
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Titans Energy Technology Group Co., Limited (the “Company”), you should at once hand this circular to the purchaser or to the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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)

website: <http://www.titans.com.cn/>

MAJOR TRANSACTION
DISPOSAL OF 35% EQUITY INTEREST IN BEIJING HUA SHANG

* For identification purpose only

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	3
Appendix I — Financial information	12
Appendix II — General information	15

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“AIC”	Administration for Industry & Commerce of the PRC
“Announcement”	the announcement of the Company dated 30 March 2015 in relation to the Disposal
“Articles”	the memorandum and articles of associations of the Company, as amended from time to time
“associates”	has the meaning ascribed thereto under the Listing Rules
“Beijing Hua Shang”	Beijing Hua Shang Clear New Energy Technology Co., Ltd.* (北京華商三優新能源科技有限公司), a company established in the PRC with, prior to completion of the Disposal, 65% of its interest beneficially held by Beijing Wei Ye and the remaining 35% beneficially held by Zhuhai Titans, of which principal businesses include, among others, the promotion and sales of charging equipment for electric vehicles
“Beijing Wei Ye”	Beijing Hua Shang Wei Ye Assets Management Co., Ltd.* (北京華商偉業資產管理有限公司), a company established in the PRC, administratively subordinated to State Grid Beijing
“Board”	the board of Directors
“Company”	China Titans Energy Technology Group Co., Limited (中國泰坦能源技術集團有限公司*), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 2188)
“connected persons”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Interest to be carried out under the terms and conditions of the Disposal Agreement
“Disposal Agreement”	the sale and purchase agreement relating to the Disposal entered into between Zhuhai Titans and Beijing Wei Ye on 30 March 2015
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Interest”	35% equity interest in Beijing Hua Shang owned by Zhuhai Titans prior to completion of the Disposal
“Latest Practicable Date”	25 June 2015, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau and Taiwan
“Relevant Shareholders”	collectively, Rich Talent Management Limited, Genius Mind Enterprises Limited, Great Passion International Limited and Honor Boom Investments Limited, particulars of each of which are set forth in the section headed “Information on the Relevant Shareholders”
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“State Grid Beijing”	State Grid Beijing Electric Power Company (國家電網北京市電力公司), a company established in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers and Share Buy-backs
“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 an indirect wholly-owned subsidiary of the Company
“%”	per cent.

* For identification purpose only

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Li Xin Qing (*Chairman*)

Mr. An Wei (*Chief Executive Officer*)

Independent Non-executive Directors:

Mr. Li Wan Jun

Mr. Zhang Bo

Mr. Pang Zhan

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

Principal place of business

in Hong Kong:

18/F, Tesbury Centre

28 Queen's Road East

Wanchai

Hong Kong

29 June 2015

To the Shareholders

Dear Sir or Madam,

INTRODUCTION

Reference is made to the Announcement. The Disposal constitutes a major transaction of the Company in accordance with Chapter 14 of the Listing Rules.

The purpose of this circular is to provide you with further information relating to the Disposal together with the financial and other information of the Group.

* For identification purpose only

LETTER FROM THE BOARD

THE DISPOSAL

On 30 March 2015 (after trading hours), Zhuhai Titans, an indirect wholly-owned subsidiary of the Company, entered into the Disposal Agreement with Beijing Wei Ye, pursuant to which Zhuhai Titans agreed to sell and Beijing Wei Ye agreed to purchase the Interest for the consideration of RMB25,430,000 (equivalent to approximately HK\$32,118,090). To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, other than its 65% equity interest in Beijing Hua Shang, Beijing Wei Ye and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

According to a valuation report prepared by an independent valuer dated 15 March 2015, the book value of the Interest as at 28 February 2015 was RMB23,998,000 (equivalent to approximately HK\$30,309,474), whereas the fair value of the Interest as of 28 February 2015 was RMB25,509,000 (equivalent to approximately HK\$32,217,867).

