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China Titans Energy Technology Group Co., Limited

中國泰坦能源技術集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2188)

**DISCLOSEABLE TRANSACTION
DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY**

Reference is made to the announcement of the Company dated 26 April 2024 in relation to the potential disposal of the Equity Interest.

The Board hereby announces that on 7 May 2024, the Company was notified by the Auction Agent that the Purchaser, who had offered the final bid price of RMB30.1 million (equivalent to approximately HK\$33.1 million) during the Auction, was the successful bidder for Auction for the Equity Interest.

After trading hours on 16 May 2024, Titans Technology (as vendor) entered into the Equity Transfer Agreement with the Purchaser and the Auction Agent, pursuant to which Titans Technology conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the entire Equity Interest in Zhuhai Libo 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).

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

LISTING RULES IMPLICATIONS

As one or more applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Disposal exceed(s) 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction of the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Completion of the Disposal is subject to the completion of the matters as set out in The Equity Transfer Agreement. As such, the Disposal may or may not proceed. Shareholders and potential investors shall exercise caution when dealing in the securities of the Company.

THE DISPOSAL

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THE EQUITY TRANSFER AGREEMENT

Principal terms of the Equity Transfer Agreement are summarised below:

- Date:** 16 May 2024 (after trading hours)
- Parties:**
- (1) Titans Technology (as vendor), an indirect wholly-owned subsidiary of the Company;
 - (2) the Purchaser; and
 - (3) the Auction Agent.

Subject matter: The entire equity interests in Zhuhai Libo which is indirectly held by the Company as at the date of this announcement.

Consideration: RMB30.1 million (equivalent to approximately HK\$33.1 million), representing the exact amount of the final bid price offered by the Purchaser during the Auction.

Payment: *Deposit:*

An amount of RMB10 million, being the security deposit to the Auction Agent prior to the Auction, shall be applied towards the settlement of the Consideration.

Within three days from the date of Equity Transfer Agreement, 20% of the Consideration, being RMB6.02 million, shall be paid to Titans Technology from the designated bank account jointly held by Titans Technology, the Purchaser and the Auction Agent (the “**Joint Account**”).

Remaining balance of the Consideration:

Within 10 days from the date of Equity Transfer Agreement, the Purchaser shall further deposit the remaining amount of the Consideration to the Joint Account. The final payment of Consideration (representing 80% of the total Consideration) shall be payable to Titans Technology when the relevant receipt for consent to change of corporate shareholder registrations in Zhuhai Libo is issued by Zhuhai Market Supervision Management Bureau.

The Purchaser shall settle the Consideration according to the payment schedule stipulated in the Equity Transfer Agreement. If the Purchaser fails to pay the Consideration to the aforementioned Joint Account, the Purchaser shall compensate to Titans Technology 0.015% of the Consideration per day.

Matters to be completed prior to the completion of the Equity Transfer Agreement:

Titans Technology shall submit the documents (including but not limited to Zhuhai Libo's license, official seal, finance seal and the ownership documents of the Properties within three days after receiving the first transfer payment (i.e. payment in the amount of RMB6.02 million) to the Auction Agent or a law firm agreed by Titans Technology and the Purchaser (the "**Supervision**"). During the period of Supervision, the aforementioned documents shall only be used for the registration of changes in shareholding of Zhuhai Libo and the ordinary business operation of Zhuhai Libo.

Titans Technology and the Purchaser agreed that the date when the equity change taking effect shall be regarded as the "completion date" for parties to ascertain and assume the creditors' rights and debts of Zhuhai Libo. All claims, debts and contingent liabilities of Zhuhai Libo and legal liabilities prior to the completion date shall be borne by Titans Technology, regardless of whether Titans Technology has disclosed it and/or when the Purchaser becomes aware of it. Claims and debts subsequent to the completion date shall be borne by the Purchaser.

Cost:

Titans Technology and the Purchaser agreed that the cost and fees arising from the Equity Transfer Agreement, including but not limited to intermediary service fees, and tax and registration fees payable by party pursuant to the prevailing requirements in the PRC.

Mortgage loan:

The mortgage loan of approximately RMB50,000,000 shall be repaid by Titans Technology to the bank before the registration of change of shareholders of Zhuhai Libo. The parties agreed that within 120 days from the date of the Equity Transfer Agreement, Titans Technology 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. If Titans Technology fails to repay the above-mentioned mortgage loan within the said 120-day period, the Purchaser shall be compensated for its losses at the rate of 0.015% of the total Consideration per day.

