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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

ACQUISITION OF THE REMAINING 65% OF EQUITY INTEREST IN A PRC COMPANY

On 16 April 2012, the Target Company was jointly set up by Zhuhai Titans, Henan Zhongfen, Mr. Tao and Mr. Zhao. The Target Company engages in the research and development of equipment and software in the field of intellectual power grid, power electronics and automatic control industry, technology transfer, consultation and technical service, as well as trading business of power equipment and technologies which are not prohibited under the laws of the PRC. The shareholding of the Target Company is 35% as to Zhuhai Titans, 30% as to Henan Zhongfen, and 17.5% each as to Mr. Tao and Mr. Zhao. Though Zhuhai Titans owned 35% of the Target Company, as Zhuhai Titans controls the board of directors of the Target Company, the Target Company is regarded as being under the control of the Group and therefore is a non-wholly owned subsidiary of the Company.

Subsequently, Henan Zhongfen, Mr. Tao and Mr. Zhao intended to sell their interests in the Target Company, and the Company considers the Acquisition a good investment after taking into account of the Group's development and surrounding operating environment, therefore on 16 August 2013, Zhuhai Titans entered into Share Transfer Agreements with each of Henan Zhongfen, Mr. Tao and Mr. Zhao.

As at least one of the applicable Percentage Ratios for the Acquisition under the Share Transfer Agreements is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules, and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the Group has established the Target Company on 16 April 2012 with the same parties and the subject matter concerns the same company, the transactions in relation to the establishment of the Target Company and the Share Transfer Agreements shall be aggregated and be treated as a single transaction pursuant to Rule 14.22 of the Listing Rules. After such aggregation, at least one of the applicable Percentage Ratios of the transactions contemplated exceed 5% but are less than 25%, the transactions contemplated under the Share Transfer Agreements are subject to reporting and announcement requirements, but are exempt from independent shareholders' approval requirement, under Chapter 14 of the Listing Rules.

BACKGROUND

On 16 April 2012, the Target Company was jointly set up by Zhuhai Titans, Henan Zhongfen, Mr. Tao and Mr. Zhao. The Target Company engages in the research and development of equipment and software in the field of intellectual power grid, power electronics and automatic control industry, technology transfer, consultation and technical service, as well as trading business of power equipment and technologies which are not prohibited under the laws of the PRC. The shareholding of the Target Company is 35% as to Zhuhai Titans, 30% as to Henan Zhongfen, and 17.5% each as to Mr. Tao and Mr. Zhao. Though Zhuhai Titans owned 35% of the Target Company, as Zhuhai Titans controls the board of directors of the Target Company, the Target Company is regarded as being under the control of the Group and therefore is a non-wholly owned subsidiary of the Company.

Subsequently, Henan Zhongfen, Mr. Tao and Mr. Zhao informed the Group that they intended to dispose of their interests in the Target Company, and the Company considers the Acquisition as a good investment after taking into account of the Group's development and surrounding operating environment, therefore on 16 August 2013, Zhuhai Titans entered into Share Transfer Agreements with each of Henan Zhongfen, Mr. Tao and Mr. Zhao with details as follow:

THE SHARE TRANSFER AGREEMENTS

Share Transfer Agreement I

1. Date and Parties

Date: 16 August 2013

Vendor: Henan Zhongfen

Purchaser: Zhuhai Titans

2. Interest to be acquired under the Share Transfer Agreement I

The registered capital of the Target Company is RMB30,000,000 (equivalent to HK\$38,100,000), of which RMB9,000,000 (equivalent to approximately HK\$11,430,000) was subscribed by Henan Zhongfen at the time of the formation of the Target Company, and which represents 30% equity interest in the Target Company. As at the date of the Share Transfer Agreement I, Henan Zhongfen has fully paid up its capital commitment in the Target Company in the amount of RMB9,000,000 (equivalent to approximately HK\$11,430,000).

Pursuant to the Share Transfer Agreement I, Henan Zhongfen agreed to sell and Zhuhai Titans agreed to acquire 30% equity interest in the Target Company.

3. Consideration and Payment Terms

Pursuant to the Share Transfer Agreement I, the consideration of RMB9,000,000 (equivalent to approximately HK\$11,430,000) for the Acquisition Interest I shall be paid by Zhuhai Titans to Henan Zhongfen in full to the bank account designated by Henan Zhongfen before 30 August 2013.