Key information concerning the valuation is set out below for Shareholders' information:

- (1) Valuation Target: 100% equity interest in Beijing Hua Shang
- (2) Scope of Valuation: All assets and liabilities of Beijing Hua Shang
- (3) Valuation Date: 28 February 2015
- (4) Valuation Method: The results of valuation were based on asset-based approach
- (5) Principal Assumptions:

Pursuant to the valuation report, the valuation results are based on, among others, the principal assumptions:

- (a) all the relevant assets subject to the valuation were based on the actual quantities of the assets as of 28 February 2015 and the then market price of the relevant assets were based on the effective price in the PRC as of 28 February 2015;
- (b) there would not be any unforeseeable material changes regarding the macroeconomic environment after the date of valuation;
- (c) Beijing Hua Shang was in compliance with the relevant tax requirements of the PRC, and there would not be any material changes in the future;
- (d) the operation of Beijing Hua Shang was legal, and there would not be unforeseeable factors causing it not able to continue to operate;
- (e) basic information and financial information provided to the valuer was true, accurate and complete; and

LETTER FROM THE BOARD

(f) the financial reports and transactions information relied upon by the valuer was accurate and reliable.

(6) Comparison between book value and fair value of the 100% of equity interest of Beijing Hua Shang:

Item	Book Value (RMB'000)	Fair Value (RMB'000)
Current Assets	183,129	183,305.1
Non-current Assets	<u>32,287.1</u>	<u>36,403.4</u>
Total Assets (A)	<u>215,416.1</u>	<u>219,708.5</u>
Current Liabilities	138,961.3	138,936.3
Non-current Liabilities	<u>7,889</u>	<u>7,889</u>
Total Liabilities (B)	<u>146,850.3</u>	<u>146,825.3</u>
Net Assets Value (A)–(B)	<u>68,565.8</u>	<u>72,883.2</u>
Portion Attributable to the Interest ((A)–(B)) × 35%	<u>23,998</u>	<u>25,509</u>

The consideration of RMB25,430,000 is in excess of the book value of the Interest by an amount of approximately RMB1,432,000 (equivalent to approximately HK\$1,808,616).

Pursuant to the Disposal Agreement, the consideration of RMB25,430,000 (equivalent to approximately HK\$32,118,090) had to be paid by Beijing Wei Ye to Zhuhai Titans's designated bank account within 10 days after the signing of the Disposal Agreement. The consideration was arrived at after arm's length negotiations between Zhuhai Titans and Beijing Wei Ye on normal commercial terms with reference to the valuation report on the fair value of Beijing Hua Shang as of 28 February 2015, prepared by an independent valuer. The difference between the fair value of the Interest and the consideration in the amount of RMB79,000 reflects the results of negotiation between Zhuhai Titans and Beijing Wei Ye, taking into account the prospects of future cooperation between the parties. Following the receipt of the consideration, Zhuhai Titans would be obligated to assist Beijing Wei Ye in the relevant AIC filing procedures for completion of the Disposal. In case Zhuhai Titans declines to assist in such procedures, Beijing Wei Ye could request for the return of the consideration in full and seek additional compensation including economic loss and interests from Zhuhai Titans.

The consideration was settled on 1 April 2015. The relevant AIC filing procedures have completed on 5 June 2015.

Beijing Wei Ye will bear the fees incurred to be paid to professional parties (including but not limited to auditors, valuer and legal advisers) in connection with the Disposal. Each of Zhuhai Titans and Beijing Wei Ye will bear their own fees arising from their respective disclosure

LETTER FROM THE BOARD

obligations and shareholders' approval procedure (if required). Following completion of the Disposal, Beijing Hua Shang will cease to be accounted for as the Company's associated company and its financial results will no longer be accounted for in the Group's financial statements.

INFORMATION ON BEIJING HUA SHANG

Before completion of the Disposal, each of Zhuhai Titans and Beijing Wei Ye owns respectively 35% and 65% equity interest in Beijing Hua Shang.