Lease:

Prior to completion of the Transfer, Titans Technology shall assist the Purchaser to handle the subsisting lease agreement under Zhuhai Libo. The Purchaser agreed to maintain the original lease agreement with the original tenant unchanged, but for tenants who have reached the end of the lease term, the Purchaser will have the liberty to decide whether to continue the lease at his own discretion. The Purchaser also agreed that Titans Technology will continue to use the Properties on a lease basis until the end of 2024.

Employees:

Titans Technology shall also be responsible for resolving the placement and compensation issues of all employees of Zhuhai Libo, and bear all costs incurred.

Representation and responsibilities by Titans Technology on Zhuhai Libo's debts and liabilities:

Titans Technology undertakes that the equity interest of Zhuhai Libo was legally obtained and it has the right to dispose of in accordance with the law. Save for the mortgage loan as described above, there is no other pledge and other forms of guarantee established, and it has not made any contracts, arrangements or commitments on the equity interest that may be exercised subsequent to the completion of the transfer.

Titans Technology also undertakes that the ownership of the Properties is legal, clear, and undisputed. Prior to the completion of the transfer, all information such as the operating status, asset status, financial status, tax status, and litigation of Zhuhai Libo has been fully, truly, and completely disclosed to the Purchaser, and undertakes that all such information is true and complete. If hidden debts and contingent liabilities are created as a result of the false undertaking, Titans Technology shall bear all the responsibilities arising from loss to the Purchaser.

**Completion of the transfer
of the rights of the Equity
Interest:**

Titans Technology, the Purchaser and the Auction Agent shall strive to complete the transaction (i.e., registration of change of shareholding of Zhuhai Libo) within 90 days from the date of Equity Transfer Agreement. In the event that the Purchaser is of the view that the timing can be shortened, the transaction shall be completed as required by the Purchaser. On the other hand, if extension is required, the Purchaser shall conduct friendly negotiations with Titans Technology and enter into a supplementary agreements in advance.

The Purchaser and Titans Technology agreed and confirmed that the date of completion of transfer shall be the date where the shareholding of Zhuhai Libo registered under the Purchaser's name. Upon completion, Titans Technology shall hand over to the Purchaser seals, legal documents, certificates, financial account books that should be kept in accordance with the law. That said, Zhuhai Libo's bank deposits, cash, office equipment, scientific research projects, inventory, transportation vehicles, etc. are excluded from the Disposal and these assets shall be returned to Titans Technology. The Disposal shall be confined to the Properties.

Liquidated damages:

If Titans Technology or Zhuhai Libo is unable to complete the transfer and change registration of Zhuhai Libo to the Purchaser due to failure to observe its representations under the Equity Transfer Agreement, Titans Technology shall return to the Purchaser double amount of the deposit paid by the Purchaser (i.e., in the amount of RMB12.04 million). If the failure to completion is caused by the Purchaser, the deposit paid by the Purchaser shall be forfeited by Titans Technology.

BASIS OF THE CONSIDERATION

As disclosed above, the consideration of RMB30.1 million, representing the exact amount of the final bid price offered by the Purchaser during the Auction. The Reserve Price of RMB28 million was determined with reference to, amongst others, the total assets of Zhuhai Libo at the value of RMB27,013,379.13 as at 20 March 2024. 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.

Valuation approaches and principal assumptions adopted in the Valuation Report***General***

Valuation approach usually includes market approach, income approach, cost approach, and hypothesis development approach, etc., it was considered by the Independent Valuer that:

1. Market approach was considered not appropriate as there were no sufficient samples of property for comparison with the Properties in the surrounding area; and
2. Hypothesis development approach was considered not appropriate as the Properties have been built and is in use.

The Independent Valuer considered that as the replacement cost and building depreciation of the Properties can be measured, the cost approach can be used; and for income approach, as the Properties can also be rented out, so the income approach can also be used. Therefore, the Independent Valuer adopted the cost approach and income approach (combined) for the valuation.

According to the Valuation Report, the cost approach and income approach (combined) have been adopted by the Independent Valuer to appraise the value of the Properties.

Approaches

A. Cost Approach

The cost approach is an approach of measuring the replacement cost or reconstruction cost and depreciation of the valuation object at the time of valuation, and subtracting depreciation from the replacement cost or reconstruction cost to obtain the value of the Properties. The formula of the cost approach is: value of the real estate = replacement cost or reconstruction cost and depreciation.