The consideration under the Share Transfer Agreement I was arrived at after arm's length negotiations between Zhuhai Titans and Henan Zhongfen on normal commercial terms with reference to the unaudited net assets value of the Target Company of approximately RMB30,389,000 (equivalent to approximately HK\$38,594,000) as at 30 June 2013 and the general market conditions in the PRC. The consideration would be satisfied by the Group's internal resources. Henan Zhongfen also agreed to procure the director whom they appointed to the Target Company to resign upon the full payment by Zhuhai Titans in accordance with the Share Transfer Agreement I.

4. Completion

Completion of the equity transfer under the Share Transfer Agreement I shall take place after Zhuhai Titans having fulfilled all its payment obligation thereunder and the consummation of the registration and approval formalities with respect to the transfer of the Acquisition Interest I with the relevant government authorities in the PRC.

Share Transfer Agreement II

1. Date and Parties

Date: 16 August 2013

Vendor: Mr. Tao

Purchaser: Zhuhai Titans

2. Interests to be acquired under the Share Transfer Agreement II

The registered capital of the Target Company is RMB30,000,000 (equivalent to approximately HK\$38,100,000), of which RMB5,250,000 (equivalent to approximately HK\$6,667,500) was subscribed by Mr. Tao at the time of the formation of the Target Company, and which represents 17.5% equity interest in the Target Company. As at the date of the Share Transfer Agreement II, Mr. Tao has fully paid up its capital commitment in the Target Company in the amount of RMB5,250,000 (equivalent to approximately HK\$6,667,500).

Pursuant to the Share Transfer Agreement II, Mr. Tao agreed to sell and Zhuhai Titans agreed to acquire 17.5% equity interest in the Target Company.

3. Consideration and Payment Terms

Pursuant to the Share Transfer Agreement II, the consideration of RMB5,250,000 (equivalent to approximately HK\$6,667,500) for the Acquisition Interest II shall be paid by Zhuhai Titans to Mr. Tao in cash to the bank account designated by Mr. Tao before 30 September 2013.

The consideration under the Share Transfer Agreement II was arrived at after arm's length negotiations between Zhuhai Titans and Mr. Tao on normal commercial terms with reference to the unaudited net assets value of the Target Company of approximately RMB 30,389,000 (equivalent to approximately HK\$38,594,000) as at 30 June 2013 and the

general market conditions in the PRC. The consideration would be satisfied by the Group's internal resources.

4. Completion

Completion of the equity transfer under the Share Transfer Agreement II shall take place after Zhuhai Titans having fulfilled all its payment obligations thereunder and the consummation of the registration and approval formalities with respect to the transfer of the Acquisition Interest II with the relevant government authorities in the PRC.

Share Transfer Agreement III

1. Date and Parties

Date: 16 August 2013

Vendor: Mr. Zhao

Purchaser: Zhuhai Titans

2. Interests to be acquired under the Share Transfer Agreement III

The registered capital of the Target Company is RMB30,000,000 (equivalent to approximately HK\$38,100,000), of which RMB5,250,000 (equivalent to approximately HK\$6,667,500) was subscribed by Mr. Zhao at the time of the formation of the Target Company, and which represents 17.5% equity interest in the Target Company. As at the date of the Share Transfer Agreement III, Mr. Zhao has fully paid up its capital commitment in the Target Company in the amount of RMB5,250,000 (equivalent to approximately HK\$6,667,500).

Pursuant to the Share Transfer Agreement III, Mr. Zhao agreed to sell and Zhuhai Titans agreed to acquire 17.5% equity interest in the Target Company.

3. Consideration and Payment Terms

Pursuant to the Share Transfer Agreement III, the consideration of RMB5,250,000 (equivalent to approximately HK\$6,667,500) for the Acquisition Interest III shall be paid by Zhuhai Titans to Mr. Zhao in cash to the bank account by Mr. Zhao before 30 September 2013.

The consideration under the Share Transfer Agreement III was arrived at after arm's length negotiations between Zhuhai Titans and Mr. Zhao on normal commercial terms with reference to the unaudited net assets value of the Target Company of approximately RMB30,389,000 (equivalent to approximately HK\$38,594,000) as at 30 June 2013 and the general market conditions in the PRC. The consideration would be satisfied by the Group's internal resources.

