevant personnel. If a supplier causes any serious environmental pollution or material personal safety incidents, the Group shall have the right to terminate the cooperation with the supplier.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Anti-corruption

According to our Code of Conduct, all employees are strictly prohibited from seeking personal profit or benefit in their work, engaging in corruption, commercial bribery, misappropriation or embezzlement of public funds, leaking secret and other corrupt practices. If a complaint is received, the Human Resources Department will conduct a thorough investigation and give the employees involved a chance to defend themselves. However, once the malpractice is confirmed, the employee concerned will be warned or required to pay compensation depending on the seriousness of the matter. Serious offenders may even be dismissed. Externally, we are committed to promoting anti-corruption construction with all stakeholders, to prevent the occurrence of improper and illegal behaviors including offering bribery and receiving bribery. We have signed the "Commitment Letter on Prevention of Bribery in Material Procurement" with suppliers, strictly abide by the anti-bribery laws and regulations, and prohibit any forms of commercial bribery. In addition to the open and transparent approach to suppliers' selection, reputable suppliers will be selected to reduce the risk of money laundering and secure our corporate reputation.

To further enhance employees' knowledge and awareness of integrity and self-discipline, during the Reporting Period, the Group provided anti-corruption-related training to the Directors and distributed the training materials on "Corporate Occupational Crime Staff Training" to each Directors for their learning, so as to strengthen the Directors' awareness in combating corruption.

The Group strictly observes relevant law and regulations, including the Criminal Law of the PRC, the Anti-Money Laundering Law of the PRC and the Anti-Unfair Competition Law of the PRC. There were no concluded cases of litigation brought against the Group or its employees in relation to bribery, extortion, defraud or money laundering and no related incidents of incompliance during the Reporting Period. We are proud to announce that we have been selected as an "Enterprise of Observing Contract and Valuing Credit of Guangdong Province" for 20 consecutive years. This recognition highlights our long-term high performance in business compliance with a sound management system of contract and creditability as well as an impressive track record in performance of contract. Our Company has demonstrated considerable business efficiency and has maintained a clean record without any serious breaches of laws and regulations.

Care for Community

The Group has always placed great importance on the development of the community and hopes to continue creating values for society alongside our business development, so as to implement our sustainable development strategy. We firmly believe that by integrating into the community, we can share the fruits of our development with the public, communicate with the community closely and promote the green concept. We aim to not only giving back to society but also contribute to a more compassionate and caring society. As usual, we donated RMB10,000 to the Zhuhai Care Association to subsidize the daily life and study of the underprivileged university students in Zhuhai City. In addition, during the Year, we also donated RMB15,000 to the Hebei Youth Development Foundation to help promote youth development, and participated in a "Series of Actions to Help Children in Difficulties" organized by the Zhuhai Care Association, and donated RMB10,000 to the Zhuhai Care Association. We also organized the "Golden Childhood Volunteer Service Activity" and "Warm Heart Winter Together" donation activities, donating daily necessities such as rice, noodles, oil and clothes to children and residents in the community respectively, with a total value of more than RMB15,000. In addition to donations and supplies, our staff also actively participated in community volunteer programs, such as community volunteer program and tree planting program. As always, we uphold the core value of "creating value for the company, its employees, its customers, its partners and society" to step forward.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MAJOR KEY PERFORMANCE INDICATORS[1]

Environmental indicators	2024	2023
Emissions[2]		
Nitrogen oxide emission (kg)	**37.48**	10.45
Sulphur dioxide emission (kg)	**0.34**	0.23
Particulate matter emissions (kg)	**3.21**	0.75
Total emissions of nitrogen oxide avoided by the use of electric vehicles (kg)	**10.19**	5.64
Total emissions of sulphur dioxide avoided by the use of electric vehicles (kg)	**0.21**	0.13
Total emissions of particulate matter avoided by the use of electric vehicles (kg)	**0.75**	0.42
Greenhouse gases		
Total emission of greenhouse gases (tonnes of CO_2 equivalent)[3]	**901.64**	1,575.19
Scope 1: Direct emissions (tonnes of CO_2 equivalent)	**68.64**	47.13
Scope 2: Energy indirect emissions (tonnes of CO_2 equivalent)[4]	**710.79[5]**	1,397.95
Scope 3: Other indirect emissions (tonnes of CO_2 equivalent)	**122.21**	130.11
Total emissions intensity of greenhouse gases (tonnes of CO_2 equivalent/million RMB revenue)	**2.30**	4.21
Total emissions of greenhouse gases avoided by the use of electric vehicles (tonnes of CO_2 equivalent)	**37.64**	24.10
Wastes		
Total non-hazardous wastes produced (tonnes)	**272.63**	258.90
Total non-hazardous wastes recycled (tonnes)	**0.28**	24.27
Total non-hazardous wastes disposed (tonnes)	**272.35**	234.63
Total production intensity of non-hazardous wastes (tonnes/million RMB revenue)	**0.70**	0.69
Total production of hazardous waste (kg)	**226.00**	309.00
Total production intensity of hazardous wastes (kg/million RMB revenue)	**0.58**	0.83
Use of resources		
Total energy consumption (MWh)	**2,204.38**	2,456.69
LPG (MWh)	**21.60**	20.86
Unleaded petrol (MWh)	**209.11**	144.49
Purchased electricity (MWh)[6]	**1,542.83**	2,291.34,
Solar energy (MWh)[7]	**430.84**	–
Total energy consumption intensity (MWh/million RMB revenue)	**5.62**	6.56
Total water usage (m^3)	**17,660.19**	13,354.24
Total water usage intensity (m^3/million RMB revenue)	**45.02**	35.68
Paper packaging material used (tonnes)	**15.19**	15.06
Intensity of paper packaging material used (kg/million RMB revenue)	**38.73**	40.24
Plastic packaging material used (tonnes)	**4.13**	5.27
Intensity of plastic packaging material used (kg/million RMB revenue)	**10.53**	14.08

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1 During the Year, Hebei Titans New Energy, Tangshan Titans Technology, Tangshan Yilian, and Tangshan Yiyitong are added. Therefore, this year's data cannot be directly compared with last year's data.

2 As the scope of this year's report has been expanded to include subsidiaries in the Hebei region, the total fuel usage has increased compared to last year's report due to an increase in vehicles and fixed fuels, and the corresponding emissions of nitrogen oxide, sulphur dioxide, and particulate matter have all increased.

3 According to the "Guide", Scope 1 covers the direct greenhouse gases emissions from stationary combustion sources, mobile combustion sources and fugitive emissions of hydrofluorocarbons (HFC) during the use of refrigeration and air conditioning equipment; Scope 2 covers the energy indirect greenhouse gases emissions resulting from the generation of purchased electricity consumed within the Group; and Scope 3 covers the indirect greenhouse gases emissions resulting from waste paper disposal to landfills, sewage treatment and business air travel.

4 The relevant emission factors set out in the latest version of "Appendix 2: Reporting Guidance on Environmental KPIs" under "How to prepare an ESG Report" issued by the Stock Exchange were employed for calculating Scope 2: indirect emissions during the Reporting Period.

5 The total electricity consumption for the Year declined significantly due to the sale of the Company's properties in Jida, Zhuhai, including charging stations, in June 2024.

6 The purchased electricity includes the electricity used by electric vehicles.

7 During the Year, the Company started purchasing solar energy from power companies for use in its daily operations.

Social Indicators[8]	**2024**	2023
Employment Indicator		
Number of employees	**441**	426
By gender		
Male	**334**	314
Female	**107**	112
By employment type		
Full-time	**441**	426
By age		
51 or above	**45**	45
31-50	**300**	280
30 or below	**96**	101
By geographical region		
Mainland China	**441**	426

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Indicators[8]	**2024**	2023
Employee turnover rate (%)		
Overall employee turnover rate	**11.56**	9.62
By gender		
Male	**11.38**	9.55
Female	**12.15**	9.82
By age		
51 or above	**15.56**	8.89
31-50	**7.33**	10.71
30 or below	**22.92**	6.93
By geographical region		
Mainland China	**11.56**	9.62
Development and Training		
Percentage of employees who received training (%)		
Overall percentage of employees who received training	**41.50**	89.20
By gender		
Male	**76.50**	74.21
Female	**23.50**	25.79
By employee category		
Senior management level	**0.54**	2.11
Middle management level	**19.13**	10.78
Junior or technician	**80.33**	87.11

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Indicators[8]	2024	2023
Average hours of training per employee (hour)		
By gender		
Male	**45.33**	7.48
Female	**24.23**	12.16
By employee category		
Senior management level	**0.64**	1.57
Middle management level	**58.88**	14.86
Junior or technician	**39.20**	8.28
Health and Safety		
Number and rate of work-related fatalities occurred in each of the past three years (including the reporting period) (%)	**0(0)**	0(0)
Lost days due to work injury	**10**	11
Supply Chain Management		
Total number of suppliers	**371**	239
By geographical region		
Mainland China	**371**	239
Product Responsibility		
Percentage of total products sold or shipped subject to recalls for safety and health reasons (%)	**0**	0
Number of products and service-related complaints received	**0**	0
Community Investment Indicators		
Corporate charitable donations (RMB)	**50,000.00**	11,000.00
Number of employees participating in volunteer services	**23**	21
Number of volunteer hours of employees	**18**	1.5

8 The Group disclosed the data using the calculation method in "Appendix III: Reporting Guidance on Social KPIs" of the latest version of "How to prepare an ESG Report" published by the Stock Exchange.

DIRECTORS' REPORT

The Directors submit the directors' report together with the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

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

Business segments

The Group is principally engaged in (i) the supply of power electric products and equipment; (ii) the sales and leases of electric vehicles; (iii) provision of charging services for electric vehicles and construction services of charging poles for electric vehicles under BOT arrangements. Business analysis of sales, segment results, total assets and capital expenditures are set out in note 5 to 6 to the consolidated financial statements.

Geographical segments

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

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 101 to 102 of this annual report.

The Board does not recommend the payment of any dividend for the year ended 31 December 2024 (2023: Nil).

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain the entitlement to attend and vote at the annual general meeting (the "AGM") of the Company, which is proposed to be held on Friday, 20 June 2025, the register of members of the Company will be closed from Tuesday, 17 June 2025 to Friday, 20 June 2025 (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, 16 June 2025.

DIRECTORS' REPORT

BUSINESS REVIEW

Overview

A fair review of the business and outlook of the Company as well as a discussion and analysis of the Group's performance during the year ended 31 December 2024 and the material factors underlying its results and financial position can be found in the Chairman's Statement on pages 6 to 7 and the Management Discussion and Analysis on pages 8 to 26 of this annual report. An analysis using financial key performance indicators can be found in the Financial Highlights on pages 4 to 5 of this annual report. These discussions and financial highlights form part of this Directors' Report.

Principal Risks and Uncertainties

1. The Risk of Industry Policies

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

The Group will further strengthen its research on the development policies of national new energy industry and power industry and timely adjust its technological research and development strategy and production and operation strategy based on the Group's judgement on the changes of the industrial policies.

2. Technology Risk

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

DIRECTORS' REPORT

3. Risk of Decrease in Gross Profit Margin

The new energy vehicle industry has been developing rapidly, together with the lead of national supportive policies, a number of enterprises has entered such industry, resulting in vigorous competitive landscape. The manufacture and sales of charging equipment for electric vehicles as well as the investment and operation of charging infrastructures, which is the principal business of the Company, will be affected. In a certain period of time, under aggravated competition, the high gross profit margin of the Company won by its first mover advantage cannot be maintained for a long term, and the price reduction caused by competition will become a trend. If the cost of products cannot be lowered effectively, the Company may expose to the significant decrease in gross profit margin. Therefore, the Company strives to research and develop the core technologies, actively shorten the supply chain management, complete the upgrade of products and launch products which meet market demands, so as to maintain the gross profit margin of the Company at a reasonable level.

4. Recovery Risk on Accounts Receivables

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

DIRECTORS' REPORT

Environmental Policies and Performance

The Group shall strictly comply with the relevant environmental protection laws and regulations of the People's Republic of China in the process of production and management. As of the end of the Reporting Period, there is no environmental incident, and the Group was not suffered any significant environmental claims or litigations. A discussion and analysis of the Group's environmental policies can be found in the Environmental, Social and Governance Report on pages 47 to 77 of this annual report.

Compliance with Laws And Regulations

The Company complies with the requirements under the Companies Ordinance, the Listing Rules and the Securities and Futures Ordinance (the "SFO") for, among other things, the disclosure of information and corporate governance.

The PRC subsidiaries are governed by the laws and regulations relating to taxation, foreign exchange, product quality, trademarks, environmental protection, labor and social insurance. Any non-compliance will impose fines or other serious penalty actions against the PRC subsidiaries. We have implemented various measures to ensure compliance with such laws and regulations, including but not limited to consulting our PRC legal adviser and tax professional.

During the year ended 31 December 2024, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that have a significant impact on the Group's business.

Relationships with Employees

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

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

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

DIRECTORS' REPORT

Relationships with Customers and Suppliers

The Group's major customers include power grid companies, power plants, public transportation systems, government departments, etc. The years of business relationship with the Group ranged from 1 to 3 years and the credit terms granted to the major customers ranged from 30 to 180 days. Details of the trade and bills receivables of the Group as at 31 December 2024 are set out in note 23 to the consolidated financial statements. Up to the date of this report, 21.01% of the trade and bills receivables from the major customers has been settled. The Group aims to provide customers with good quality products and services in order to strive for continued growth of sale revenue and profitability. The Group has strengthened communications between the customers and the Group by strengthening information management, so as to provide superior quality products and services.

In order to alleviate quality risks for products, the Group requires that each process operator must carry out self-inspection, self-division of the products under different inspection and test states, self-marking of products, and control of self-inspection pass rate. The management has also conducted inspections in the production process and made relevant records. The Group has also set up quality inspection department to test semi-finished products, and carries out tracking in accordance with the marking by process operators, so as to mark semi-finished products as qualified. Products assembled with qualified raw materials and semi-finished products will be tested at last.

During the Reporting Period, the Group did not have any material disputes with our major customers.

The Group maintains a good relation with suppliers, at the same time, conducts regular assessment and management on suppliers, integrates suppliers resources, controls procurement costs and secures the effectiveness of the supply chain based on product quality, price, ability to deliver products on time, after-sale service and other factors. The Group's main suppliers are raw material suppliers, and had business relationship with the Group for over 3 years on average. The credit terms granted to the major suppliers ranged from 30 to 180 days. Details of the trade and bills payables of the Group as at 31 December 2024 are set out in note 28 to the consolidated financial statements. Up to the date of this report, 40.26% of the trade and bills payables to the major suppliers has been settled. For the procurement of bulk commodities or services, the Group has set bidding program with strict implementation.

In order to alleviate risks for conduct of suppliers, the Group has set up clear new supplier selection policy that requires suppliers to make self-assessment first. We will also conduct on-site audit of suppliers and continue to monitor qualified suppliers.

During the Reporting Period, the Group did not have any significant disputes with our major suppliers.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, sales to the single largest customer of the Group and the five largest customers of the Group in aggregate accounted for approximately 9.29% and 20.82% of the total sales of the year, respectively.

During the Reporting Period, purchases from the single largest supplier and the five largest suppliers of the Group accounted for approximately 5.79% and 24.98% of the total purchases for the year, respectively.

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

DIRECTORS' REPORT

RESERVES

Details of movements in the reserves of the Group and of the Company during the year ended 31 December 2024 are set out in the accompanying consolidated statement of changes in equity and note 43(b) to the consolidated financial statements.

PROPERTIES, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 December 2024 are set out in note 16 to the accompanying consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 34 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the reserves of the Company available for distribution to shareholders of the Company amounted to approximately RMB429.3 million (2023: RMB432.0 million).

PRE-EMPTIVE RIGHTS

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

TAX RELIEF

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

FINANCIAL SUMMARY

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

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

Save as disclosed herein, 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 2024.