Beijing Hua Shang is principally engaged in (a) production and processing of charging equipment of electric vehicles, wind and solar streets lights, online monitoring facilities for power quality, solar power inverters and high-frequency switching power facilities; (b) technical development and sales (excluding retailing) of machinery and equipment, fast charging equipment, equipment for smart charging stations with AC power supply, power quality testing equipment, electronic products, solar equipment; (c) design of adjustment platform and monitoring device for integrated smart charging stations; (d) professional contracting; (e) rental of electric vehicle charging equipment, solar power equipment, online monitoring facilities for power quality, solar power inverters, high-frequency switching power facilities; and (f) repairs and maintenance of machinery and equipment (excluding agricultural machinery).

INFORMATION ON THE COMPANY AND ZHUHAI TITANS

The Company is a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange. The principal business of the Company is investment holding.

Zhuhai Titans is a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company.

The Group, including Zhuhai Titans, is principally engaged in research and development, production and sale of electrical direct current (DC) products, charging equipment for electric vehicles, power grid monitoring and management products and plug-in switch system products. At the same time, the Group is exploring development in the planning, design, investment and construction, engineering services, operating services and other value-added services in relation to charging facilities of new energy vehicles.

INFORMATION ON BEIJING WEI YE

The principal business activities of Beijing Wei Ye include: asset management, investment management, project investment, investment consultancy, real estate development and sales of commodity housing, information consultancy for real estate, corporate management consultancy, culture and art exchange activities organization (except performances and activities relating to chess and cards), corporate image planning, exhibition contracting, conferencing services, market survey, marketing planning, technical development and transfer, technical services, catering management and equipment leasing.

LETTER FROM THE BOARD

Beijing Wei Ye is a collectively-owned enterprise and administratively subordinated to State Grid Beijing, acting as an investment and operation platform for State Grid Beijing.

FINANCIAL INFORMATION OF BEIJING HUA SHANG

Based on the audited financial statements of Beijing Hua Shang for the financial year ended 31 December 2014, the net profits before and after taxation of the Interest (being 35% of Beijing Hua Shang's net profits before and after taxation) for the two years ended 31 December 2013 and 2014 are set out below:

	For the year ended 31 December 2013	For the year ended 31 December 2014
	<i>RMB</i>	<i>RMB</i>
Net profit before taxation	8,835,164.76 (equivalent to approximately HK\$11,158,813)	5,145,961.17 (equivalent to approximately HK\$6,499,349)
Net profit after taxation	7,478,073.98 (equivalent to approximately HK\$9,444,807)	4,369,500.36 (equivalent to approximately HK\$5,518,679)

STRATEGIC COOPERATION AGREEMENT BETWEEN ZHUHAI TITANS AND BEIJING HUA SHANG

In order to maintain the cordial business relation between Zhuhai Titans and Beijing Hua Shang in the future, Zhuhai Titans and Beijing Hua Shang signed a strategic cooperation agreement on 30 March 2015 (after trading hours), pursuant to which Zhuhai Titans and Beijing Hua Shang agreed to cooperate in the following areas, subject to other legally binding cooperation agreement(s) to be entered into in the future:

- (a) cooperation in procurement: Zhuhai Titans and Beijing Hua Shang agreed to accord priority to procure the other party's products or facilities under the same conditions;
- (b) cooperation in market development: Zhuhai Titans and Beijing Hua Shang agreed to coordinate resources for market development; and
- (c) cooperation in projects: Zhuhai Titans and Beijing Hua Shang agreed to cooperate in the synergistic development of charging facility operation products.

Zhuhai Titans and Beijing Hua Shang also agreed to establish a mechanism for regular meetings, information sharing and discussions.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE DISPOSAL