4. Completion

Completion of the equity transfer under the Share Transfer Agreement III shall take place after Zhuhai Titans having fulfilled all its payment obligations thereunder and the

consummation of the registration and approval formalities with respect to the transfer of the Acquisition Interest III with the relevant government authorities in the PRC.

OTHER MAJOR TERMS UNDER THE SHARE TRANSFER AGREEMENTS

Certain major terms under Share Transfer Agreement I, Share Transfer Agreement II and Share Transfer Agreement III are the same and which are set out below.

Zhuhai Titans, as the purchaser, generally has the following obligations under the Share Transfer Agreements to:

- (1) pay the consideration amount to the respective Vendors in accordance with the terms as set out in the Share Transfer Agreements; and
- (2) cooperate with the Vendors in procuring the registrations in respect of the transfer of the Acquisition Interests.

The Vendors generally have the following obligations under the Share Transfer Agreements to:

- (1) be held responsible for any legal liability which may arise from the potential liability or incumbrance or third party claims in relation to the Acquisition Interests;
- (2) transfer all documents of the Target Company including but not limited to the company seal, authorization documents or signed contracts within 2 days upon the settlement of full payment under the Share Transfer Agreements; and
- (3) indemnify Zhuhai Titans for any loss arising therefrom if the necessary procedures for transfer of interests concerned under the Share Transfer Agreements could not be completed within 30 days due to the default of the Vendors.

Zhuhai Titans also agreed with the Vendors the following in the Share Transfer Agreements:

- (1) the defaulting party shall indemnify the other party any loss, costs or expenses arising therefrom;
- (2) any disputes relating to the Share Transfer Agreements are to be resolved by negotiation between the parties, only upon failure of negotiation, they shall resort to the courts according to the PRC laws; and
- (3) the expenses, including any legal and administrative expenses, shall be borne by the respective parties according to their respective obligations.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability. The registered capital of the Target Company is owned as to 35% by Zhuhai Titans, as to 30% by Henan Zhongfen and as to 17.5% each by Mr. Tao and Mr. Zhao respectively before the Acquisition. It is engaged in research and development of equipment and software in the field of intellectual power grid, power electronics and automatic control industry, technology transfer, consultation and technical service, as well as trading business of power equipment

and technologies which are not prohibited under the laws of the PRC.

After the completion of the respective equity transfers under the Acquisition, the Vendors ceased to have any interest in the Target Company and the Target Company would become a wholly-owned subsidiary of the Company.

Set out below is the financial information of the Target Company for the year ended 31 December 2012 and the six months ended 30 June 2013:

	Year ended 31 December 2012 <i>RMB'000</i> (audited)	Six months ended 30 June 2013 <i>RMB'000</i> (unaudited)
Revenue	7,054	3,937
Net profit before taxation	60	329
Net profit after taxation	60	329

The audited net asset value of the Target Company was approximately RMB30,060,000 (equivalent to approximately HK\$38,176,000) as at 31 December 2012 and the unaudited net asset value of the Target Company was approximately RMB30,389,000 (equivalent to approximately HK\$38,594,000) as at 30 June 2013.

The financial information above has been prepared in accordance with HKGAAP.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company considers the Acquisition as a good investment after taking into account of the Group's development and surrounding operating environment. Moreover, with reference to the prevailing market conditions and the fact that the price for the Acquisition is reasonable, the Group was of the opinion that the Acquisition will provide further support for power grid monitoring, business management of the group, as well as accelerating the development of the business by leverage on technologies. Therefore, the Directors consider that the present time is a mature time for the Acquisition.

Having regard to the nature of and the benefits resulting from the Acquisition, the Directors believe that the terms of the Share Transfer Agreements are fair and reasonable and in the interest of the Company and the Shareholders taken as a whole.

INFORMATION RELATING TO PARTIES TO THE SHARE TRANSFER AGREEMENTS

(1) Zhuhai Titans

Zhuhai Titans is a company incorporated in the PRC with limited liability, and a wholly-owned subsidiary of the Company.

The Group, including Zhuhai Titans, is principally engaged in research, development, manufacture and sales of electrical direct current products, wind and solar power generation balancing control systems, charging equipment for electrical vehicles and power grid monitoring and management products.

(2) Henan Zhongfen

Henan Zhongfen is a company incorporated in the PRC with limited liability, the principal business activities of Henan Zhongfen are research and development, production and sale of various products including analysis instruments, mechanical and electrical products and relevant software. It also engages in provision of relevant service, consultation and training, as well as trading business of its products which are not prohibited under the laws of the PRC.