EQUITY-LINKED AGREEMENTS

Save as the Share Option Scheme of the Company disclosed below, no equity-linked agreements were entered into by the Company during the year.

SHARE OPTION SCHEMES

2010 Share Option Scheme

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

The purpose of the 2010 Share Option Scheme is to enable the Group to grant share options to selected participants as incentives or rewards for their contributions to the Group. All officers, employees, agents, consultants or representatives of any member of the Group, (including any executive or non-executive Director) who the Board may determine in its absolute discretion, have made valuable contributions to the business of the Group based on their performance and/or years of service, or are regarded to be valuable human resources of the Group are eligible to participate in the 2010 Share Option Scheme subject to such conditions as the Board may think fit.

When the 2010 Share Option Scheme was approved by the shareholders of the Company on 8 May 2010, it was also approved that the total number of Shares which may be allotted and issued upon exercise of all options to be granted under the 2010 Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 10% of the Shares in issue on the Listing Date, i.e. 80,000,000 Shares (the "Scheme Mandate Limit"). The Company may renew the Scheme Mandate Limit with shareholders' approval provided that each such renewal may not exceed 10% of the Shares in issue as at the date of the shareholders' approval.

Unless approved by shareholders of the Company, the total number of Shares issued and to be issued upon exercise of the options granted under the 2010 Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued Shares of the Company for the time being.

A nominal consideration of HK$1 is payable on acceptance of the grant of an option.

DIRECTORS' REPORT

An option may be exercised in accordance with the terms of the 2010 Share Option Scheme at any time during a period to be notified by the Board to each grantee, which period must expire no later than 10 years from the date of the grant (subject to acceptance) of the option.

The right to exercise an option is not subject to or conditional upon the achievement of any performance target unless otherwise stated in the grant letter which is to be made by the Company to the participant of the 2010 Share Option Scheme upon granting of the option.

There is no specific vesting period for options.

The subscription price for the Shares under the 2010 Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares.

The 2010 Share Option Scheme was expired on 7 May 2020.

No options were granted, exercised, lapsed or cancelled by the Company under the 2010 Share Option Scheme during the year ended 31 December 2024. There were no outstanding options under the 2010 Share Option Scheme at the beginning and at the end of the year ended 31 December 2024.

As at the date of this report, there were no outstanding options were available for issue under the 2010 Share Option Scheme.

2020 Share Option Scheme

At the extraordinary general meeting of the Company held on 18 December 2020, an ordinary resolution was passed to adopt a 2020 Share Option Scheme.

The purpose of the 2020 Share Option Scheme is to enable the Group to grant share options to selected participants as incentives or rewards for their contributions to the Group. All officers, employees, agents, consultants or representatives of any member of the Group, (including any executive or non-executive Director) who the Board may determine in its absolute discretion, have made valuable contributions to the business of the Group based on their performance and/or years of service, or are regarded to be valuable human resources of the Group are eligible to participate in the 2020 Share Option Scheme subject to such conditions as the Board may think fit.

The remaining life of 2020 Share Option Scheme is 6 years.

When the 2020 Share Option Scheme was approved by the shareholders of the Company on 18 December 2020, it was also approved that the total number of Shares which may be allotted and issued upon exercise of all options to be granted under the 2020 Share Option Scheme and any other 2020 Share Option Scheme adopted by the Group must not in aggregate exceed 10% of the Shares in issue as at the date of the 2020 extraordinary general meeting, i.e. 925,056,000 Shares (the "2020 Scheme Mandate Limit"). The Company may renew the 2020 Scheme Mandate Limit with shareholders' approval provided that each such renewal may not exceed 10% of the Shares in issue as at the date of the shareholders' approval.

DIRECTORS' REPORT

Unless approved by shareholders of the Company, the total number of Shares issued and to be issued upon exercise of the options granted under the 2020 Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued Shares of the Company for the time being.

The vesting period for options shall not be less than 12 months.

A nominal consideration of HK$1 is payable on acceptance of the grant of an option.

An option may be exercised in accordance with the terms of the 2020 Share Option Scheme at any time during a period to be notified by the Board to each grantee, which period must expire no later than 10 years from the date of grant (subject to acceptance) of the option.

The right to exercise an option is not subject to or conditional upon the achievement of any performance target unless otherwise stated in the grant letter which is to be made by the Company to the participant of the 2020 Share Option Scheme upon granting of the option.

No specific period within which payments or call must or may be made or loans for such proposes must be repaid.

The subscription price for the Shares under the 2020 Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares.

The Company has granted in aggregate 37,980,000 Share Options to the Grantees pursuant to the 2020 Share Option Scheme on 23 July 2021. For details, please refer to the announcement of the Company dated 23 July 2021.

The Company has further granted in aggregate 30,200,000 Share Options to the Grantees pursuant to the 2020 Share Option Scheme on 15 July 2022. For details, please refer to the announcement of the Company dated 15 July 2022.

No options were granted, exercised or cancelled by the Company under the 2020 Share Option Scheme during the year ended 31 December 2024. 27,090,000 options lapsed under the 2020 Share Option Scheme during the year ended 31 December 2024. At the beginning and at the end of the year ended 31 December 2024, 24,325,600 share options are available for grant under the Scheme Mandate Limit, respectively. There was no Share may be issued in respect of Share Options granted under all schemes of the Company during the year ended 31 December 2024, being 0% of the weighted average number of shares of the relevant class in issue for the year 2024.

As at the date of this report, the total number of shares available for issue under the 2020 Share Option Scheme was 51,275,600 Shares, representing 3.44% of the issued Shares of the Company.

DIRECTORS' REPORT

Below sets out the movements of the Share Options for the year ended 31 December 2024:

Share Options granted to Directors:

Name of Grantee	Date of grant	Number of Share Options As at 1 January 2024	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled/ forfeited during the year	Outstanding as at 31 December 2024	Exercise price per Share	Share price immediately prior to the date of grant (HK$ per Share)	Fair value of Share Options (HK$ per Share)	Vesting Period	Exercise period
Li Xin Qing (Executive Director)	23 July 2021	200,000	–	–	200,000	–	0	HK$0.445	HK$0.44	HK$0.1379	From 1 January 2022 to 31 December 2022	1 June 2023 to 31 December 2024
Li Xin Qing (Executive Director)	23 July 2021	200,000	–	–	–	–	200,000	HK$0.445	HK$0.44	HK$0.1571	From 1 January 2023 to 31 December 2023	1 June 2024 to 31 December 2025
An Wei (Executive Director)	23 July 2021	200,000	–	–	200,000	–	0	HK$0.445	HK$0.44	HK$0.1379	From 1 January 2022 to 31 December 2022	1 June 2023 to 31 December 2024
An Wei (Executive Director)	23 July 2021	200,000	–	–	–	–	200,000	HK$0.445	HK$0.44	HK$0.1571	From 1 January 2023 to 31 December 2023	1 June 2024 to 31 December 2025

DIRECTORS' REPORT

Share Options granted to other Grantees:

Category of other Grantee	Date of grant	As at 1 January 2024	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled/ forfeited during the year	Outstanding as at 31 December 2024	Exercise price per Share	Share price immediately prior to the date of grant (HK$ per Shares)	Fair value of Share Options (HK$ per Share)	Vesting Period	Exercise period
Employees	23 July 2021	11,520,000	–	–	11,520,000	–	0	HK$0.445	HK$0.44	HK$0.1379	From 1 January 2022 to 31 December 2022	1 June 2023 to 31 December 2024
Employees	23 July 2021	11,520,000	–	–	70,000	–	11,450,000	HK$0.445	HK$0.44	HK$0.1571	From 1 January 2023 to 31 December 2023	1 June 2024 to 31 December 2025
Employees	15 July 2022	14,250,000	–	–	14,250,000	–	0	HK$0.343	HK$0.33	HK$0.0611	From 15 July 2022 to 14 July 2023	from 15 July 2023 to 14 July 2024
Employees	15 July 2022	14,250,000	–	–	–	–	14,250,000	HK$0.343	HK$0.33	HK$0.0818	From 15 July 2022 to 14 July 2024	from 15 July 2024 to 14 July 2025
Consultant *(Note 1)*	15 July 2022	850,000	–	–	850,000	–	0	HK$0.343	HK$0.33	HK$0.0611	From 15 July 2022 to 14 July 2023	from 15 July 2023 to 14 July 2024
Consultant *(Note 1)*	15 July 2022	850,000	–	–	–	–	850,000	HK$0.343	HK$0.33	HK$0.0818	From 15 July 2022 to 14 July 2024	from 15 July 2024 to 14 July 2025

Note 1: As at the date of this Report, a consultant is holding 850,000 share options. The consultant is an independent third party and a financial consultant to the Group. He has extensive experience in the aspect of taxation and finance. He is a certified tax agent and provides tax and financial consultant service to the Group.

The values of share options calculated using the binomial model are subject to certain fundamental limitations, due to the subjective nature of and uncertainty relating to a number of assumptions of the expected future performance input to the model, and certain inherent limitations of the model itself. The value of a share option varies with different variables of certain subjective assumptions. Any change to the variables used may materially affect the estimation of the fair value of a share option.

Further details of the Share Option Scheme are set out in note 41 to the consolidated financial statements in this annual report.

DIRECTORS' REPORT

DIRECTORS

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

Executive Directors
Mr. Gao Xia *(Chairman)*
Mr. Li Xin Qing
Mr. Bi Jingfeng
Mr. An Wei *(Chief Executive Officer)*

Non-executive Directors
Mr. Tao Chen *(appointed on 8 January 2025)*
Mr. Jiang Wenqi *(resigned on 8 January 2025)*

Independent Non-executive Directors
Mr. Li Xiang Feng
Mr. Liu Wei
Ms. Jiang Yan

DIRECTORS' SERVICE CONTRACTS

Pursuant to article 84(1), 84(2) and 83(3) of the Articles, at each annual general meeting one-third of the Directors for the time being, or, if their number is not a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Any new director appointed by the Board to fill a casual vacancy shall submit himself/herself for re-election by shareholders at the first general meeting after his/her appointment, and any new director appointed by the Board as an addition to the Board shall submit himself/herself for re-election by shareholders at the next AGM. Accordingly, Mr. Li Xin Qing, Mr. Bi Jingfeng, Ms. Jiang Yan and Mr. Tao Chen, shall retire by rotation, at the AGM and being eligible, will offer themselves for re-election as Directors at the AGM.

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

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2024.

REMUNERATION OF DIRECTORS

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

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

DIRECTORS' REPORT

PERMITTED INDEMNITY PROVISION

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

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENT OR CONTRACTS

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

EXECUTIVE DIRECTORS' INTEREST IN COMPETING BUSINESS

As at 31 December 2024, none of the executive Directors or their respective associates had engaged in or had any interest in any business which, directly or indirectly, competes or may compete with the businesses of the Group.

NON-COMPETITION DEED BY UNDERTAKING PROVIDERS

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

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

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

The independent non-executive Directors had reviewed and confirmed that the Undertaking Providers have complied with the Non-competition Deed during the year ended 31 December 2024.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors on a named basis during the year under review are set out in note 12 to the consolidated financial statements. Details of the five highest paid individuals during the year under review are set out in note 13 to the consolidated financial statements.

RETIREMENT BENEFIT SCHEMES

Particulars of the Group's retirement benefit schemes are set out in note 40 to the consolidated financial statements.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of the Directors and senior management as at the date of this annual report are set out on pages 27 to 32 of this annual report.

DIRECTORS' REPORT

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

As at 31 December 2024, the interests and short positions of the Directors and the chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules were as follows:

Name of Director	Nature of interest	Number of Shares or underlying Shares	Approximate percentage of existing issued share capital of the Company
Mr. Li Xin Qing	Interest of controlled corporations	205,709,875 *(Note 2)*	13.79%
	Beneficial owner	400,000 *(Note 3)*	0.03%
Mr. An Wei	Interest of controlled corporations	195,869,875 *(Note 4)*	13.13%
	Beneficial owner	600,000 *(Note 5)*	0.04%

Notes:

1. All interests in Shares were long positions.

2. The entire issued share capital of Genius Mind Enterprises Limited ("Genius Mind") is beneficially owned by Mr. Li Xin Qing ("Mr. Li") who is deemed to be interested in 197,724,457 Shares held by Genius Mind by virtue of the SFO. Among 197,724,457 Shares, a total of 40,000,000 Shares were provided as security to a person other than a qualified lender. In addition, by virtue of the SFO, Mr. Li is also deemed to be interested in 7,985,418 Shares held by Rich Talent Management Limited ("Rich Talent"), a company which shareholding is owned as to 50% by him.

3. Of these 400,000 Shares, 200,000 Shares are share options granted by the Company on 23 July 2021.

4. The entire issued share capital of Great Passion International Limited ("Great Passion") is beneficially owned by Mr. An Wei ("Mr. An") who is deemed to be interested in 187,884,457 Shares held by Great Passion by virtue of the SFO. Among 187,884,457 Shares, a total of 20,000,000 Shares were provided as security to a person other than a qualified lender. In addition, by virtue of the SFO, Mr. An is also deemed to be interested in 7,985,418 Shares held by Rich Talent, a company which shareholding is owned as to 50% by him.

5. Of these 600,000 Shares, 200,000 Shares are share options granted by the Company on 23 July 2021.

Save as disclosed above, as at 31 December 2024 none of the Directors or chief executive of the Company nor their associates had any interest or short positions in the shares, underlying shares or debentures of the Company, its specified undertakings or any of its other associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO and the Hong Kong Companies Ordinance (Cap.622), to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' REPORT

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

As at 31 December 2024, as far as known to the Directors, the following persons or entities (not being a Director or a chief executive of the Company) who had interests or short positions in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	Nature of interest	Number of Shares or underlying Shares	Approximate percentage of existing issued share capital of the Company
唐山市人民政府國有資產監督管理委員會*(Note 2)*	Interest of controlled corporations	581,570,000 *(Note 3)*	39.00%
Ms. Zeng Zhen *(Note 4)*	Interests of spouse	206,109,875	13.81%
Genius Mind *(Note 5)*	Beneficial owner	197,724,457	13.25%
Ms. Yan Kai *(Note 6)*	Interests of spouse	196,469,875	13.17%
Great Passion *(Note 7)*	Beneficial owner	187,884,457	12.59%
Broad-Ocean Motor (Hong Kong) Co. Limited *(Note 8)*	Beneficial owner	84,096,000	5.64%
Zhongshan Broad-Ocean Motor Co., Ltd. *(Note 8)*	Interest of controlled corporations	84,096,000	5.64%
Mr. Lu Chuping *(Note 8)*	Interest of controlled corporations	84,096,000	5.64%
Honor Boom Investments Limited *(Note 9)*	Beneficial owner	82,458,117	5.53%
Mr. Li Xiao Bin *(Note 9)*	Interest of controlled corporations	82,458,117	5.53%
	Beneficial owner	1,680,000 *(Note 10 and 11)*	0.11%
Ms. Zhang Lina *(Note 12)*	Interests of spouse	84,138,117	5.64%

DIRECTORS' REPORT

Notes:

1. All interests in Shares were long positions.

2. The entire issued share capital of 唐山國控科創有限公司 is indirectly owned by 唐山市人民政府國有資產監督管理委員會. Therefore, 唐山市人民政府國有資產監督管理委員會 is deemed to be interested in the 581,570,000 Shares held by 唐山國控科創有限公司 by virtue of the SFO.

3. Amongst these Shares, 566,970,000 Shares were the subscription shares allotted to 唐山國控科創有限公司 under the Subscription Agreement dated 18 October 2022. For details of the Subscription, please refer to the Company's circular dated 18 November 2022 and the Company's announcements dated 18 October 2022, 8 and 18 November 2022, 12 December 2022, 12 January 2023, 10 February 2023, 10 March 2023, 31 March 2023, 28 April 2023 and 11 May 2023.