Following the spirit of the policy of reforming of collectively-owned enterprises related to the PRC government, the acquisition of the Interest by Beijing Wei Ye is for its implementation of the requirements laid down by the said policy. Pursuant to the Guidance on Reformation Work Concerning the Collectively-owned Factories in the PRC (《關於在全國範圍內開展廠辦大集體改革工作的指導意見》) (the “Guidance”) issued by the State Council of the PRC in 2011 and the Notice Concerning the Promotion on Reformation Work of the Public Enterprises Regarding the Collectively-owned Factories (《關於推動中央企業規範做好廠辦大集體改革工作有關事項的通知》) issued by the State-owned Assets Supervision and Administration Commission of the PRC in 2011, State Grid Beijing, as a state-owned enterprise, is one of the entities which was required to promote gradual reformation on the collectively-owned enterprises through streamlining the structure, reorganization and strengthened management. Beijing Wei Ye is a collectively-owned enterprise and is administratively subordinated to State Grid Beijing. Beijing Hua Shang was in turn controlled by Beijing Wei Ye and was also regarded as part of the collectively-owned enterprise prior to completion of the Disposal. Therefore, both Beijing Wei Ye and Beijing Hua Shang fall under the scope of the Guidance. In order to facilitate its restructuring work in accordance with the Guidance, Beijing Wei Ye is acquiring the remaining shares of enterprises in which it is currently the majority shareholder. The acquisition of the Interest by Beijing Wei Ye will strengthen its management and control of Beijing Hua Shang and satisfy the corporate restructure work being undertaken by State Grid Beijing.

The new energy vehicle market in the PRC is currently on rapid development and the Group’s strategic focus has been gradually shifted to operation services in relation to new energy vehicle charging facilities. Since December 2014, the Group has gradually established new subsidiaries and cooperated with other companies to develop this area of business. As a result, the Group would require more financial resources, which include, net proceeds arising from the Disposal, for further implementing the strategy. The withdrawal from Beijing Hua Shang at such a suitable timing by the Group will provide more flexible financial resources for the Group to further its investment and construction of new energy vehicle charging facilities, the Group’s current area of focus.

As a result of the Disposal, the Group is expected to recognize a gain of approximately RMB5,780,000 (equivalent to approximately HK\$7,300,140) which is calculated on the basis of the difference between the consideration of the Disposal and the Group’s total cost of investment in the Interest. The gain or loss to be recorded in the Group’s consolidated financial statements is subject to audit. The Group intends to use the net proceeds of the Disposal for supplementing the operating capital of the Group.

Following the Disposal, Zhuhai Titans will maintain cordial business relation with Beijing Hua Shang through a strategic cooperation agreement entered into between the parties. For details, please refer to the paragraph headed “Strategic Cooperation Agreement Between Zhuhai Titans And Beijing Hua Shang” in this circular. The Directors consider that through the Disposal and entering into of the strategic cooperation agreement, the Company has changed the cooperation method with Beijing Wei Ye. In view of the national policy, the Company considers that it would be more

LETTER FROM THE BOARD

appropriate to comply with the Guidance and change the cooperation method with Beijing Hua Shang through the strategic cooperation agreement. If the Company refused to dispose of the Interest to Beijing Wei Ye, there would be no assurance that Beijing Hua Shang will continue to maintain growth in its business as the Company does not have majority control over its shareholding or member of the board. The Directors are of the view that while the Group can continue the development of charging facility operation products through cooperation with Beijing Hua Shang, the net proceeds arising from the Disposal will, at the same time, facilitate the Group's business development in the new energy vehicle market in the PRC. The Directors (including the independent non-executive Directors) are of the view that the Disposal will enhance the liquidity of the Group and provide capital for any future investment opportunities of the Group, and the terms thereunder are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (calculated in accordance with Rule 14.07 of the Listing Rules) in respect of the Disposal are more than 25% but less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to reporting, announcement and Shareholders' approval requirements under the Listing Rules.

In accordance with Rule 14.44 of the Listing Rules, the Company has received a written approval given by a closely allied group of Shareholders comprising Genius Mind Enterprises Limited, Great Passion International Limited, Honor Boom Investments Limited and Rich Talent Management Limited (holding 197,724,457 Shares, 197,884,457 Shares, 82,458,117 Shares and 7,985,418 Shares respectively, and together holding 486,052,449 Shares, representing approximately 57.90% of the issued share capital of the Company in total as of the date of the Announcement) in lieu of holding a general meeting to approve the Disposal and the transactions contemplated under the Disposal Agreement. Accordingly, no extraordinary general meeting was required to be convened by the Company for the purpose of approving the Disposal and the transactions contemplated thereunder. To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Disposal and the transactions contemplated under the Disposal Agreement. As such, if the Company were to convene the said general meeting for approval of the Disposal, no Shareholder would be required to abstain from voting.