And amongst others, the replacement cost and reconstruction cost are collectively referred to as the re-acquisition and construction price, which refers to the necessary expenditures for the Properties to reach new condition, or necessary expenditures and due profits for redevelopment and construction of the Properties in a new condition. Depreciation refers to the impairment of the value of the Properties caused by various reasons, and its amount is the difference between the re-purchase and construction price of the valuation object at the time of valuation and the market value at the time of valuation.

The component under cost approach includes:

1. Land Price: Base land price \times valuation date adjustment co-efficient \times (1+area factor adjustment co-efficient) \times land period adjustment co-efficient \times floor area ratio adjustment co-efficient \times other factors adjustment co-efficient \pm level of development adjustment.
2. Land Acquisition Cost: $P = E_a + E_d + T + R1 + R2 + R3 = PE + R3$, whereas

P denotes Land price

E_a denotes Land acquisition cost

E_d denotes Land development cost

T denotes Tax

R1 denotes Interest

R2 denotes Profit

R3 denotes Land appreciation

PE denotes Land cost

3. Building cost estimate: Construction cost + Professional fee + Management fee + Selling expenses + Investment interest + Sale tax + Development profit, factored by Depreciation rate.

B. Income Approach

The income approach is an approach that predicts the future income of the Properties and uses the rate of return or capitalization rate and the income multiplier to convert future income into value to obtain the value-based price of the Properties. In particular, the valuation adopted the remuneration capitalization approach to predict the net income of the Properties, selects an appropriate rate of return to discount it to the value reference date, and then adds it up to obtain the valuation of the Properties.

The basic formula of income approach

The calculation formula of the income method: $V = [a / (r - s)] \times \{ 1 - [(1 + s) / (1 + r)]^n \}$

Among them:

V – appraised value of the Properties

a – annual normal net income

r – rate of return

s – annual income growth rate

n – remaining usable or income - generating years of the Properties

Based on the above, under cost approach, the valuation for the two buildings in the Properties is RMB3,234 per sqm and RMB3,164 per sqm respectively, while under income approach, the valuation for the two buildings in the Properties is RMB4,480 per sqm and RMB3,800 per sqm respectively. In view of the current scarcity of available industrial land in the surrounding area, as a result from Zhuhai City intensifying its efforts to promote industrial upgrading, the demand for industrial buildings will continue to expand in the future, the Independent Valuer is of the view that income approach can better reflects the actual market value of the Properties, while the cost method is difficult to reflect the investment value-added income of the factory building. Based on the prudence principle, the Independent Valuer evaluation adopted the weighted average of the two methods as the final valuation result. The weight of the income approach is 80% and the weight of the cost approach is 20%.

Principal assumptions of the valuation

1. The Company is responsible for the authenticity and reliability of the information and various data provided.
2. Relevant data such as the building area and land area of the subject of valuation are based on the information provided by the Company. The Independent Valuer has not conducted professional measurements of the building area, land area, etc., while on-site inspections on the building area, land area, etc conducted by the Independent Valuer shows approximately equivalent to the data stated on the title certificate and there is no reason to suspect that the data stated on the title certificate are inconsistent with the actual data.
3. The Independent Valuer has paid attention to the safety of the Properties, environmental pollution and other important factors that affect the value of the Properties. The Independent Valuer has only made a general survey of the building structure of the Properties and has not conducted structural testing on it.
4. The real estate market at the time of valuation of the Properties is an open, equal, and voluntary transaction market.
5. The Properties should have the right of passage to public parts and the right to use public facilities such as water and electricity.
6. The on-site assessed value does not take into account any restrictions such as mortgages, guarantees, taxes payable, debts or legal disputes that are unknown at the time of the valuation date.

Relevant valuation standards used in valuation:

1. “Real Estate Valuation Standards” (GB/T 50291-2015); and
2. “Basic Terminology Standards for Real Estate Valuation” (GB/T 50899-2013).

INFORMATION ON THE GROUP AND ZHUHAI LIBO

The Company is a company incorporated in the Cayman Islands with limited liability and the issued Shares of which have been listed on the Main Board of the Stock Exchange. 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 (iv) construction services of charging poles for electric vehicles under Build-Operate-Transfer (BOT) arrangements.

Zhuhai Libo is a limited liability company established under the laws of the PRC on 20 December 2023 with a registered capital of RMB1,000,000, and its entire equity interest is held by Titans Technology. The principal asset of Zhuhai Libo is the holding of the Properties.

INFORMATION ON THE PURCHASERS

The Purchaser, namely Chen Wenjia (陳文加), is a PRC national. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser is an Independent Third Party.