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

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

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

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

8. The entire issued share capital of Broad-Ocean Motor (Hong Kong) Co. Limited is owned by Zhongshan Broad-Ocean Motor Co. Ltd, which is in turn 27.1% of its interest was beneficially owned by Mr. Lu Chuping.

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

10. These 380,000 Shares and 1,300,000 Shares are share options granted by the Company on 23 July 2021 and 15 July 2022, respectively.

11. On 15 July 2022, the Company granted in aggregate 30,200,000 share options to 13 grantees to subscribe for the same number of ordinary Shares of HK$0.01 each in the capital of the Company. The share options are granted under the share option scheme adopted by the Company on 18 December 2020. Out of these 30,200,000 options, 2,600,000 share options were granted to Mr. Li Xiao Bin. Please refer to the announcement of the Company dated 15 July 2022 for further details.

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

Save as disclosed above, as at 31 December 2024, the Company has not been notified by any person (other than directors or the chief executive of the Company) who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' REPORT

ARRANGEMENT FOR DIRECTORS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed herein, at no time during the year were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director of the Company or their respective spouses or minor children, or were such rights exercised by them, or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of Shares in, or debt securities (including debentures) of the Company or any other body corporate.

RELATED PARTY TRANSACTIONS

The related party transactions set out in note 42 to the consolidated financial statements did not fall within the definition of "discloseable connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors at the latest practicable date prior to the issue of this annual report, there was a sufficient prescribed public float of the issued shares of the Company under the Listing Rules at any time during the year ended 31 December 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 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules throughout the year ended 31 December 2024 and there have been no material deviations from the Code Provision.

AUDITOR

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

AGM

The Company proposed that the AGM will be held on Friday, 20 June 2025. 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.

On behalf of the Board

Gao Xia
Chairman

Hong Kong, 14 March 2025

INDEPENDENT AUDITOR'S REPORT

17/F, Chubb Tower, Windsor House,
311 Gloucester Road, Causeway Bay,
Hong Kong

香港銅鑼灣告士打道311號皇室大廈
安達人壽大樓17樓

TO THE MEMBERS OF 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 limited liability)

OPINION

We have audited the consolidated financial statements of China Titans Energy Technology Group Co., Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 101 to 194, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of inventories

Refer to note 22 to the consolidated financial statements and the accounting policies in note 3.

The key audit matter	How the matter was addressed in our audit
As at 31 December 2024, the carrying amount of inventories was approximately RMB143,082,000. We have identified the valuation of inventories as a key audit matter since the carrying amount of inventories was significant to the consolidated financial statements and the assessment on the allowance for inventories involves significant judgements and estimates made by the management.	Our audit procedures in relation to the valuation of inventories were designed to review the internal control and assess the management judgements and estimates made by the management on the assessment of the allowance for inventories as at 31 December 2024. We have discussed with the management for the long-aged inventories identified at 31 December 2024 and challenged their judgements and estimates on whether allowance need to be made. We have tested the ageing analysis of the inventories, on a sample basis for each ageing group, to goods receipt notes and purchase invoices and reviewed the utilisation and subsequent sales of inventories on a sample basis and inspect the utilisation report and sales contracts entered into between the Group and the customers on the inventories. We have also compared the latest selling price less all estimated cost of completion and costs necessary to make the sale with carrying amount of the inventories to consider whether the inventories were stated at lower of their costs or net realisable values.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Continued)

Recoverability and impairment of trade receivables and contract assets

Refer to note 23 to the consolidated financial statements and the accounting policies in note 3.

The key audit matter	How the matter was addressed in our audit
As at 31 December 2024, the carrying amount of trade receivables and contract assets, net of allowance for expected credit loss ("ECL"), was approximately RMB380,413,000 and RMB34,800,000, respectively. Allowance for ECL in respect of trade receivables and contract assets of approximately RMB20,339,000 and RMB2,366,000 has been recognised, respectively. And reversal of ECL in respect of trade receivables of approximately RMB5,034,000 has been recognised. The allowance for ECL on trade receivables and contract assets is estimated by the management bases on the number of days that an individual receivable is outstanding as well as the Group's historical experience and forward-looking information at the end of the reporting period by using a provision matrix. Independent valuer was engaged by the management to review the ECL estimations of trade receivables and contract assets as at 31 December 2024. We have identified the recoverability and impairment of trade receivables and contract assets as a key audit matter in view of the significance of the carrying amount and the ECL estimation performed by the management involved significant judgements and estimates.	Our audit procedures were designed to review the internal control and assess the management judgement in making these assumptions and selecting the inputs to the ECL calculation of trade receivables and contract assets and challenge the reasonableness of the significant judgements and estimates. We have also assessed the appropriateness of the methodology and reviewed the inputs data used with reference to the forward looking macro-economic factors and assessed the accuracy of the historical default data. We tested the integrity of information used by management to develop the provision matrix, including trade receivables and contract assets ageing analysis as at 31 December 2024, on a sample basis, by comparing individual items in the aging analysis with the relevant sales contract, sales invoices and other supporting documents.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purpose of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Pang Wai Hang.

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

Hong Kong
14 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Revenue	(5)	**392,249**	374,277
Cost of revenue		**(289,729)**	(266,475)
Gross profit		**102,520**	107,802
Other revenue and income	(7)	**4,292**	15,802
Other gains and losses	(8)	**206**	5,653
Gain on disposal of a subsidiary	(38)	**28,526**	–
Selling and distribution expenses		**(74,426)**	(68,453)
Administrative and other expenses		**(88,621)**	(80,016)
Impairment losses of financial assets and contract asset, net	(11)	**(17,671)**	(25,821)
Share of results of associates		**1,837**	2,782
Finance costs	(9)	**(8,598)**	(8,815)
Loss before tax	(11)	**(51,935)**	(51,066)
Income tax credit	(10)	**6,062**	4,763
Loss for the year	(11)	**(45,873)**	(46,303)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Other comprehensive expense			
Items that will not be reclassified subsequently to profit or loss:			
Fair value loss on financial assets at fair value through other comprehensive income		**(4,328)**	(10,993)
Income tax relating to items that will not be reclassified subsequently to profit or loss		**575**	562
Other comprehensive expense for the year, net of income tax		**(3,753)**	(10,431)
Total comprehensive expense for the year		**(49,626)**	(56,734)
Loss for the year attributable to:			
– Owners of the Company		**(45,383)**	(43,979)
– Non-controlling interests		**(490)**	(2,324)
		(45,873)	(46,303)
Total comprehensive expense for the year attributable to:			
– Owners of the Company		**(49,136)**	(54,410)
– Non-controlling interests		**(490)**	(2,324)
		(49,626)	(56,734)
LOSS PER SHARE	*(15)*		
Basic (RMB)		**(3.04 cents)**	(3.41 cents)
Diluted (RMB)		**(3.04 cents)**	(3.41 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	(16)	**155,907**	155,024
Right-of-use assets	(17)	**7,935**	9,755
Goodwill	(18)	**–**	–
Intangible assets	(19)	**8,684**	13,498
Interests in associates	(20)	**20,392**	19,290
Financial assets at fair value through other comprehensive income	(21)	**5,300**	9,628
Financial asset at fair value through profit or loss	(21)	**1,230**	1,209
Deferred tax assets	(32)	**22,375**	16,704
		221,823	225,108
Current assets			
Inventories	(22)	**143,082**	192,099
Trade receivables	(23)	**380,413**	306,613
Contract assets	(24)	**34,800**	42,436
Prepayments, deposits and other receivables	(25)	**45,850**	54,530
Amounts due from associates	(26)	**633**	841
Tax recoverable		**3,361**	4,469
Restricted bank balances	(27)	**56,874**	32,979
Bank balances and cash	(27)	**133,861**	219,772
		798,874	853,739
Current liabilities			
Trade and bills payables	(28)	**155,765**	215,509
Accruals and other payables	(28)	**8,461**	8,431
Contract liabilities	(24)	**63,858**	62,906
Amounts due to associates	(29)	**455**	555
Bank and other borrowings	(30)	**155,800**	105,441
Lease liabilities	(31)	**1,963**	1,884
Tax payable		**101**	132
		386,403	394,858
Net current assets		**412,471**	458,881
Total assets less current liabilities		**634,294**	683,989

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Non-current liabilities			
Bank and other borrowings	(30)	**53,968**	51,108
Lease liabilities	(31)	**–**	1,963
Deferred tax liabilities	(32)	**11,315**	12,281
		65,283	65,352
Net assets		**569,011**	618,637
Capital and reserves			
Share capital	(34)	**13,093**	13,093
Share premium and reserves		**547,179**	596,315
Equity attributable to owners of the Company		**560,272**	609,408
Non-controlling interests		**8,739**	9,229
Total equity		**569,011**	618,637

The consolidated financial statements on pages 101 to 194 were approved and authorised for issue by the board of directors on 14 March 2025 and are signed on its behalf by:

Gao Xia	**An Wei**
Director	*Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company											
	Share capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Merger reserve RMB'000 *(Note (a))*	Exchange translation reserve RMB'000	Investments revaluation reserve RMB'000	Capital reserve RMB'000 *(Note (b))*	Statutory reserve fund RMB'000 *(Note (c))*	Retained Profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023	8,087	325,141	3,177	8,640	504	(2,963)	(4,771)	67,285	85,950	491,050	11,553	502,603
Loss for the year	–	–	–	–	–	–	–	–	(43,979)	(43,979)	(2,324)	(46,303)
Other comprehensive expense for the year:												
Fair value loss on financial assets at fair value through other comprehensive income	–	–	–	–	–	(10,993)	–	–	–	(10,993)	–	(10,993)
Income tax relating to items that will not be reclassified subsequently to profit or loss	–	–	–	–	–	562	–	–	–	562	–	562
Total comprehensive expense for the year	–	–	–	–	–	(10,431)	–	–	(43,979)	(54,410)	(2,324)	(56,734)
Issue of shares *(note 34)*	5,006	165,189	–	–	–	–	–	–	–	170,195	–	170,195
Forfeiture of share options	–	–	(28)	–	–	–	–	–	28	–	–	–
Recognition of equity-settled share-based payment expenses *(note 41)*	–	–	2,573	–	–	–	–	–	–	2,573	–	2,573
At 31 December 2023	13,093	490,330	5,722	8,640	504	(13,394)	(4,771)	67,285	41,999	609,408	9,229	618,637
At 31 December 2023 and 1 January 2024	13,093	490,330	5,722	8,640	504	(13,394)	(4,771)	67,285	41,999	609,408	9,229	618,637
Loss for the year	–	–	–	–	–	–	–	–	(45,383)	(45,383)	(490)	(45,873)
Other comprehensive expense for the year:												
Fair value loss on financial assets at fair value through other comprehensive income	–	–	–	–	–	(4,328)	–	–	–	(4,328)	–	(4,328)
Income tax relating to items that will not be reclassified subsequently to profit or loss	–	–	–	–	–	575	–	–	–	575	–	575
Total comprehensive expense for the year	–	–	–	–	–	(3,753)	–	–	(45,383)	(49,136)	(490)	(49,626)
Transfer of reserve	–	–	–	–	–	–	–	348	(348)	–	–	–
Forfeiture of share options	–	–	(2,485)	–	–	–	–	–	2,485	–	–	–
At 31 December 2024	13,093	490,330	3,237	8,640	504	(17,147)	(4,771)	67,633	(1,247)	560,272	8,739	569,011

Notes:

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

(b) Capital reserve represents the difference between the consideration paid for the acquisition of additional equity interests in subsidiaries and the carrying value of the additional equity interests of the subsidiaries acquired.

(c) In accordance with the Articles of Association of all subsidiaries established in the People's Republic of China (the "PRC"), those subsidiaries are required to transfer 5% to 10% of the profit after taxation reported under the relevant accounting policies and financial regulations in the PRC to the statutory surplus reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve must be made before distributing dividends to equity owners. The statutory reserve fund can be used to make up previous year's losses, expand the existing operations or convert into additional capital of the subsidiaries.

* English name is for identification purpose only

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
OPERATING ACTIVITIES			
Loss before tax		**(51,935)**	(51,066)
Adjustments for:			
Finance costs		**8,598**	8,815
Bank interest income		**(810)**	(415)
Interest income on loan receivables		**–**	(38)
Interest income on finance lease receivable		**–**	(29)
Share of results of associates		**(1,837)**	(2,782)
Depreciation of property, plant and equipment		**11,776**	12,871
Depreciation of right-of-use assets		**1,820**	1,066
Amortisation of intangible assets		**5,012**	6,318
Impairment losses in respect of interests in associates	*20*	**–**	697
Impairment loss of financial assets and contact assets, net	*11*	**17,671**	25,124
Write-down of inventories		**–**	4,025
Equity-settled share-based payment expenses		**–**	2,573
Gain on partial disposal of an associate		**–**	(879)
Loss on disposal of property, plant and equipment		**–**	1
Loss on write-off of property, plant and equipment		**–**	205
Gain on disposal of a subsidiary	*38*	**(28,526)**	–
Fair value (gain) loss on financial asset at fair value through profit or loss		**(21)**	1,625
Operating cash (outflow) inflows before movements in working capital		**(38,252)**	8,111
Decrease (increase) in inventories		**49,017**	(18,658)
Increase in trade receivables		**(89,105)**	(28,965)
Decrease (increase) in contract assets		**5,270**	(11,849)
Decrease (increase) in prepayments, deposits and other receivables		**2,614**	(164)
Decrease (increase) in amount due from associates		**208**	(528)
(Decrease) increase in trade and bills payables		**(59,744)**	18,520
Increase (decrease) in accruals and other payables		**32**	(2,914)
Increase in contract liabilities		**952**	46,010
Cash (used in) generated from operations		**(129,008)**	9,563
Income tax refunded (paid)		**1,077**	(1,950)
NET CASH (USED IN) FROM OPERATING ACTIVITIES		**(127,931)**	7,613

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
INVESTING ACTIVITIES			
Net cash inflow from disposal of a subsidiary	38	**30,046**	–
Repayment of consideration receivable	25	**6,000**	–
Placement of restricted bank balances		**(58,584)**	(32,912)
Withdrawal of restricted bank balances		**34,689**	12,907
Bank interest received		**810**	415
Loan interest received		**–**	38
Interest received from finance lease receivable		**–**	29
Capital refund from an associate		**735**	–
Purchase of property, plant and equipment		**(14,115)**	(6,819)
Purchase of intangible assets		**(198)**	–
Proceeds on disposal of property, plant and equipment		**–**	80
Decrease in finance lease receivable		**–**	187
NET CASH USED IN INVESTING ACTIVITIES		**(617)**	(26,075)
FINANCING ACTIVITIES			
New bank and other borrowings raised		**190,292**	142,780
Repayment of bank and other borrowings		**(137,073)**	(150,814)
(Repayment to) advance from associates		**(100)**	97
Interest paid on bank and other borrowings		**(8,512)**	(8,737)
Repayment of lease liabilities and interest on lease liabilities		**(1,970)**	–
Issue of shares		**–**	170,195
NET CASH FROM FINANCING ACTIVITIES		**42,637**	153,521
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(85,911)**	135,059
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**219,772**	84,713
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, REPRESENTED BY BANK BALANCES AND CASH		**133,861**	219,772

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

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") (incorporated in Hong Kong), and its shares is ultimately owned by 唐山國控集團有限公司 ("Tangshan Guokong Group Company Limited"*) ("Tangshan Group"), (incorporated in the PRC). 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 PRC.

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

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") are (i) supply of power electric products and equipment; (ii) the leases of electric vehicles; (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 principal activities of the subsidiaries are set out in note 44.