Having considered the manner in which the Disposal was effected, the reasons for and benefits of the Disposal, the Directors are of the opinion that the Disposal was effected on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole and would recommend the Shareholders to vote in favour of the resolution to approve the Disposal if a general meeting were to be held for such purpose.

LETTER FROM THE BOARD

INFORMATION ON THE RELEVANT SHAREHOLDERS

Rich Talent Management Limited, Genius Mind Enterprises Limited, Great Passion International Limited and Honor Boom Investments Limited have been the Shareholders since the incorporation of the Company. All of the Relevant Shareholders are investment holding companies and have been beneficially owned or controlled by certain Directors and senior management of the Group. The relationship amongst the Relevant Shareholders and the length of time since each of the Relevant Shareholders has become a Shareholder are set out in the table below for Shareholders' information:

Name of the Relevant Shareholders	The beneficial owner(s) of the Relevant Shareholders	Length of time since it has become a Shareholder
Rich Talent Management Limited	Mr. An Wei and Mr. Li Xin Qing, both are executive Directors	Since the Company was incorporated in November 2007
Genius Mind Enterprises Limited	Mr. Li Xin Qing, executive Director	
Great Passion International Limited	Mr. An Wei, executive Director	
Honor Boom Investments Limited	Mr. Li Xiao Bin and Ms. Ou Yang Fen, who hold in aggregate 70% of the total issued share capital of Honor Boom Investments Limited, are senior management of the Group	

The ultimate beneficial owners of each of the Relevant Shareholders, namely Mr. An Wei, Mr. Li Xin Qing, Mr. Li Xiao Bin, Ms. Ou Yang Fen and Mr. Cui Jian (who holds 30% of the total issued share capital of Honor Boom Investments Limited), have been indirectly interested in Zhuhai Titans Technology Co., Ltd.* (珠海泰坦科技股份有限公司), one of our major operating subsidiaries, since December 2001. They entered into a concert parties agreement on 29 September 2004 whereby each of the ultimate beneficial owners of the Relevant Shareholders agreed that they would and would procure the companies in which they are interested (including the Relevant Shareholders) would act unanimously in the shareholders meeting of the Company and, where applicable, the Board meetings in respect of the business operation and management of the Company.

LETTER FROM THE BOARD

GENERAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular. The English text of this circular shall prevail over the Chinese text in the event of inconsistency.

Yours faithfully,

For and on behalf of the Board

China Titans Energy Technology Group Co., Limited

Li Xin Qing

Chairman

FINANCIAL AND TRADING PROSPECTS**Business review**

For the year ended 31 December 2014, the Group recorded a turnover of RMB178,517,000, representing an increase of 1.47% when compared to the same period last year. Turnover was mainly derived from the Group's principal businesses, including electrical direct current ("DC") products, charging equipment for electric vehicles and power grid monitoring and management products business.

The Group recorded the loss attributable to owners of the Company and total comprehensive expense of approximately RMB43,831,000 and approximately RMB42,811,000 respectively in 2014, representing an increase of approximately RMB10,020,000 and approximately RMB9,190,000 respectively as compared with the loss attributable to owners of the Company and total comprehensive expense for the year of approximately RMB33,811,000 and approximately RMB33,621,000 for the corresponding period of last year. Compared with 2013, the Group recorded an increase in operating loss. This was mainly attributed to the following factors: the decline of the number of bids for electrical DC products, which resulted in the decrease in the Group's sales; in the meantime, despite a significant growth in 2014, sales of charging equipment for electric vehicles lagged behind what the management expected in the beginning of 2014. At the same time, the Group continued to increase its investment in marketing and research and development of new products, and made active efforts to develop the new energy charging network operating business. Investment in such activities increased the Group's expenditure in 2014, contributing to the Group's continuous loss in 2014.