As at the date of this announcement, based on the information and confirmations provided by Henan Zhongfen and to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Henan Zhongfen and its ultimate beneficial owner(s) are Independent Third Parties of the Company and its connected persons.

(3) Mr. Tao

As at the date of this announcement, based on the information and confirmations provided by Mr. Tao and to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Mr. Tao is an Independent Third Party of the Company and its connected persons.

(4) Mr. Zhao

As at the date of this announcement, based on the information and confirmations provided by Mr. Zhao and to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Mr. Zhao is an Independent Third Party of the Company and its connected persons.

LISTING RULES IMPLICATIONS OF THE ACQUISITION

As at least one of the applicable Percentage Ratios for the Acquisition under the Share Transfer Agreements is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules, and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the Group has established the Target Company on 16 April 2012 with the same parties and the subject matter concerns the same company, the transactions in relation to the establishment of the Target Company and the Share Transfer Agreements shall be aggregated and be treated as a single transaction pursuant to Rule 14.22 of the Listing Rules. After such aggregation, at least one of the applicable Percentage Ratios of the transactions contemplated exceed 5% but are less than 25%, the transactions contemplated under the Share Transfer Agreements are subject to reporting and announcement requirements, but are exempt from independent shareholders' approval requirement, under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Acquisition”	the acquisition of an aggregate of 65% equity interest in the Target Company by the Group under the Share Transfer Agreements
“Acquisition Interests”	Acquisition Interest I, Acquisition Interest II and Acquisition Interest III
“Acquisition Interest I”	30% equity interest in the Target Company beneficially owned by Henan Zhongfen
“Acquisition Interest II”	17.5% equity interest in the Target Company beneficially owned by Mr. Tao
“Acquisition Interest III”	17.5% equity interest in the Target Company beneficially owned by Mr. Zhao
“Board”	the board of Directors
“Company”	China Titans Energy Technology Group Co., Limited, an exempted company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Henan Zhongfen”	Henan Zhongfen Instrument Co. Ltd* (河南中分儀器股份有限公司)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) or company(ies) which is(are) not connected person(s) of the Company and its connected persons
“Target Company”	Henan Hongzheng Electric Technology Co., Ltd* (河南弘正電氣科技有限公司), a company incorporated in the PRC with limited liability on 16 April 2012 and whose equity interest is owned as to 35% by Zhuhai Titans, 30% as to Henan Zhongfen, and 17.5% each as to Mr. Tao and Mr. Zhao immediately before the Acquisition

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Tao”	Mr. Tao Jie (陶杰)
“Mr. Zhao”	Mr. Zhao Wei (趙威)
“Percentage Ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction
“PRC”	the People’s Republic of China, not including Taiwan, Hong Kong and Macau Special Administrative Region of the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holders(s) of the Share(s)
“Share Transfer Agreement I”	the equity interest transfer agreement dated 16 August 2013 entered into between Zhuhai Titans as purchaser and Henan Zhongfen as vendor in respect of the Acquisition Interest I
“Share Transfer Agreement II”	the equity interest transfer agreement dated 16 August 2013 entered into between Zhuhai Titans as purchaser and Mr. Tao as vendor and in respect of the Acquisition Interest II
“Share Transfer Agreement III”	the equity interest transfer agreement dated 16 August 2013 entered into between Zhuhai Titans as purchaser and Mr. Zhao as vendor and in respect of the Acquisition Interest III
“Share Transfer Agreements”	the Share Transfer Agreement I, the Share Transfer Agreement II and the Share Transfer Agreement III
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	Henan Zhongfen under the Share Transfer Agreement I, Mr. Tao under the Share Transfer Agreement II and Mr. Zhao under the Share Transfer Agreement III
“%”	per cent
“Zhuhai Titans”	Zhuhai Titans Power Electronics Group Co., Ltd* (珠海泰坦電力電子集團有限公司), a company incorporated in the PRC with limited liability and is a wholly owned subsidiary of the Company (previously known as Zhuhai Titans Automatic Technology Company Limited* (珠海泰坦自動化技術有限公司))

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00 = HK\$1.27 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchange at such rate or at any other rates

By Order of the Board
**China Titans Energy Technology Group Co.,
Limited**
Li Xin Qing
Chairman

Hong Kong, 19 August, 2013

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

**For identification purposes only*