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)")

Amendments to HKFRSs that are mandatory effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to Hong Kong accounting standard ("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
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

* English name is for identification purpose only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)") (Continued)

Amendments to HKFRSs that are mandatory effective for the current year (Continued)

Impact on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5(2020) (the "2020 Amendments"); and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

Upon adoption of the amendments, the Group has reassessed the terms and conditions of its loan arrangements. The application of the amendments has no material impact on the classification of the Group's liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)") (Continued)

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 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to HKAS 21	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards - Volume 11[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature – dependent Electricity[2]

1 Effective for annual periods beginning on or after 1 January 2025.
2 Effective for annual periods beginning on or after 1 January 2026.
3 Effective for annual periods beginning on or after 1 January 2027.
4 Effective for annual period beginning on or after a date to be determined.

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

HKFRS 18 – Presentation and Disclosure in Financial Statements

HKFRS 18 sets out requirements on presentation and disclosures in financial statements and will replace HKAS 1 *Presentation of Financial Statements*. HKFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss and other comprehensive income; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to HKAS 7 "Statement of Cash Flows" and HKAS 33 "Earnings per Share" are also made.

HKFRS 18, and the consequential amendments to other HKFRS Accounting Standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of the HKFRS 18 is not expected to have material impact on the financial position of the Group. The directors of the Company are in the process of making an assessment of the impact of HKFRS 18, but is not yet in a position to state whether the adoption would have a material impact on the presentation and disclosures of consolidated financial statements of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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 at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The material accounting policy information are set out below.

Basis of consolidation

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

Control is achieved where the Group has (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) ability to use its power over the investee to affect the amount of the Group's return.

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Basis of consolidation (Continued)

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's ownership interests in existing subsidiaries

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and (ii) the carrying amount of the assets, and liabilities of the subsidiary attributable to the owners of the Company.

Goodwill

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

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

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

The Group's policy for goodwill arising on the acquisition of an associate is described below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Investments in associates

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

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method. Under the equity method, investments in associates are initially recognised at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. If the Group's share of losses of an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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

The requirements of HKAS 36 *Impairment of Assets* are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of an investment in an associate (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value-in-use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment is recognised to the extent that the recoverable amount of the investment subsequently increases.

When the Group's ownership interest in an associate is reduced, but the Group continues to apply the equity method, the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest is reclassified to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group recognised revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service that is distinct or a series of distinct goods or services that are substantially same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group' performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

Revenue is measured based on the consideration to which that group expects to be entitled in a contract with a customer, excludes discounts and sales related taxes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue from contracts with customers (Continued)

Contract assets and contract liabilities

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

The Group recognised revenue from the following major sources:

- Sales of electric products
- Provision of charging services for electric vehicles

Sales of goods

Revenue from sale of electric products is recognised at the point when the control of the goods is transferred to the customers (generally on delivery of equipment and acceptance by the customers).

Provision of charging services for electric vehicles

For the provision of charging services for electric vehicles, revenue is recognised based on the electricity transmitted and at the point when the electricity is transferred to the electric vehicles.

Leasing

Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leasing (Continued)

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

At the commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments).

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. They are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group presents right-of-use assets as a separate line in the consolidated statement of financial position.

The Group applies HKAS 36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leasing (Continued)

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its electric vehicles. Leases for which the Group is a lessor are classified as operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

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

Foreign currencies

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Borrowing costs

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

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

Government grants

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

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

Retirement benefit costs

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

Short-term employee benefits

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

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

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

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

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

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

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Taxation (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in to equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Ownership interests in leasehold land and buildings

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

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

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including cost of testing whether the related assets are functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Service Concession arrangements

Consideration given by the grantor

An intangible asset (charging services concession rights) is recognised to the extent that the Group receives a right to charge users of the public service, which is not an unconditional right to receive cash because the amounts are contingent on the extent that the public uses the service. The intangible asset (charging services concession rights) is accounted for in accordance with the policy set out for "intangible assets" below.

Consideration received or receivable by the Group for the construction services rendered under service concession arrangement is recognised initially at its fair value as an intangible asset.

Operating services

Revenue and costs relating to operating services are accounted for in accordance with the policy for "revenue recognition – provision of charging services for electric vehicles" above.

Intangible assets

Intangible assets acquired separately

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

When the Group has a right to charge for usage of concession infrastructure (as a consideration for providing construction service in a service concession arrangement), it recognises an intangible asset at fair value upon initial recognition. The intangible asset is carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on a straight-line basis over the respective periods of the operating concession rights granted to the Group of 8 or 10 years.

Research and development expenditure

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Cash and cash equivalents

In the consolidated statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in note 26.

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

Investment in a subsidiary

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

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at FVTPL are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI"), and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets at amortised cost (debt instruments)

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses ("ECL"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at amortised cost (debt instruments) (Continued)

(i) Amortised cost and effective interest method (Continued)

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become. For financial assets that have subsequently credit-impaired become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the 'other revenue and income' line item (note 7).

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'other revenue and income' line item in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the other gains and losses line item (note 8). Fair value is determined in the manner described in note 36(c).

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets and amounts due from associates. The expected credit losses on these financial assets and other items are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

For all other financial assets measured at amortised cost, the Group measures the loss allowance equal to 12-month ECL, unless when there has a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) the debt instrument has a low risk of default, ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 2 years past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience, continuous long term customers relationship and forward-looking information that is available without undue cost or effort. The Group rebutted the presumption of default under ECL model for trade debtors over 90 days past due based on the good repayment records for those customers, continuous business with the Group and/or other reasonable and supportable information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter into bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Measurement and recognition of expected credit losses (Continued)

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities at amortised cost

The Group's financial liabilities including trade and bills payables, accruals and other payables, amounts due to associates and bank and other borrowings are subsequently measured at amortised cost, using the effective interest method.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities at amortised cost (Continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees and directors of the Company

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

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

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

Impairment losses on property, plant and equipment, right-of-use assets and intangible assets (other than impairment of goodwill set out in accounting policy in respect of goodwill above)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Impairment losses on property, plant and equipment, right-of-use assets and intangible assets (other than impairment of goodwill set out in accounting policy in respect of goodwill above) (Continued)

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

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

Fair value measurement

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Fair value measurement (Continued)

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

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

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

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

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key sources of estimation uncertainty

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Income taxes

As at 31 December 2024, a deferred tax asset of approximately RMB17,583,000 (2023: RMB12,366,000) in relation to deductible temporary differences of allowance for impairment loss of trade receivables, contract assets, deposits and other receivables in aggregate of approximately RMB117,220,000 (2023: RMB82,443,000) has been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised on the remaining deductible temporary differences of (i) allowance for impairment loss of trade receivables and contract assets, deposits and other receivables of approximately RMB53,729,000 (2023: RMB51,716,000); and (ii) unused tax losses of approximately RMB109,201,000 (2023: RMB97,053,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

Impairment of trade receivables, contract assets, deposits and other receivables and amounts due from associates

The impairment provisions for trade receivables, contract assets, deposits and other receivables and amounts due from associates are based on assumptions about ECL. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, bases on the number of days that an individual receivable is outstanding as well as the Group's historical experience and forward-looking information at the end of the reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss and other comprehensive income. At 31 December 2024, the aggregate carrying amount and accumulated impairment loss of trade receivables, contract assets, deposits and other receivables, and amounts due from associates are approximately RMB437,744,000 (2023: RMB378,935,000) and RMB118,527,000 (2023: RMB100,856,000), respectively. During the year ended 31 December 2025, impairment of financial assets, net of RMB17,671,000 (2023: RMB25,124,000) was recognised.

Valuation of inventories

The management review the inventory ageing analysis on a periodical basis in order to determine whether allowance need to be made in respect of any long-aged inventories identified, and estimate the net realisable value based the latest selling price less all estimated cost of completion and costs necessary to make the sale with carrying amount of the inventories to consider whether the inventories were stated at lower of their costs or net realisable values. As at 31 December 2024, the carrying amount of inventories is approximately RMB143,082,000 (2023: RMB192,099,000). During the year ended 31 December 2024, no allowance of inventories was recognised (2023: RMB4,025,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Impairment assessment of interests in associates

At the end of the reporting period, the directors of the Company review its interests in associates and identified if there is any indication that those assets may suffer an impairment loss. If an objective evidence of impairment exists, the recoverable amounts of the assets are estimated in order to determine the extent of the impairment loss. The estimates of the recoverable amounts of the assets require the use of assumptions such as cash flow projections and discount rates. As at 31 December 2024, the carrying amount of interests in associates was approximately RMB20,392,000 (2023: RMB19,290,000), net of accumulated impairment loss of approximately RMB697,000 (2023: RMB697,000).

Fair value measurement and valuation process of unlisted and listed equity investments

The Group's unlisted and listed equity investments are measured at fair value at the end of each reporting period.

In estimating the fair value of the unlisted and listed equity investments of approximately RMB5,300,000 (2023: RMB9,628,000) and RMB1,230,000 (2023: RMB1,209,000) as at 31 December 2024, the Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of unlisted and listed equity investments. Note 36(c) provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of the unlisted and listed equity investments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

5. REVENUE

Revenue represents the amounts arising on (i) sales of electric products including direct current power system ("DC Power System"), power storage equipment and charging equipment for electric vehicles ("Charging equipment"); (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:

	2024 **RMB'000**	2023 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	**144,473**	141,021
– Charging equipment	**224,584**	206,661
Provision of charging services for electric vehicles	**22,998**	26,517
	392,055	374,199
Revenue from other source		
Rental income from operating leases of electric vehicles		
– Fixed lease payments	**194**	78
	392,249	374,277

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

5. REVENUE (Continued)

Disaggregation of revenue by timing of recognition

	2024	2023
	RMB'000	RMB'000
Timing of revenue recognition		
At a point in time	**392,055**	374,199

Transaction price allocated to the remaining performance obligation for contracts with customer

All the Group's sales contracts are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

6. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The executive directors of the Company have chosen to organise the Group around differences in products and service lines. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

6. SEGMENT INFORMATION (Continued)

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 2024

	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	144,473	224,584	–	–	369,057
Provision of charging services for electric vehicles	–	–	22,998	–	22,998
Revenue from contracts with customers	144,473	224,584	22,998	–	392,055
Rental income from operating leases of electric vehicles	–	–	–	194	194
Segment revenue	144,473	224,584	22,998	194	392,249
Segment profit	37,284	70,131	2,163	43	109,621
Unallocated other revenue					4,292
Unallocated other gains and losses					206
Unallocated expenses					(159,293)
Share of results of associates					1,837
Finance costs					(8,598)
Loss before tax					(51,935)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

6. SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

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
Rental income from operating leases 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					(151,682)
Impairment losses in respect of interests in associates					(697)
Share of results of associates					2,782
Finance costs					(8,815)
Loss before tax					(51,066)

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

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of other revenue and income, certain other gains and losses, impairment losses of financial assets in respect of loan receivables, impairment losses in respect of interests in associates, share of results of associates, selling and distribution expense and certain administrative costs, directors' emoluments and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

Segment assets

	2024	2023
	RMB'000	RMB'000
DC Power System	**290,023**	286,347
Charging Equipment	**435,716**	433,792
Charging Services	**51,564**	53,250
Total segment assets	**777,303**	773,389
Unallocated	**243,394**	305,458
Consolidated assets	**1,020,697**	1,078,847

Segment liabilities

	2024	2023
	RMB'000	RMB'000
DC Power System	**94,993**	112,361
Charging Equipment	**100,161**	138,732
Charging Services	**27,715**	27,081
Total segment liabilities	**222,869**	278,174
Unallocated	**232,063**	182,036
Consolidated liabilities	**454,932**	460,210

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

- all assets are allocated to operating segments other than interests in associates, financial asset at FVTOCI, financial assets at FVTPL, deferred tax assets, certain inventories, certain deposits and other receivables, tax recoverable, restricted bank balances and bank balances and cash; and

- all liabilities are allocated to operating segments other than accruals and other payables, tax payable, amounts due to associates, bank and other borrowings, deferred tax liabilities and lease liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

6. SEGMENT INFORMATION (Continued)

Other segment information

For the year ended 31 December 2024

	DC Power System RMB'000	Charging Equipment RMB'000	Charging Services RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or segment assets:					
Additions to non-current assets *(note)*	3,494	9,371	1,448	–	14,313
Impairment losses of financial assets in respect of trade receivables	20,339	–	–	–	20,339
Reversal of impairment losses of financial assets in respect of trade receivables	(5,034)	–	–	–	(5,034)
Impairment losses of financial assets in respect of contract assets	2,366	–	–	–	2,366
Gain on disposal of a subsidiary	(28,526)	–	–	–	(28,526)
Depreciation and amortisation	4,577	8,247	5,778	6	18,608
Amounts regularly provided to the CODM but not included in the measure of segment profit or segment assets:					
Interests in associates	–	–	–	20,392	20,392
Financial assets at FVTOCI	–	–	–	5,300	5,300
Financial assets at FVTPL	–	–	–	1,230	1,230
Share of results of associates	–	–	–	(1,837)	(1,837)
Bank interest income	–	–	–	(810)	(810)
Income tax credit	–	–	–	(6,062)	(6,062)
Finance costs	–	–	–	8,598	8,598

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

6. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

For the year ended 31 December 2023

	DC Power System RMB'000	Charging Equipment RMB'000	Charging Services RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to non-current assets *(note)*	4,235	5,714	627	12	10,588
Write-down of inventories	–	4,025	–	–	4,025
Impairment losses of financial assets in respect of trade receivables	25,991	–	–	–	25,991
Reversal of impairment losses of financial assets in respect of trade receivables	(4,092)	–	–	–	(4,092)
Impairment losses of financial assets in respect of contract assets	1,824	–	–	–	1,824
Loss on disposal of plant and equipment	1	–	–	–	1
Loss on write-off of property, plant and equipment	205	–	–	–	205
Depreciation and amortisation	4,926	9,856	5,468	5	20,255
Amounts regularly provided to the CODM but not included in the measure of segment profit or segment assets:					
Interests in associates	–	–	–	19,290	19,290
Financial assets at FVTOCI	–	–	–	9,628	9,628
Financial assets at FVTPL	–	–	–	1,209	1,209
Impairment losses in respect of interests in associates	–	–	–	697	697
Impairment losses of financial assets in respect of loan receivables	–	–	–	1,401	1,401
Share of results of associates	–	–	–	(2,782)	(2,782)
Bank interest income	–	–	–	(415)	(415)
Loan interest income	–	–	–	(38)	(38)
Interest income on finance lease receivable	–	–	–	(29)	(29)
Income tax credit	–	–	–	(4,763)	(4,763)
Finance costs	–	–	–	8,815	8,815

Note: Non-current assets excluded interests in associates, financial assets at FVTOCI, financial asset at FVTPL and deferred tax assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

6. SEGMENT INFORMATION (Continued)

Geographical information

All revenue from external customers of the Group is derived from PRC and all non-current assets of the Group are located in the PRC.

Information about major customers

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

	2024 RMB'000	2023 RMB'000
Customer A[1]	**41,174**	51,270

1 Revenue from Charging Equipment segment

7. OTHER REVENUE AND INCOME

	2024 RMB'000	2023 RMB'000
Value added tax ("VAT") refunds *(Note (a))*	**2,552**	5,720
Interest income on loan receivables	**–**	29
Interest income on finance lease receivable	**–**	38
Bank interest income	**810**	415
Government grants *(Note (b))*	**930**	9,600
	4,292	15,802

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 2024 and 2023, the government grants are subsidies received regarding the research and development on technology innovation and promotion of electric vehicles. As at 31 December 2024 and 2023, there are no unfulfilled conditions or contingencies relating to those subsidies and they are recognised as other income upon receipt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

8. OTHER GAINS AND LOSSES

	2024 RMB'000	2023 RMB'000
Loss on write-off of property, plant and equipment	–	(205)
Fair value gain (loss) on financial assets at FVTPL *(note 21)*	21	(1,625)
Net exchange gain	185	6,605
Loss on disposal of plant and equipment	–	(1)
Gain on partial disposal an associate *(note 20(i))*	–	879
	206	5,653

9. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interests on:		
Bank borrowings	8,214	8,440
Other borrowings	298	297
Lease liabilities	86	78
	8,598	8,815

10. INCOME TAX CREDIT

	2024 RMB'000	2023 RMB'000
Deferred tax *(note 32)*:		
Current year	(6,062)	(4,763)

For the years ended 31 December 2024 and 2023, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit. No provision for Hong Kong Profits Tax has been made as there were no assessable profits generated during both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

10. INCOME TAX CREDIT (Continued)

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the applicable tax rate of certain PRC subsidiaries is 25% for both years. Titans Technology was accredited as an approved high technology enterprise and therefore is entitled to a tax concession period of reduction in EIT rate of 15% from 2020 to 2023. In December 2023, Titans Technology obtained extension approval from the relevant tax authority in PRC for entitlement of a tax concession period of reduction in EIT rate of 15% from 2024 to 2026. No provision for EIT has been made for the years ended 31 December 2024 and 2023 as the Group did not have any assessable profits subject to EIT.