FINANCIAL INFORMATION ON ZHUHAI LIBO

Set out below is the unaudited financial information of Zhuhai Libo extracted from its unaudited accounts prepared in accordance with the generally accepted accounting principles of the PRC for the four months ended 30 April 2024:

	For the four months ended 30 April 2024 RMB'000
Net loss before tax	47.53
Net loss after tax	47.53

The unaudited net asset value of Zhuhai Libo as at 30 April 2024 was approximately RMB27,612,471 (equivalent to approximately HK\$30,344,042).

FINANCIAL EFFECTS OF THE DISPOSAL

Assuming the carrying value of the Properties (with reference to the Group's consolidated financial statement as at 31 December 2023) is RMB1,455,717, it is expected that the Group would record an unaudited pre-tax gain of approximately RMB28.64 million upon completion of the Disposal. In any event, the actual gain or loss as a result of the Disposal to be recorded by the Group is to be determined as at completion of the Disposal and subject to audit and/or review by the Company's auditors.

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

REASONS FOR AND BENEFITS OF THE DISPOSAL

Zhuhai Libo is a holding company holding the Properties. 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 will 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 cashflow of the Company and therefore provide flexibility to the Company in identifying and participating in other investment should any suitable opportunity arise.

Having taken into account the above reasons for the Disposal and the fact that the Disposal would be conducted through the Auction, the Directors consider that the terms of the Equity Transfer Agreement (including but not limited to the Consideration) and the transactions contemplated thereunder (including the Disposal) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As one or more applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceed(s) 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction of the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Completion of the Disposal is subject to the completion of the matters as set out in the Equity Transfer Agreement. As such, the Disposal may or may not proceed. Shareholders and potential investors shall exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless otherwise indicated in the context, the following terms shall have the meanings set out below:

“Auction”	the auction arranged by the Auction Agent and held at 10:30 am on 7 May 2024 at the Conference Room, 3rd Floor, Zhuhai 2000 Hotel, No.121 Renmin East Road, Xiangzhou District, Zhuhai, Guangdong Province, the PRC
“Auction Agent”	珠海市金得拍賣有限公司 Zhuhai Jinde Auction Co., Ltd., a company incorporated in the PRC and an auctioneer in the PRC
“Board”	the board of directors of the Company
“Company”	China Titans Energy Technology Group Co., Ltd. (中國泰坦能源技術集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange (stock code: 2188)
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Consideration”	RMB30.1 million, being the consideration for the transfer of the Equity Interest pursuant to the Equity Transfer Agreement

“Disposal”	the disposal of the Equity Interest by the Company to the Purchaser pursuant to the Equity Transfer Agreement
“Equity Interest”	the entire equity interests in Zhuhai Libo indirectly held by the Company as at the date of this announcement
“Equity Transfer Agreement”	the equity transfer agreement dated 16 May 2024 entered into amongst Titans Technology, the Purchaser and the Auction Agent in relation to the Disposal
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	persons(s) or company(ies) which is/are third party(ies) independent of and not connected with the Company and its connected person(s)
“Independent Valuer”	Guangdong Renhe Land Real Estate and Assets Evaluation Co., Ltd
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	Chen Wenjia (陳文加), a PRC national
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Taiwan and Macau Special Administrative Region
“Properties”	two industrial buildings situated at 60 Shihua Road West, Zhuhai City, Guangdong Province, the PRC, which is currently occupied by the Group
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Titans Technology”	Zhuhai Titans Technology Co., Ltd., a company established under the laws of the PRC and a wholly-owned subsidiary of the Company
“subsidiary”	has the meanings ascribed to it under the Listing Rules
“Valuation Report”	the valuation report in respect of the valuation of the Properties as of 8 January 2024 issued by the Independent Valuer
“Zhuhai Libo”	珠海市利鉞新能源科技有限公司 (Zhuhai Libo New Energy Technology Co., Ltd.)*, a limited liability company established under the laws of the PRC on 20 December 2023 and its entire equity interests were owned by Titans Technology as at the date of this announcement, and the Company’s indirect wholly-owned subsidiary
“%”	per cent.

By Order of the Board
China Titans Energy Technology Group Co., Ltd.
Gao Xia
Chairman

Hong Kong, 16 May 2024

* *For identification purpose only*

As at the date of this announcement, the directors of the Company are:

Executive Directors:

Mr. Gao Xia (*Chairman*)

Mr. Li Xin Qing

Mr. Bi Jingfeng

Mr. An Wei (*Chief Executive Officer*)

Non-executive Director:

Mr. Jiang Wenqi

Independent non-executive Directors:

Ms. Jiang Yan

Mr. Liu Wei

Mr. Li Xiang Feng