Under the prevailing EIT Law and its relevant regulations, any dividends paid by the Company's PRC subsidiaries from their earnings derived after 1 January 2008 to the Company's Hong Kong subsidiaries are subject to PRC dividend withholding tax rate of 5% or 10%, depending on the applicability of the Sino-Hong Kong tax treaty.

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

	2024	2023
	RMB'000	RMB'000
Loss before tax	**(51,935)**	(51,066)
Tax at the applicable income tax rate of 15% (2023: 15%) *(note (i))*	**(7,790)**	(7,660)
Tax effect of expenses not deductible for tax purpose	**937**	1,666
Tax effect of super deduction for research and development expenses	**(3,372)**	(2,547)
Tax effect of income not taxable for tax purpose	**(130)**	(1,041)
Tax effect of share of results of associates	**(276)**	(417)
Tax effect of tax losses not recognised	**5,648**	6,038
Tax effect on withholding tax arising on undistributed profits of the PRC subsidiaries	**(966)**	(834)
Tax effect of deductible temporary differences not recognised	**302**	454
Effect of different tax rates of subsidiaries operating in other jurisdictions or subsidiaries subject to PRC statutory tax rate of 25%	**(415)**	(422)
Income tax credit	**(6,062)**	(4,763)

Note:

(i) The PRC EIT of 15% applicable to Titans Technology is used as it is the domestic tax rate where the result and operation of the Group is substantially derived from.

Details of deferred taxation are set out in note 32.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

11. LOSS FOR THE YEAR

	2024 **RMB'000**	2023 RMB'000
Loss for the year have been arrived at after charging (crediting):		
Staff costs		
Directors' and chief executive's emoluments *(note 12)*	**1,889**	1,961
Other staff:		
– salaries and other allowances	**56,369**	49,902
– retirement benefits scheme contributions (excluding director's and chief executive's emoluments)	**8,662**	6,822
– share-based payment expenses (excluding director's and chief executive's emoluments)	**–**	2,535
Total staff costs	**66,920**	61,220
Impairment losses of financial assets and contract assets:		
– trade receivables	**20,339**	25,991
– contract assets	**2,366**	1,824
– loan receivable *(Note (i))*	**–**	1,401
	22,705	29,216
Reversal of impairment losses of financial assets and contract assets – trade receivables	**(5,034)**	(4,092)
Impairment losses of financial assets and contract assets, net	**17,671**	25,124
Amortisation of intangible assets (included in cost of revenue)	**5,012**	6,318
Depreciation of property, plant and equipment	**11,776**	12,871
Depreciation of right-of-use assets	**1,820**	1,066
Total depreciation and amortisation	**18,608**	20,255
Auditors' remuneration	**1,009**	969
Cost of inventories recognised as an expense (including write-down of inventories amounting to 2024: nil) (2023: RMB4,025,000)	**211,565**	197,798
Research and development expenses (included in administrative and other expenses) *(Note (ii))*	**37,706**	30,872

Note:

(i) For loan receivables of approximately RMB1,401,000 for which the counterparties failed to make demanded repayments on time and overdue, the Group treated these loan receivables as credit-impaired and recognised allowance for lifetime ECL of approximately RMB1,401,000 during the year ended 31 December 2023.

(ii) Research and development expenses included staff costs which has been included in total staff costs disclosure above and depreciation of property, plant and equipment which have been included in total depreciation and amortisation disclosure above for the purpose of research and development activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the eight (2023: ten) directors and the chief executive were as follows:

For the year ended 31 December 2024

	Executive directors				Non-executive director	Independent non-executive directors			
	Gao Xia RMB'000 *(Note a)*	Bi Jingfeng RMB'000 *(Note b)*	Li Xin Qing RMB'000 *(Note c)*	An Wei RMB'000	Jiang Wenqi RMB'000 *(Note d)*	Liu Wei RMB'000 *(Note e)*	Jiang Yan RMB'000 *(Note e)*	Li Xiang Feng RMB'000	Total RMB'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking:									
Fees	–	–	–	–	–	112	112	112	336
Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking:	–	–	–	–	–	–	–	–	–
Other emoluments									
Salaries	–	–	790	763	–	–	–	–	1,553
Total emoluments	–	–	790	763	–	112	112	112	1,889

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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

For the year ended 31 December 2023

	Executive directors				Non-executive director	Independent non-executive directors					
	Gao Xia RMB'000 *(Note a)*	Bi Jingfeng RMB'000 *(Note b)*	Li Xin Qing RMB'000 *(Note c)*	An Wei RMB'000	Jiang Wenqi RMB'000 *(Note d)*	Liu Wei RMB'000 *(Note e)*	Jiang Yan RMB'000 *(Note e)*	Li Wan Jun RMB'000 *(Note f)*	Pang Zhan RMB'000 *(Note f)*	Li Xiang Feng RMB'000	Total RMB'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking:											
Fees	–	–	–	–	–	70	70	55	55	120	370
Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking:	–	–	–	–	–	–	–	–	–	–	–
Other emoluments											
Salaries	–	–	790	763	–	–	–	–	–	–	1,553
Share-based payment expenses	–	–	19	19	–	–	–	–	–	–	38
Total emoluments	–	–	809	782	–	70	70	55	55	120	1,961

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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

Notes:

a) Gao Xia was appointed as executive director and chairman of the Company with effect from 24 May 2023.

b) Bi Jengfeng was appointed as an executive director of the Company with effect from 24 May 2023.

c) Li Xin Qing ceased to act as chairman while remain as executive director of the Company with effect from 24 May 2023.

d) Jiang Wenqi was appointed as non-executive director of the Company with effect from 24 May 2023.

e) Liu Wei and Jiang Yan were appointed as independent non-executive directors of the Company with effect from 30 May 2023.

f) Li Wan Jun and Pang Zhan resigned as independent non-executive directors of the Company with effect from 14 June 2023.

The executive directors' emoluments shown above were of their services in connection with the management for the affairs of the Company and the Group.

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

No directors waived or agreed to waive any of their emoluments during the years ended 31 December 2024 and 2023.

No emoluments were paid by the Group to any directors of the Group as an inducement to join or upon joining the Group, or as compensation for loss of office for the years ended 31 December 2024 and 2023.

13. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2023: two) were directors of the Company including the chief executive of the Company whose emoluments are included in the disclosures in note 12 above. The emoluments of the remaining three (2023: three) individuals were as follows:

	2024	2023
	RMB'000	RMB'000
Salaries and other allowances	**1,296**	1,649
Discretionary bonus *(Note)*	**–**	200
Retirement benefits scheme contributions	**226**	291
	1,522	2,140

Note: Discretionary bonus was determined by the Board of the Company having regard to the Group's operating results, individual performance and comparable market statistics.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

13. EMPLOYEES' EMOLUMENTS (Continued)

The emoluments of the above remaining three individuals are within the band nil to Hong Kong dollars ("HK$") 1,000,000 (equivalent to approximately RMB926,000) (2023: HK$1,000,000 (equivalent to approximately RMB910,000)) for the years ended 31 December 2024 and 2023.

No emoluments were paid by the Group to any top five employees of the Group as an inducement to join or upon joining the Group, or as compensation for loss of office for the years ended 31 December 2024 and 2023.

14. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2024 (2023: nil), nor has any dividend been proposed since the end of the reporting period.

15. LOSS PER SHARE

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

	2024	2023
	RMB'000	RMB'000
Loss for the purpose of basic and diluted loss per share	**(45,383)**	(43,979)

Number of shares

	2024	2023
	'000	'000
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,492,026**	1,290,091

As the Group incurred loss for the years ended 31 December 2024 and 2023, the impact of share options was not included in the calculation of the diluted losses per share as their inclusion would be anti-dilutive. Accordingly, diluted losses per share for the years ended 31 December 2024 and 2023 are the same as basic losses per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

16. PROPERTY, PLANT AND EQUIPMENT

	Ownership interests in land and buildings RMB'000	Leasehold improvement RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Plant and machinery RMB'000	Contraction in progress RMB'000	Total RMB'000
Cost							
At 1 January 2023	173,243	14,409	22,920	9,970	42,994	2,190	265,726
Additions	–	–	–	746	5,792	281	6,819
Transfer	–	–	–	–	57	(57)	–
Disposals	–	–	–	(937)	(407)	–	(1,344)
Write-off	–	–	–	(594)	(522)	–	(1,116)
At 31 December 2023 and 1 January 2024	173,243	14,409	22,920	9,185	47,914	2,414	270,085
Additions	–	–	–	–	6,428	7,687	14,115
Transfer	–	324	–	–	–	(324)	–
Disposal of a subsidiary *(note 38)*	(15,010)	–	–	–	–	–	(15,010)
At 31 December 2024	158,233	14,733	22,920	9,185	54,342	9,777	269,190
ACCUMULATED DEPRECIATION							
At 1 January 2023	35,516	14,393	18,095	5,869	30,491	–	104,364
Provided for the year	7,089	5	2,026	798	2,953	–	12,871
Eliminated on disposals	–	–	–	(902)	(361)	–	(1,263)
Eliminated on write-off	–	–	–	(505)	(406)	–	(911)
At 31 December 2023 and 1 January 2024	42,605	14,398	20,121	5,260	32,677	–	115,061
Provided for the year	6,282	4	1,838	628	3,024	–	11,776
Eliminated on disposal of a subsidiary *(note 38)*	(13,554)	–	–	–	–	–	(13,554)
At 31 December 2024	35,333	14,402	21,959	5,888	35,701	–	113,283
CARRYING VALUES							
31 December 2024	122,900	331	961	3,297	18,641	9,777	155,907
31 December 2023	130,638	11	2,799	3,925	15,237	2,414	155,024

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

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

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

As at 31 December 2024, the Group has pledged its ownership interests in land and buildings with carrying values of approximately RMB122,900,000 (2023: RMB130,638,000) to secure banking facilities granted to the Group. Details of bank borrowings are set out in note 30.

17. LEASES

(i) Right-of-use assets

	2024 **RMB'000**	2023 RMB'000
Leasehold lands in PRC	**6,427**	6,740
Leased properties	**1,508**	3,015
	7,935	9,755

During the year ended 31 December 2023, the Group leases a factory for its operations which the addition to the right-of-use assets was amounting to approximately RMB3,769,000 (2024: nil). Lease contracts are entered into for fixed term of 1 to 2 years. Lease terms are negotiated on an individual basis and contain different terms and conditions.

(ii) Amounts recognised in profit or loss

	Year ended 31 December	
	2024 **RMB'000**	2023 RMB'000
Depreciation expense on right-of-use assets:		
– Leasehold lands in PRC	**313**	312
– Leased properties	**1,507**	754
	1,820	1,066
Interest expense on lease liabilities	**86**	78
Expense relating to short-term leases	**–**	437

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

17. LEASES (Continued)

(iii) Others

As at 31 December 2024, the Group has pledged its leasehold lands of approximately RMB6,427,000 (2023: RMB6,740,000) to secure banking facilities granted to the Group. Details of bank borrowings are set out in note 30.

During the year ended 31 December 2024, the total cash outflow for leases is amounting to approximately RMB1,970,000 (2023: RMB437,000).

Restrictions or covenants on leases

As at 31 December 2024, lease liabilities of approximately RMB1,963,000 are recognised with related right-of-use assets of RMB1,508,000 (2023: lease liabilities of RMB3,847,000 and related right-of-use assets of RMB3,015,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

18. GOODWILL

	RMB'000
COST	
At 1 January 2023, 31 December 2023 and 1 January 2024 and 31 December 2024	449
IMPAIRMENT	
At 1 January 2023, 31 December 2023 and 1 January 2024 and 31 December 2024	449
CARRYING AMOUNT	
At 31 December 2024	–
At 31 December 2023	–

The goodwill had been recognised upon acquisition of subsidiary – Shandong Huidian New Energy Technology Co., Ltd.* ("Shandong Huidian") 山東匯電新能源科技有限公司 during the year ended 31 December 2017. The goodwill have been fully impaired in previous year.

* English name is for identification purpose only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

19. INTANGIBLE ASSETS

	Technical know-how RMB'000	Charging services concession rights RMB'000	Total RMB'000
COST			
At 1 January 2023 and 31 December 2023 and 1 January 2024	3,000	51,693	54,693
Addition	198	–	198
31 December 2024	3,198	51,693	54,891
AMORTISATION			
At 1 January 2023	3,000	31,877	34,877
Provided for the year	–	6,318	6,318
At 31 December 2023 and 1 January 2024	3,000	38,195	41,195
Provided for the year	2	5,010	5,012
At 31 December 2024	3,002	43,205	46,207
CARRYING VALUES			
At 31 December 2024	196	8,488	8,684
At 31 December 2023	–	13,498	13,498

Notes:

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

(ii) For the BOT arrangement in Shaoguan, the charging services concession right for an exclusive period of 8 years with initial cost of approximately RMB20,912,000 was incurred during the year ended 31 December 2016. During the year ended 31 December 2024, amortisation expense of approximately RMB1,307,000 (2023: RMB2,615,000) has been recognised.

For the BOT arrangement in Baoding, the charging services concession right for an exclusive period of 10 years with initial cost of approximately RMB5,780,000 was incurred during the year ended 31 December 2016. During the year ended 31 December 2024, amortisation expense of approximately RMB578,000 (2023: RMB578,000) has been recognised.

For the BOT arrangements in Foshan, two charging services concession rights for exclusive period of 8 years with aggregated initial costs of RMB25,001,000 which were incurred during the years ended 31 December 2017 and 31 December 2019. During the year ended 31 December 2024, amortisation expense of approximately RMB3,125,000 (2023: RMB3,125,000) has been recognised.

Details of BOT arrangement are set out in note 33.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

20. INTERESTS IN ASSOCIATES

	2024	2023
	RMB'000	RMB'000
Cost of investment in unlisted associates	**17,145**	18,125
Share of post-acquisition results, net of dividend received	**3,944**	1,862
Accumulated impairment losses recognised	**(697)**	(697)
	20,392	19,290

As at 31 December 2024 and 2023, the Group had interests in the following material associates:

Name of entity	**Form of entity**	**Place of establishment/ operation**	**Class of shares held**	**Proportion of ownership interests indirectly held by the Group**		**Proportion of voting power held**		**Principal activities**
				2024	2023	**2024**	2023	
Jiangsu Titans	Registered	The PRC	Contributed capital	**17%**	17%	**20%** *(Note ii)*	20% *(Note ii)*	Research and development, sales and manufacturing of automated guided vehicles
Guangdong Titans	Registered	The PRC	Contributed capital	**9.4%**	9.4% *(Note i)*	**20%** *(Note ii)*	20% *(Note ii)*	Research and development, sales and manufacturing of automated guided vehicles

The above table lists the associates of the Group which, in the opinion of the directors of the Company, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors of the Company, result in particulars of excessive length.

Notes:

(i) Partial disposal of Guangdong Titans in 2023

On 17 July 2023, a wholly-owned subsidiary of the Company entered into an agreement with an independent third party for the disposal of 10% equity interests in Guangdong Titans for a consideration of RMB6,000,000 and a gain on partial disposal of an associate of RMB879,000 in relation to Guangdong Titans was recognised in other gains and losses. As at 31 December 2023, the consideration receivable was included in other receivable as disclosed in note 25. The Group's effective interest in Guangdong Titans decreased from 19.4% to 9.4% upon completion of the aforesaid transaction.

(ii) The Group is able to exercise significant influence over Jiangsu Titans and Guangdong Titans because it has the power to appoint one out of the five directors of that company under the provisions stated in the Articles of Association of Jiangsu Titans and Guangdong Titans.

(iii) During the year ended 31 December 2024, the Group received a capital refund of approximately RMB735,000 from an associate due to deregistration. No gain or loss of deregistration was recognised during the year ended 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

20. INTERESTS IN ASSOCIATES (Continued)

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

Jiangsu Titans

	2024 **RMB'000**	2023 RMB'000
Current assets	**20,752**	16,703
Non-current assets	**42,449**	40,885
Current liabilities	**15,780**	15,891
Non-current liabilities	**–**	780

	Year ended 31 December	
	2024 **RMB'000**	2023 RMB'000
Revenue for the year	**20,401**	12,163
Profit and total comprehensive income for the year	**6,504**	5,652
The Group's share of profit	**1,106**	961

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

	2024 **RMB'000**	2023 RMB'000
Net assets of Jiangsu Titans	**47,421**	40,917
Proportion of the Group's ownership interest in Jiangsu Titans	**17%**	17%
	8,062	6,956
Goodwill	**5,807**	5,807
Carrying amount of the Group's interest in Jiangsu Titans	**13,869**	12,763

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

20. INTERESTS IN ASSOCIATES (Continued)

Guangdong Titans

	2024 **RMB'000**	2023 RMB'000
Current assets	**161,670**	160,029
Non-current assets	**17,267**	15,598
Current liabilities	**112,026**	114,000
Non-current liabilities	**611**	2,875

	2024 **RMB'000**	2023 RMB'000
Revenue for the year	**207,057**	191,059
Profit and total comprehensive income for the year	**7,548**	13,420
The Group's share of profit	**709**	1,850

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

	2024 **RMB'000**	2023 RMB'000
Net assets of Guangdong Titans	**66,300**	58,752
Proportion of the Group's ownership interest in Guangdong Titans	**9.4%**	9.4%
Carrying amount of the Group's interest in Guangdong Titans	**6,232**	5,523

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

20. INTERESTS IN ASSOCIATES (Continued)

Guangdong Titans (Continued)

The financial information and carrying amount, in aggregate, of the Group's interests in associates that are not individually material and are accounted for using the equity method are set out below:

	2024 **RMB'000**	2023 RMB'000
The Group's share of profit (loss)	**22**	(29)

	2024 **RMB'000**	2023 RMB'000
Share of net assets in immaterial associates	**988**	1,701
Accumulated impairment losses recognised	**(697)**	(697)
Carrying amount of the Groups interest in immaterial associates	**291**	1,004

The Group has stopped recognising its share of losses of certain associates when applying the equity method. The unrecognised share of those associates, both for the year and cumulatively, are set out below:

	2024 **RMB'000**	2023 RMB'000
Unrecognised share of losses of associates for the year	**–**	1,620
Accumulated unrecognised share of losses of associates	**18,375**	18,397

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME/FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	**2024 RMB'000**	2023 RMB'000
Financial asset at FVTPL comprises:			
– Equity security listed in the PRC	*(a)*	**1,230**	1,209
Financial assets at FVTOCI comprises:			
– Unlisted equity securities	*(b)*	**5,300**	9,628

Notes:

(a) As at 31 December 2024, the investment in equity security, represented Sichuan Haote Precision Equipment Limited* (四川豪特精工裝備股份有限公司) ("Haote Precision"), a company listed in the PRC, which carries at fair value of approximately RMB1,230,000 (2023: RMB1,209,000). Fair value gain on financial asset at FVTPL of approximately RMB21,000 (2023: fair value loss on financial asset at FVTPL of approximately RMB1,625,000) has been recognised during the year ended 31 December 2024.

(b) As at 31 December 2024, the fair value of unlisted equity interests in Hong Kong and the United States, represented Juline (China) Energy Tech. Group Co., Ltd ("Juline (China)") and Aquion Energy LLC ("Aquion Energy"), which carries at fair value of approximately RMB4,790,000 (2023: RMB5,634,000) and approximately US$71,000 (equivalent to approximately RMB510,000) (2023: US$5,630,000 (equivalent to approximately RMB3,994,000)) respectively. Fair value loss on financial assets at FVTOCI of approximately RMB4,328,000 (2023: RMB10,993,000) has been recognised during the year ended 31 December 2024.

The Directors of the Company have elected to designate these investments to be measured at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

* English name is for identification purpose only

22. INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials	**7,192**	10,618
Work-in-progress	**6,133**	18,923
Finished goods	**129,757**	162,558
	143,082	192,099

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

23. TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	**483,878**	394,773
Less: Allowance for impairment loss	**(103,465)**	(88,160)
	380,413	306,613

At 31 December 2024, the carrying amount of trade receivables which have been pledged as security for the bank and other borrowing, is approximately RMB30,000,000 (2023: RMB81,978,000). Details of bank and other borrowings are set out in note 30.

At as 31 December 2024, the gross amount of trade receivable arising from contracts with customers amounted to approximately RMB483,878,000 (2023: RMB394,773,000).

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.

	2024 RMB'000	2023 RMB'000
0 - 90 days	**215,345**	173,387
91 - 180 days	**38,094**	28,799
181 - 365 days	**88,850**	44,495
After 1 year but within 2 years	**26,216**	43,256
After 2 years but within 3 years	**11,908**	16,676
	380,413	306,613

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

23. TRADE RECEIVABLES (Continued)

The Group allows an average credit period of 90 days (2023: 90 days) to its trade customers. The Group requested certain customers for initial payments upon signing of sales contracts, while remaining payments are fallen due after installation and testing. Retention money will be fallen due from the end of the product quality assurance period. For the trade receivables from the state-owned enterprises, they normally settle their outstanding balances upon the completion of their constructions in accordance with the industry practice in the PRC.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during both years.

As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the group's different customer bases.

For certain trade receivables of approximately RMB40,222,000 (2023: RMB40,222,000) for which the counterparty failed to make demanded repayments, the Group has made 100% provision. The Group recognised lifetime ECL for trade receivables based on provision matrix as follows:

As at 31 December 2024	**Weighted average expected loss rate %**	**Gross carrying amount RMB'000**	**Loss allowance RMB'000**
Current (not past due)	2.20%	220,711	4,862
Less than 3 month past due	3.72%	39,946	1,487
More than 3 months but less than 6 months past due	4.72%	60,406	2,852
More than 6 months but less than 12 months past due	5.68%	34,145	1,939
More than 12 months but less than 24 months past due	19.71%	30,737	6,058
More than 24 months but less than 36 months past due	40.91%	19,742	8,076
More than 36 months past due	100.00%	37,969	37,969
Default receivable	100.00%	40,222	40,222
		483,878	103,465

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

23. TRADE RECEIVABLES (Continued)

As at 31 December 2023	Weighted average expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	2.68%	178,177	4,790
Less than 3 month past due	4.64%	30,199	1,400
More than 3 months but less than 6 months past due	5.34%	25,123	1,342
More than 6 months but less than 12 months past due	7.24%	33,799	2,450
More than 12 months but less than 24 months past due	14.70%	43,720	6,430
More than 24 months but less than 36 months past due	39.68%	19,906	7,899
More than 36 months past due	100.00%	23,627	23,627
Default receivable	100.00%	40,222	40,222
		394,773	88,160

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

	2024 RMB'000	2023 RMB'000
1 January	**88,160**	66,261
Allowance for impairment loss	**20,339**	25,991
Amounts recovered during the year	**(5,034)**	(4,092)
31 December	**103,465**	88,160

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For the year ended 31 December 2024

24. CONTRACT ASSETS/CONTRACT LIABILITIES

(i) Contract assets

	2024	2023
	RMB'000	RMB'000
Retention receivables	**41,960**	47,230
Less: allowance for impairment loss	**(7,160)**	(4,794)
	34,800	42,436

As at 1 January 2023, gross amount of contract assets amounted to RMB35,381,000.

Retentions receivable, prior to expiration of retention period, are classified as contract assets, which usually ranges from one to two years from the date of the completion of the project. The relevant amount of contract assets is reclassified to trade receivable when the retention period expires. The retention period serves as an assurance that the electric products sold comply with agreed upon specifications and such assurance cannot be purchased separately.

At 31 December 2024, contract assets of approximately RMB5,462,000 (2023: RMB9,102,000) are expected to be recovered after one year from the end of reporting period.

The Group recognised lifetime ECL for contract assets with gross carrying amount of approximately RMB41,960,000 (2023: RMB47,230,000) as at 31 December 2024 collectively by applying expected credit loss rates ranging from 2.1% to 30.4% (2023: from 2.6% to 26.09%). Loss allowance of approximately RMB7,160,000 (2023: RMB4,794,000) is made as at 31 December 2024.

There has been no change in the estimation techniques or significant assumptions made during both years.

The movements in the impairment allowance for the contract assets during the year are as follows:

	Lifetime ECL
	RMB'000
At 1 January 2023	2,970
Allowance for impairment loss	1,824
At 31 December 2023 and 1 January 2024	4,794
Allowance for impairment loss	2,366
At 31 December 2024	7,160

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For the year ended 31 December 2024

24. CONTRACT ASSETS/CONTRACT LIABILITIES (Continued)

(ii) Contract liabilities

	2024	2023
	RMB'000	RMB'000
Receipt in advance from customers	**63,858**	62,906

As at 1 January 2023, contract liabilities amounted to approximately RMB16,896,000.

Contract liabilities include advances received to deliver electric products.

The Group receives range from 5% to 10% (2023: 5% to 10%) of the contract values as initial payments from certain customers when they sign the contracts for sales of electric products. The receipt in advance results in contract liabilities being recognised until the customers obtain control of the electric products.

Revenue recognised during the year ended 31 December 2024 that was included in the contract liabilities at the beginning of the year is approximately RMB62,906,000 (2023: RMB16,896,000). There was no revenue recognised in the current year that related to performance obligations that were satisfied in a prior year.

The significant increase in contract liabilities in 2024 was mainly due to the continuous increase in number of orders in this year.

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For the year ended 31 December 2024

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024	2023
	RMB'000	RMB'000
Other receivables *(Note)*	**13,566**	14,726
Consideration receivable *(note 20 (i))*	**–**	6,000
Less: allowance for impairment loss	**(7,902)**	(7,902)
	5,664	12,824
Deposits	**16,234**	16,221
Other tax recoverable	**1,458**	2,491
Prepayments to suppliers	**22,494**	22,994
	45,850	54,530

Note: Other receivables included loan interest receivables of approximately RMB7,902,000 (2023: RMB7,902,000) in which approximately RMB7,902,000 (2023: RMB7,902,000) are credit-impaired as the counterparties failed to make demanded repayments on time and overdue, the Group recognised allowance for lifetime ECL on these loan interest receivables of approximately RMB7,902,000 (2023: RMB7,902,000) as at 31 December 2024. The Group measures the loss allowance for the remaining deposits and other receivables at an amount equal to 12-month ECL and no impairment loss was recognised during the years ended 31 December 2024 and 2023.

There has been no change in the estimation techniques or significant assumptions made during both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

26. AMOUNTS DUE FROM ASSOCIATES

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

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

	2024	2023
	RMB'000	RMB'000
0 - 90 days	**502**	563
181 - 365 days	**131**	278
	633	841

The Group allows an average credit period of 90 days (2023: 90 days) to its associates for balances which are trading in nature.

The Group measures the loss allowance for amounts due from associates at an amount equal to lifetime ECL under simplified approach. The management considered that the amounts due from associates to be low credit risk and no recent history of default, and thus no impairment losses are recognised during the years ended 31 December 2024 and 2023. There has been no change in the estimation techniques or significant assumptions made during both years.

27. RESTRICTED BANK BALANCES/BANK BALANCES AND CASH

Restricted bank balances represented deposits required and restricted by banks in respect of the issue of letter of credit to certain suppliers of approximately RMB56,874,000 (2023: RMB32,979,000) and therefore are classified as current assets. As at 31 December 2024, the restricted bank balances carried interest at an average market rate of 0.25% (2023: 0.25%) per annum and will be released upon the completion of the respective transactions.

Bank balances carried interest at market rates ranged from 0.001% to 0.35% (2023: 0.001% to 0.25%) per annum as at 31 December 2024.

At 31 December 2024, bank balances and cash of approximately RMB17,000 (2023: RMB27,000) and RMB4,284,000 (2023: RMB10,154,000) were denominated in US$ and HK$ respectively that are currencies other than the functional currencies of the respective group entities.

Details of impairment assessment of restricted bank balances and bank balances are set out in note 36(b).

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For the year ended 31 December 2024

28. TRADE AND BILLS PAYABLES, ACCRUALS AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Trade and bills payables		
Trade payables	**106,527**	170,859
Bills payables *(note)*	**49,238**	44,650
	155,765	215,509
Accruals and other payables:		
Accruals	**7,539**	7,528
Other payables	**922**	903
	8,461	8,431

Note: The amounts relate to trade payables in which the Group has issued bills to the relevant suppliers for future settlement trade payables. The Group continues to recognise these trade payables as the relevant banks are obliged to make payments only on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. In the consolidated statement of cash flows, settlements of these bills are included within operating cash flows based on the nature of the arrangements.

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

	2024 RMB'000	2023 RMB'000
0 - 90 days	**121,242**	132,158
91 - 180 days	**21,368**	46,770
181 - 365 days	**4,800**	20,075
After 1 year but within 2 years	**7,953**	15,590
After 2 years but within 3 years	**402**	916
	155,765	215,509

The average credit period on purchases of goods is 90 days (2023: 90 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

29. AMOUNTS DUE TO ASSOCIATES

The amounts due to associates are unsecured, non-interest bearing and repayable on demand.

30. BANK AND OTHER BORROWINGS

	2024 **RMB'000**	2023 RMB'000
Bank borrowings, secured *(Note (i))*	**204,768**	144,994
Other borrowings, secured *(Note (ii))*	**5,000**	11,555
	209,768	156,549
Carrying amounts repayable (based on scheduled repayment dates set out in the loan agreements):		
Within one year	**155,800**	105,441
After one year but within two years	**37,301**	32,290
After two years but within five years	**16,667**	18,818
	209,768	156,549
Amounts shown under current liabilities	**155,800**	105,441
Amounts shown under non-current liabilities	**53,968**	51,108
	209,768	156,549

Notes:

(i) As at 31 December 2024, secured bank borrowings of approximately RMB204,768,000 (2023: RMB144,994,000) of the Group were secured by its ownership interests in lands and buildings, right-of-use assets, certain trade receivables with carrying values of approximately RMB122,900,000, RMB6,427,000 and RMB25,000,000 (2023: approximately RMB130,638,000, RMB6,740,000 and RMB72,423,000) respectively.

As at 31 December 2024, secured bank borrowings of approximately RMB204,768,000 (2023: RMB144,994,000) were guaranteed by the Company and certain directors of the Company with guaranteed amount of RMB298,000,000 (2023: RMB246,500,000).

(ii) As at 31 December 2024, other borrowing of approximately RMB5,000,000 (2023: RMB9,555,000) was secured by certain trade receivables with carrying values of approximately 2024: RMB5,000,000 (2023: RMB9,555,000).

As at 31 December 2023, other borrowings of approximately RMB2,000,000 (2024: nil) was guaranteed by certain directors of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

30. BANK AND OTHER BORROWINGS (Continued)

Notes: (Continued)

The exposure of the Group's bank and other borrowings to fixed rate and variable rate changes are as follows:

	2024 RMB'000	2023 RMB'000
Fixed rate bank borrowings		
expiring within one year	**125,500**	28,000
Fixed rate other borrowings		
expiring within one year	**5,000**	11,555
Variable-rate bank borrowings		
expiring within one year	**25,300**	65,886
expiring beyond one year	**53,968**	51,108
	209,768	156,549

During the year ended 31 December 2024, the Group obtained new bank borrowings and other borrowings in the amount of approximately RMB190,292,000 (2023: RMB142,780,00) and repaid approximately RMB137,073,000 (2023: RMB150,814,000) respectively. The proceeds were used to finance the operation of the Group.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	2024	2023
Fixed-rate other borrowings	**4.5% to 7.92%**	4.5% to 7.92%
Fixed-rate bank borrowings	**3.85% to 4.5%**	4.3% to 4.5%

	Loan Prime Rate ("LPR") with increment by	LPR with increment by
Variable-rate bank borrowings	**0.55%**	0.55% to 1.15%

As at 31 December 2024, the Group has available un-utilised short-term bank fixed rate loan facilities of approximately RMB184,768,000 (2023: RMB103,690,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

30. BANK AND OTHER BORROWINGS (Continued)

Loan convenants

As at 31 December 2024, the Group's bank and other borrowings with carrying amount of approximately RMB8,867,000 (2023: RMB38,100,000) are subject to the fulfillment of covenants relating to certain of the Group's financial ratios. The Group regularly monitors its compliance with these covenants. As at 31 December 2024 and 2023, none of the covenants relating to drawn down facilities had been breached.

Borrowings	Carrying amounts 2024 RMB'000	2023 RMB'000	Details of covenants	Timing to comply with the covenants
Bank borrowing A				
– Amounts under current liabilities	**–**	15,000	Debt-to-equity ratio shall not be higher than 85%	On the 15th of every month
– Amounts under non-current liabilities	**1,667**	5,000	Debt-to-equity ratio shall not be higher than 85%	On the 15th of every month
Bank borrowing B				
– Amounts under current liabilities	**7,200**	10,000	Debt-to-equity ratio shall not be higher than 45%	Annually in December
Bank borrowing C				
– Amounts under current liabilities	**–**	3,100	Debt-to-equity ratio shall not be higher than 45%	Annually in December
Other borrowing A				
– Amounts under current liabilities	**–**	5,000	Debt-to-equity ratio shall not be higher than 45%	Annually in December
Total	**8,867**	38,100		

As at 31 December 2024, none of the covenants relating to drawn down facilities had been breached (2023: nil).

As at 31 December 2024, as the Group complied with the covenants that were required to be met on or before 31 December 2024, the Group has the right to defer settlement of bank borrowings A for at least twelve months after the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

31. LEASE LIABILITIES

Amount recognised in the statements of financial position

Lease liabilities payable:

	2024 RMB'000	2023 RMB'000
Within one year	**1,963**	1,884
After one year but within two years	**–**	1,963
	1,963	3,847
Less: Amount due for settlement with 12 months shown under current liabilities	**(1,963)**	(1,884)
Amount due for settlement after 12 months shown under non-current liabilities	**–**	1,963

Details of lease arrangement are set out in note 17.

32. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities of the same taxable entity have been offset. The following is the analysis of the deferred tax balances for financial reporting purpose:

	2024 RMB'000	2023 RMB'000
Deferred tax assets	**22,375**	16,704
Deferred tax liabilities	**(11,315)**	(12,281)
	11,060	4,423

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For the year ended 31 December 2024

32. DEFERRED TAXATION (Continued)

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

	Allowance for impairment loss of trade receivables, contract assets, deposits and other receivables RMB'000	**Revaluation of listed and unlisted investments in equity securities** RMB'000	**Withholding tax arising on undistributed profits of subsidiaries** RMB'000	**Lease liabilities** RMB'000	**Right-of-use assets** RMB'000	**Total** RMB'000
At 1 January 2023	9,051	3,162	(13,115)	–	–	(902)
Credited (charged) to profit or loss *(note 10)*	3,315	406	834	961	(753)	4,763
Credited to investment revaluation reserve	–	562	–	–	–	562
At 31 December 2023 and 1 January 2024	12,366	4,130	(12,281)	961	(753)	4,423
Credited (charged) to profit or loss *(note 10)*	5,217	(7)	966	(489)	375	6,062
Credited to investment revaluation reserve	–	575	–	–	–	575
At 31 December 2024	17,583	4,698	(11,315)	472	(378)	11,060

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has been provided for in the consolidated financial statements in respect of temporary taxable difference attributable to undistributed profits of the PRC subsidiaries amounting to approximately RMB226,276,000 (2023: RMB245,620,000) as the Group considered the temporary differences will be reversed in the foreseeable future upon declaration of dividends of subsidiaries.

At 31 December 2024, The Group had unused tax losses of approximately RMB100,447,000 (2023: RMB97,053,000), available for offsetting against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The aforesaid tax losses of approximately RMB100,447,000 (2023: RMB97,053,000) will expire five years from the year of origination. As at 31 December 2024, tax losses of approximately RMB6,774,000, RMB15,768,000, RMB40,252,000 and RMB37,653,000 will expire in 2025, 2026, 2027 and 2028 respectively (2023: RMB34,259,000, RMB6,774,000, RMB15,768,000 and RMB40,252,000 will expire in 2024, 2025, 2026 and 2027 respectively).

At 31 December 2024, the Group had temporary differences of approximately RMB170,949,000 (2023: RMB134,159,000) in respect of allowance for impairment of trade receivables, contract assets, deposits and other receivables and loan receivables. Deferred tax asset of approximately RMB17,583,000 (2023: RMB12,366,000) had been recognised on temporary differences of approximately RMB117,220,000 (2023: RMB82,443,000). No deferred tax asset has been recognised on the remaining deductible temporary differences of approximately RMB53,729,000 (2023: RMB51,716,000) due to the unpredictability of future profit streams will be available against which the deductible temporary differences can be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

33. SERVICE CONCESSION ARRANGEMENTS

The Group has entered into service concession arrangements with governmental authorities in the PRC on a BOT basis in respect of its charging services. Pursuant to the service concession arrangements, the Group has to design, construct, operate and manage charging equipments in the PRC over the service concession periods. The Group is generally entitled to use the charging equipments, however, the Group has the obligation to maintain the charging equipments in good condition and the charging equipments will be transferred to the governmental authorities without consideration upon expiry of the concession periods. The service concession arrangements do not contain renewal options. The BOT agreements do not grant any termination rights to any of the contracting parties.

During the year ended 31 December 2024, the Group renewed one of the service concession arrangements for another 5 years from July 2024 to August 2029 with minimal cost.

As at 31 December 2024, the Group had 4 (2023: 4) service concession arrangements on charging equipments with governmental authorities in the PRC and a summary of the major terms of the principal service concession arrangements, is set out as follows:

Name of company as operator	Location	Name of grantor	Type of service concession arrangement	Designed processing capacity	Service concession period
Zhuhai Yilian New Energy Motor Company Ltd.* ("Zhuhai Yilian") 珠海驛聯新能源汽車有限公司	Baoding	Baoding Public Transport Corporation	BOT on charging equipments for electric vehicles	Provide charging services at RMB0.5kWh	10 years from October 2016 to September 2026
	Foshan	Foshan Chancheng District Public Transportation Management Company Limited* 佛山市禪城區公共交通管理有限公司	BOT on charging equipments for electric vehicles	Provide charging services at RMB0.6kWh	8 years from December 2017 to November 2025
	Foshan	Foshan Chancheng District Public Transportation Management Company Limited* 佛山市禪城區公共交通管理有限公司	BOT on charging equipments for electric vehicles	Provide charging services at RMB0.6kWh	8 years from December 2019 to November 2027
Shaoguan Yilian New Energy Vehicle Operation Service Co., Ltd.* ("Shaoguan Yilian") 韶關市驛聯新能源汽車運營服務有限公司	Shaoguan	Shaoguan Public Transportation Company Limited* 韶關市公共汽車有限公司	BOT on charging equipments for electric vehicles	Provide charging services 110 electric vehicles of the grantor with average distance of 5,000km per month	5 years from July 2024 to August 2029 (2023: 8 years from July 2016 to June 2024)

* English name is for identification purpose only

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34. SHARE CAPITAL

	Number of shares	Share capital
		RMB'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	10,000,000,000	100,000

		RMB'000
Issued and fully paid:		
At 1 January 2023	925,056,000	8,087
Issue of new ordinary shares *(Note)*	566,970,000	5,006
At 31 December 2023, 1 January 2024 and 31 December 2024	1,492,026,000	13,093

Note: On 18 October 2022, the Company entered into the subscription agreement with Tangshan Guokong. Pursuant to the subscription agreement, the Company agreed to allot and issue 566,970,000 new ordinary shares at a price of HK$0.34 per share to Tangshan Guokong. The subscription of these new ordinary shares by Tangshan Guokong was completed on 11 May 2023. These new ordinary shares were rank pari passu with other ordinary shares in issue in all aspects.

35. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt, which includes bank and other borrowings disclosed in note 32, net of restricted bank balances, bank balances and cash disclosed in note 29 and equity attributable to owners of the Company, comprising issued share capital and reserves.

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

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36. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2024 RMB'000	2023 RMB'000
Financial assets		
Financial assets at amortised cost	**593,679**	589,250
Financial assets at FVTOCI	**5,300**	9,628
Financial asset at FVTPL	**1,230**	1,209
	600,209	600,087
Financial liabilities		
Financial liabilities at amortised cost	**376,412**	384,891

(b) Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTOCI, financial asset at FVTPL, trade receivables, deposits and other receivables, amounts due from associates, restricted bank balances, bank balances and cash, trade and bills payables, accruals and other payables, amounts due to associates and bank and other borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The Group mainly operates in the PRC. All the Group's sales and purchases are denominated in RMB and the Group entities are mainly exposed to the fluctuation to HK$ and US$.

Certain financial assets at FVTOCI and certain bank balances and cash are denominated in HK$ and US$, which expose the Group to foreign currency risk.

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36. FINANCIAL INSTRUMENTS (Continued)

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

Market risk (Continued)

(i) *Currency risk* (Continued)

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

	2024	2023
	RMB'000	RMB'000
HK$	**4,284**	10,154
US$	**527**	4,021

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

Sensitivity analysis

The Group is mainly exposed to US$ and HK$.

The following table details the Group's sensitivity to a 5% (2023: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% (2023: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% (2023: 5%) change in foreign currency rates.

A positive (negative) number below indicates a decrease (an increase) in post-tax loss where RMB strengthen 5% (2023: 5%) against the relevant currency. For a 5% (2023: 5%) weakening of RMB against the relevant currency, there would be an equal and opposite impact on the profit or loss.

	2024	2023
	RMB'000	RMB'000
Effect on post-tax profit or loss		
HK$	**(179)**	(424)
US$	**(22)**	(168)

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36. FINANCIAL INSTRUMENTS (Continued)

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

Market risk (Continued)

(ii) Interest rate risk

As at 31 December 2024 and 2023, the Group is exposed to fair value interest rate risk in relation to certain fixed-rate bank and other borrowings disclosed in note 30.

As at 31 December 2024 and 2023, the Group is exposed to cash flow interest rate risk in relation to bank balances and restricted bank balances disclosed in note 27 and certain variable-rate bank borrowings disclosed in note 30. It is the Group's policy to keep its borrowings at floating rate of interest so as to minimise the fair value interest rate risk.

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

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable rate bank borrowings and bank balances. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 (2023: 50) basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 (2023: 50) basis points higher or lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2024 would increase/decrease by approximately RMB542,000 (2023: post-tax loss would increase/decrease by approximately RMB509,000).

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36. FINANCIAL INSTRUMENTS (Continued)

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

Credit risk

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. As at 31 December 2024, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

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

For trade receivables, contract assets and amount due from associates, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL collectively by using a provision matrix, estimated based on historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For other non-traded related receivables, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. The Group considers that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12-month ECL.

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36. FINANCIAL INSTRUMENTS (Continued)

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

Credit risk (Continued)

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

The Group's concentration of credit risk by geographical locations is in the PRC, which accounted for all of the trade receivables and contract assets as at 31 December 2024 and 2023.

The Group has concentration of credit risk as 7% and 11% (2023: 9% and 24%) of the total trade receivables before allowance for impairment loss of trade receivables was due from the Group's largest customer and top five customers respectively within the DC Power System and Charging Equipment segments as at 31 December 2024.

The Group has concentration of credit risk as 6% and 11% (2023: 7% and 24%) of the total contract assets before allowance for impairment loss of contract assets was due from the Group's largest customer and top five customers respectively within the DC Power System and Charging Equipment segments as at 31 December 2024.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

36. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk (Continued)

Liquidity table

	Within 1 year RMB'000	**More than 1 year and within 2 years RMB'000**	**More than 2 years and within 5 years RMB'000**	**Total undiscounted cash flows RMB'000**	**Carrying Amount RMB'000**
At 31 December 2024					
Non-derivative financial liabilities:					
Trade and bills payables	**155,765**	**–**	**–**	**155,765**	**155,765**
Accruals and other payables	**8,461**	**–**	**–**	**8,461**	**8,461**
Amounts due to associates	**455**	**–**	**–**	**455**	**455**
Bank borrowings					
– fixed rate	**128,455**	**–**	**–**	**128,455**	**125,500**
– variable rate	**28,301**	**38,500**	**16,859**	**83,660**	**79,268**
Other borrowing					
– fixed rate	**5,085**	**–**	**–**	**5,085**	**5,000**
Lease liabilities	**2,787**	**–**	**–**	**2,787**	**1,963**
	329,309	**38,500**	**16,859**	**384,668**	**376,412**

	Within 1 year or on demand RMB'000	More than 1 year and within 2 years RMB'000	More than 2 years and within 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying Amount RMB'000
At 31 December 2023					
Non-derivative financial liabilities:					
Trade and bills payables	215,509	–	–	215,509	215,509
Accruals and other payables	8,431	–	–	8,431	8,431
Amounts due to associates	555	–	–	555	555
Bank borrowings					
– fixed rate	29,214	–	–	29,214	28,000
– variable rate	68,851	33,743	19,665	122,259	116,994
Other borrowing					
– fixed rate	12,246	–	–	12,246	11,555
Lease liabilities	1,963	2,787	–	4,750	3,847
	336,769	36,530	19,665	392,964	384,891

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

36. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk (Continued)

The amounts included above for variable interest rate bank borrowings are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

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

The following table provides an analysis of financial instruments that are measured at fair value at the end of each reporting period for recurring measurement, grouped into Level 1 to 3 based on degree to which the fair value is observable in accordance to the Group's accounting policy.

	31 December	
	2024	2023
	Level 3	Level 3
	RMB'000	RMB'000
Financial assets at FVTPL		
Listed equity security	**1,230**	1,209
Financial assets at FVTOCI		
Unlisted equity securities	**5,300**	9,628

There were no transfers of fair value measurements between level 1 and 2 of fair value hierarchy and no transfers into or out of level 3 for financial assets in the current and prior years.

The directors of the Company consider the fair values of other financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their carrying amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

36. FINANCIAL INSTRUMENTS (Continued)

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

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

Financial instruments	Fair value as at 2024 RMB'000	Fair value as at 2023 RMB'000	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of key inputs and significant unobservable inputs to fair value
Listed equity security at FVTPL (Note)	**1,230**	1,209	Level 3	Market approach - by applying market multiples from comparable companies adjusted by marketability discount	(i) Enterprise value ("EV")-to-earnings before interest, taxation, depreciation and amortisation ("EBITDA") ratio of 13.6 (2023: 15.8); and (ii) Marketability discount of 20.4% (2023: 20.5%)	(i) The higher the EV-to- EBITDA ratio, the higher the fair value (ii) The higher of marketability discount, the lower the fair value
Unlisted equity securities at FVTOCI	**5,300**	9,628	Level 3	Market approach – by applying market multiples from comparable companies adjusted by marketability discount	(i) Price-to-book ratio ranges from 0.35 to 0.45 (2023: 0.31 to 0.38); and (ii) Marketability discount of 20.4% (2023: 20.5%)	(i) The higher the price-to- book ratio, the higher the fair value. (ii) The higher of marketability discount, the lower the fair value.

Note: The listed security do not have active market transactions in both years and the Group adopted market approach to estimate its fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

36. FINANCIAL INSTRUMENTS (Continued)

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

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to unobservable inputs at the end of the reporting period. For sensitivity analysis purpose, the sensitivity rate is increased to 10% (2023: 10%) in current year as a result of the volatile financial market.

For the year ended 31 December 2024, if the unobservable inputs of the listed equity instrument had been 10% (2023: 10%) higher/lower, loss for the year would decrease/increase by approximately RMB92,000 (2023: loss for the year would decrease/increase by approximately RMB91,000) while total equity would increase/decrease by approximately RMB92,000 (2023: RMB91,000) as a result of the changes in fair value of financial assets at FVTPL.

For the year ended 31 December 2024, if the unobservable inputs of the respective unlisted equity instrument had been 10% (2023: 10%) higher/lower, investment revaluation reserve would decrease/increase by approximately RMB443,000 (2023: investment revaluation reserve would decrease/increase by approximately RMB804,000) while total equity would increase/decrease by approximately RMB443,000 (2023: RMB804,000) as a result of the changes in fair value of financial assets at FVTOCI.

Reconciliation of Level 3 fair value measurements of financial assets on recurring basis are as follows:

	Listed equity security RMB'000	**Unlisted equity securities** RMB'000
At 1 January 2023	2,834	20,621
Changes in fair value through profit or loss	(1,625)	–
Changes in fair value through other comprehensive income	–	(10,993)
At 31 December 2023 and 1 January 2024	1,209	9,628
Changes in fair value through profit or loss	21	–
Changes in fair value through other comprehensive income	–	(4,328)
At 31 December 2024	1,230	5,300

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For the year ended 31 December 2024

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	Bank and other borrowing RMB'000	**Amount due to associate** RMB'000	**Lease liabilities** RMB'000	**Total** RMB'000
As at 1 January 2023	164,583	458	–	165,041
Financing cash (outflows) inflows	(16,771)	97	–	(16,674)
Non-cash changes additions	–	–	3,769	3,769
Interest charge	8,737	–	78	8,815
As at 31 December 2023	156,549	555	3,847	160,951
Financing cash inflows (outflows)	44,707	(100)	(1,970)	51,149
Interest charge	8,512	–	86	86
As at 31 December 2024	209,768	455	1,963	212,186

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For the year ended 31 December 2024

38. DISPOSAL OF A SUBSIDIARY

On 16 May 2024, the Group entered into a sale and purchase agreement with an independent third party, pursuant to which the Group agreed to sell its entire equity interest in its wholly-owned subsidiary, Zhuhai Libo New Energy Technology Co., Ltd. ("Zhuhai Libo") * (珠海市利鉑新能源科技有限公司) at a cash consideration of RMB30,100,000. Its principal activity was property holding and it held industrial buildings in the PRC. The Group lost its control over Zhuhai Libo, and Zhuhai Libo ceased to be the subsidiary of the Group after the completion of abovementioned disposal on 9 July 2024. The net assets of the Zhuhai Libo at the date of disposal and the impact on the cash flows in the current year were as follows:

	9 July 2024
Analysis of assets and liabilities over which control was lost:	RMB'000
Property, plant and equipment, at carrying amount	1,456
Other receivables and prepayments	66
Bank balances and cash	54
Other payables and accruals	(2)
Net assets disposed of	1,574
Gain on disposal of a subsidiary:	
Consideration received	30,100
Net assets disposed of	(1,574)
Gain on disposal	28,526
Net cash inflow arising on disposal:	
Cash consideration	30,100
Less: bank balances and cash disposed of	(54)
	30,046

Details are set out in the announcement of the Company dated 16 May 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

39. CAPITAL COMMITMENTS

	2024	2023
	RMB'000	RMB'000
Capital expenditures contracted for but not provided in the consolidated financial statements in respect of:		
– Establishment of associates	**5,250**	9,170

40. RETIREMENT BENEFITS SCHEMES

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

The amount of contributions made by the Group in respect of the Schemes during the years ended 31 December 2024 and 2023 are set in notes 11 and 12 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

41. SHARE OPTIONS SCHEME

Share Option Scheme adopted on 18 December 2020 (the "New Share Option Scheme")

Pursuant to a written resolution passed by the shareholders of the Company on 18 December 2020, the Company has adopted a new Share Option Scheme (the "New Share Option Scheme") for a period of 10 years commencing on 18 December 2020, the Board of the Company may, at its discretion, grant share options to any individual being an employee, executive or officer or director (including executive, non-executive and independent non-executive director) of the Company or any of the subsidiaries and any supplier, customer, consultant, agent and adviser who, in the sole opinion of the Board, will contribute or have contributed to the Group, at a consideration of HK$1 on acceptance of the option offer. The subscription of shares in the Company is subject to the terms and conditions as stipulated in the New Share Option Scheme.

The limit on the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme must not exceed 30% of the number of the issued shares from time to time.

At 31 December 2024, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 26,950,000 shares (2023: 54,040,000 shares), representing 1.8% (2023: 3.6%) of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

Consideration of HK$1 is payable on the grant of an option. Options may be exercised at any time from 1 June 2022 to 31 December 2025. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

41. SHARE OPTIONS SCHEME (Continued)

Share Option Scheme adopted on 18 December 2020 (the "New Share Option Scheme") (Continued)

Details of specific categories of share options are as follows:

Date of grant	Vesting	Exercise period	Exercise price
15 July 2022	31 December 2022	15 July 2023 to 14 July 2024	HK$0.343
	31 December 2023	15 July 2024 to 14 July 2025	HK$0.343
23 July 2021	31 December 2021	1 June 2022 to 31 December 2023	HK$0.445
	31 December 2022	1 June 2023 to 31 December 2024	HK$0.445
	31 December 2023	1 June 2024 to 31 December 2025	HK$0.445

The following table discloses movements of the Company's share options held by employees and directors during the year:

Grantees	Outstanding at 1/1/2024	Forfeited during the year	Outstanding at 31/12/2024
Employees	53,240,000	(26,690,000)	26,550,000
Directors	800,000	(400,000)	400,000
Total	54,040,000	(27,090,000)	26,950,000
Exercisable at the end of the year		–	26,950,000
Weighted average exercise price	HK$0.388	HK$0.388	HK$0.390

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

41. SHARE OPTIONS SCHEME (Continued)

Share Option Scheme adopted on 18 December 2020 (the "New Share Option Scheme") (Continued)

Grantees	Outstanding at 1/1/2023	Forfeited during the year	Outstanding at 31/12/2023
Employees	65,720,000	(12,480,000)	53,240,000
Directors	1,200,000	(400,000)	800,000
Total	66,920,000	(12,880,000)	54,040,000
Exercisable at the end of the year			54,040,000
Weighted average exercise price	HK$0.399	HK$0.445	HK$0.388

On 23 July 2021, the Group granted 37,980,000 share options to certain employees and directors of the Group under New Share Option Scheme. The estimated fair values of the options granted ranging from HK$0.1069 to HK$0.1571.

On 15 July 2022, the Group granted 30,200,000 share options to certain employees of the Group under New Share Option Scheme. The estimated fair values of the options granted ranging from HK$0.06 to HK$0.08.

The Group recognised the total expense of approximately RMB2,573,000 for the year ended 31 December 2023 (2024: nil) in relation to share options granted by the Company.

No share options were granted by the Company during the years ended 31 December 2024 and 2023. No share options were exercised for the years ended 31 December 2024 and 2023.

During the year ended 31 December 2024, 27,090,000 (2023: 12,880,000) share options were forfeited after the vesting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

42. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in these consolidated financial statements, during the year, the Group had the following material transactions with related parties:

(a) During the year, the Group entered into the following transactions with related parties:

(i) Sales of charging equipment for electric vehicles to the associates, of approximately RMB1,682,000 (2023: RMB2,736,000) for the year ended 31 December 2024, on terms mutually agreed with the parties, which were reference to prevailing market prices under the sales agreement.

(b) Compensation to key management personnel

The remuneration of directors of the Company during the year was as follows:

	2024 **RMB'000**	2023 RMB'000
Short-term benefits	**1,889**	2,390

The remuneration of directors of the Company is determined by the Board of the Company having regard to the performance of individuals and market trends.

Details of the remuneration of directors of the Company are set out in note 12.

(c) Guarantees from directors of the Company

Certain banking facilities (2023: bank facilities and other borrowings) of the Group were guaranteed by Mr. Li Xin Qing and Mr. An Wei (2023: Mr. Li Xin Qing and Mr. An Wei), directors of the Company:

	2024 **RMB'000**	2023 RMB'000
To the extent of	**298,000**	246,500

Details of the bank and other borrowings of the Group are set out in note 30.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

43. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2024 RMB'000	2023 RMB'000
Non-current asset			
Investment in a subsidiary		**1**	1
Current assets			
Amounts due from subsidiaries	(a)	**442,311**	445,814
Bank balances and cash		**291**	278
		442,602	446,092
Current liability			
Accruals and other payables		**211**	976
Net current assets		**442,391**	445,116
		442,392	445,117
Capital and reserves			
Share capital		**13,093**	13,093
Reserves	(b)	**429,299**	432,024
		442,392	445,117

Notes:

(a) The amounts are unsecured, non-interesting bearing and repayable on demand.

(b) Reserves

	Share premium RMB'000	Share option reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2023	325,141	3,177	(61,471)	266,847
Issue of shares	165,189	–	–	165,189
Recognition of equity-settled share-based payment expenses	–	2,573	–	2,573
Forfeiture of share options	–	(28)	28	–
Loss and total comprehensive expense for the year	–	–	(2,585)	(2,585)
At 31 December 2023 and 1 January 2024	490,330	5,722	(64,028)	432,024
Forfeiture of share options	–	(2,485)	2,485	–
Loss and total comprehensive expenses for the year	–	–	(2,725)	(2,725)
At 31 December 2024	490,330	3,237	(64,268)	429,299

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For the year ended 31 December 2024

44. PRINCIPAL SUBSIDIARIES OF THE COMPANY

At the end of the reporting period, the Company has the following principal subsidiaries, all of which adopted a same financial year end date of 31 December:

Name of subsidiary	Place of establishment and operation	Class of shares held	Issued and fully paid share capital		Percentage of equity interest and voting power attributable to the Company				Principal activities
			2024	2023	**2024 Direct**	2024 Indirect	**2023 Direct**	2023 Indirect	
Titans Power Electronics Group Co., Ltd.* *(note ii)*	The PRC	Contributed	**RMB250,000,000**	RMB250,000,000	**–**	100%	**–**	100%	Research, development, manufacture and sales of wind and solar power generation balancing control products, charging equipment for electrical vehicles and power grid monitoring and management products
Zhuhai Titans New Energy Systems Co., Ltd.* 珠海泰坦新能源系統有限公司 *(note ii)*	The PRC	Contributed	**RMB3,000,000**	RMB3,000,000	**–**	100%	**–**	100%	Research, development, manufacture and sales of electrical power generation balancing control and other products
Zhuhai Yilian *(note ii)*	The PRC	Contributed	**RMB10,000,000**	RMB10,000,000	**–**	100%	**–**	100%	Sales and leases of electric vehicles and provision of charging services
Zhuhai Titans Technology Co., Ltd.* *(note ii)*	The PRC	Contributed	**RMB200,000,000**	RMB200,000,000	**–**	100%	**–**	100%	Research, development, manufacture and sales of electrical direct current products
Shaoguan Yilian *(note ii)*	The PRC	Contributed	**RMB10,000,000**	RMB10,000,000	**–**	100%	**–**	100%	Sales and leases of electric vehicles; and provision of charging services
Hebei Jidong Titans Technology Co., Ltd.* ("Hebei Jidong") 河北冀东泰坦科技有限公司 *(notes ii and iii)*	The PRC	Contributed	**RMB10,000,000**	RMB10,000,000	**–**	50%	**–**	50%	Design, manufacture and sales of charging equipments for electric vehicles
Shandong Huidian Co., Ltd.* ("Shandong Huidian") *(notes ii)*	The PRC	Contributed	**RMB33,333,000**	RMB33,333,000	**–**	60%	**–**	60%	Design, manufacture and sales of charging equipments
Hebei Titans New Energy Development Group Co., Ltd.* 河北泰坦新能源發展集團有限公司 *(notes ii)*	The PRC	Contributed	**HKD260,000,000**	HKD260,000,000	**–**	100%	**–**	100%	Investment holding and provision of charging services
Tangshan Yilian New Energy Co., Ltd.* 唐山驛聯新能源科技有限公司 *(notes ii)*	The PRC	Contributed	**RMB150,000,000**	RMB150,000,000	**–**	100%	**–**	100%	Provision of charging services

Notes:

(ii) These entities are domestic enterprises.

(iii) According to the memorandum of association, the Group has the ability to appoint three out of five directors to the board of directors of Hebei Jidong and holds the casting vote for the decision in the shareholders' meeting. This grants the Group the authority to control Hebei Jidong. As a result, Hebei Jidong has been accounted for as a subsidiary of the Group.

* English name is for identification purpose only

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For the year ended 31 December 2024

44. PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excess length.

At the end of the reporting period, the Group has other subsidiaries that are not individually material to the Group. The principal activities of these subsidiaries are sales of charging equipment of electric vehicles and investment holding. A summary of these subsidiaries are set out as follows:

Principal activity	Principal place of business	Number of subsidiaries 2024	2023
Sales of charging equipment for electric vehicles	– The PRC	**3**	3
Sales and leases of electric vehicles and provision of charging services	– The PRC	**1**	1
Investment holding	– Hong Kong	**2**	2
	– BVI	**1**	1
	– The PRC	**1**	2
Inactive	– The PRC	**13**	10
		21	19

None of the subsidiaries had issued any debt securities subsisting at the end of both years or at any time during both years.

The table below shows details of non-wholly owned subsidiary of the Group that has non-controlling interests that are material to the Group:

Name of subsidiary	Place of incorporation/ establishment and principal place of business	Proportion of ownership interest and voting power held by non-controlling interests		Loss attributable to non-controlling interests		Accumulated non-controlling interests	
		2024	2023	**2024**	2023	**2024**	2023
		%	%	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Shandong Huidian	The PRC	**40**	40	**(365)**	(1,926)	**5,503**	5,868

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44. PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

The summarised financial information in respect of a non-wholly owned subsidiary of the Group that has non-controlling interests that are material to the Group before intergroup eliminations:

Shandong Huidian

	2024	2023
	RMB'000	RMB'000
Non-current assets	**4,661**	4,934
Current assets	**9,437**	10,078
Current liabilities	**(340)**	(341)
Equity attributable to owners of the Company	**8,255**	8,803
Non-controlling interests	**5,503**	5,868

	2024	2023
	RMB'000	RMB'000
Revenue	**6**	13
Expenses	**(919)**	(4,828)
Loss and total comprehensive expense for the year	**(913)**	(4,815)
Loss attributable to owners of the Company	**(548)**	(2,889)
Loss attributable to non-controlling interests	**(365)**	(1,926)
Loss for the year	**(913)**	(4,815)
Net cash outflows from operating activities	**(505)**	(138)
Net cash inflows from investing activities	**5**	4
Net cash outflows	**(500)**	(134)