In 2014, directed by a series of policies launched by central and local governments, China's new energy vehicle market rapidly developed. The Group responded to the market trends and took the following measures to boost the charging equipment business:

First, the Group consolidated internal resources by combining the power grid monitoring and management product line and electrical DC product line and moving a number of backbone employees to the electric vehicle charging equipment product line. Second, the Group ceased its investments in the wind and solar power generating and balancing control product business so as to switch the Group's core capabilities to the electric vehicle charging equipment business. In the meantime, the Group accomplished the transition from an equipment provider to an industry solution provider through actively consolidating resources.

In 2015, to grasp these opportunities and support the Company's rapid growth in the future, the Board decided that, the Group will launch innovative business model, actively expand market share and improve comprehensive servicing capacity, in order to further enhance core competitiveness, realise the critical transition from an equipment supplier to a comprehensive service and operation solution provider and strive to create the No.1 charging network in the PRC. As to the matured electrical DC product business, the Board requested a steady and growth-oriented approach by focusing on exploring new products' market to ensure that this business achieves a

steady but uprising sales record. The Directors believe that the Group will achieve from quantitative change to qualitative change in 2015 by the aforesaid measures and joint effort of all staff members of the Group.

Financial and trading prospects

According to a valuation report prepared by an independent valuer dated 15 March 2015, the fair value of the Interest as of 28 February 2015 was RMB25,509,000 (equivalent to approximately HK\$32,217,867). As a result of the Disposal, the Group is expected to recognize a gain of approximately RMB5,780,000 (equivalent to approximately HK\$7,300,140) which is calculated on the basis of the difference between the consideration of the Disposal and the Group's total cost of investment in the Interest. The gain or loss to be recorded in the Group's consolidated financial statements is subject to audit. Save for the gain on disposal mentioned above and tax liabilities of the Group arising from the Disposal, the Disposal does not have any material effect on the earnings, assets and liabilities of the Group.

INDEBTEDNESS STATEMENT

Borrowings

As at 30 April 2015, being the latest practicable date for the purpose of this indebtedness statement, the Group had total outstanding bank borrowings of approximately RMB79,700,000. The total amount of bank borrowings is due within one year.

As at 30 April 2015, the Group had other outstanding borrowings of approximately RMB462,000 and the total amount is due within one year.

Bank borrowings:

The Group's bank borrowings of approximately RMB52,700,000 in aggregate were secured by the short-term receivables with carrying amount of approximately RMB90,000,000, certain leasehold land and buildings included in the property, plant and equipment with carrying amount of approximately RMB4,151,000 and bank deposit with carrying amount of approximately RMB5,000,000.

The remaining balance of the Group's bank borrowings of approximately RMB27,000,000 were unsecured and were guaranteed by the Directors with guaranteed amount of approximately RMB120,000,000.

Other borrowings:

As at 30 April 2015, the balance of the Group's other borrowings of approximately RMB462,000 were unsecured.

Commitments, guarantees and contingent liabilities

As at 30 April 2015, the Group had total future minimum lease payments under non-cancelable operating lease in respect of rental premises which fall due within one year and in the second to fifth year amounting to approximately RMB1,828,000 and RMB579,000 respectively and commitment to future capital expenditures of approximately RMB113,219,000 in aggregate, which has been contracted but not provided in the Group's unaudited consolidated statement of financial position.

Apart from the material litigation as stated in Appendix II "General Information" of this circular, the Group had no other material contingent liabilities as at 30 April 2015.

Save as aforesaid and apart from intra-group liabilities, and normal trade and bills payables, as at the close of the business on 30 April 2015, being the latest practicable date for ascertaining certain information related to this indebtedness statement prior to printing of this circular, the Group did not have any debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptable credits, debentures, mortgages, hire purchase commitments, guarantees or other material contingent liabilities.

WORKING CAPITAL

Taking into account the Group's internal resources, existing available financial resources, available banking facilities, cash and cash equivalents on hand, and the net proceeds from the Disposal, the Directors are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this circular.

MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2014, being the date to which the latest published audited financial statements of the Group were made up.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

DISCLOSURE OF INTERESTS**Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation**

As at the Latest Practicable Date, 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 or any of 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 (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to the Model Code for Securities Transactions by Director of Listed Companies (the "Model Code") set out in Appendix 10 of 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)	24.46%
	Beneficial owner	200,000	0.02%
Mr. An Wei	Interest of controlled corporations	205,869,875 (Note 3)	24.48%
	Beneficial owner	400,000	0.05%

Notes:

- All interests in Shares were long positions.
- The entire issued share capital of Genius Mind Enterprises Limited ("Genius Mind") is beneficially owned by Mr. Li Xin Qing who is deemed to be interested in 197,724,457 Shares held by Genius Mind by virtue of the SFO. In addition, Mr. Li Xin Qing 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, by virtue of the SFO.

3. The entire issued share capital of Great Passion International Limited (“Great Passion”) is beneficially owned by Mr. An Wei who is deemed to be interested in 197,884,457 Shares held by Great Passion by virtue of the SFO. In addition, Mr. An Wei 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, by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, 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 or any of its 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, 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.

Substantial Shareholders’ Interests and Short Positions in Shares and Underlying Shares and Debentures of the Company

As at the Latest Practicable Date, so 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 and short positions in the Shares and underlying Shares 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
Ms. Zeng Zhen (<i>Note 2</i>)	Interests of spouse	205,909,875	24.49%
Genius Mind (<i>Note 3</i>)	Beneficial owner	197,724,457	23.51%
Ms. Yan Kai (<i>Note 4</i>)	Interests of spouse	206,269,875	24.53%
Great Passion (<i>Note 5</i>)	Beneficial owner	197,884,457	23.53%
Honor Boom Investments Limited (<i>Note 6</i>)	Beneficial owner	82,458,117	9.81%
Mr. Li Xiao Bin (<i>Note 6</i>)	Interest of controlled corporation	82,458,117	9.81%
Ms. Zhang Lina (<i>Note 7</i>)	Interests of spouse	82,458,117	9.81%
Mr. Thomas Pilscheur	Beneficial owner	66,244,818	7.88%
Ms. Feng Yanlin (<i>Note 8</i>)	Interests of spouse	66,244,818	7.88%

Notes:

- All interests in Shares were long positions.
- 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.

3. 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.
4. 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.
5. 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.
6. The issued share capital of Honor Boom Investments Limited (“Honor Boom”) 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 is deemed to be interested in the 82,458,117 Shares held by Honor Boom by virtue of the SFO.
7. 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.
8. Ms. Feng Yanlin is the spouse of Mr. Thomas Pilscheur. Therefore, Ms. Feng Yanlin is deemed to be interested in the Shares in which Mr. Thomas Pilscheur is interested by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Company has not been notified by any person who had interests or short positions in the Shares or underlying Shares 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.

No contract, commitment or agreement of significance in relation to the Company’s business, in which any of the Directors had a material interest, subsisted as at the Latest Practicable Date.

None of the Directors had any interest, direct or indirect, in any asset which, since 31 December 2014, the date to which the latest published audited financial statements of the Group were made up, has been acquired or disposed of by or leased to any member of the Group as at the Latest Practicable Date.

SERVICE AGREEMENTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into a service contract with any member of the Group which is not terminable by the employer within one year without payment of compensation (other than statutory compensation).

MATERIAL CONTRACTS

The following material contracts were entered into by members of the Group within the two years immediately preceding the date of this circular:

- (a) the Disposal Agreement;

- (b) the equity interest transfer agreement dated 16 August 2013 entered into between Zhuhai Titans as purchaser and Henan Zhongfen Instrument Co. Ltd* (河南中分儀器股份有限公司) as vendor in respect of the purchase of 30% equity interest in Henan Hongzheng Electric Technology Co., Ltd* (河南弘正電氣科技有限公司) (“Henan Hongzheng”) at a consideration of RMB9,000,000;
- (c) the equity interest transfer agreement dated 16 August 2013 entered into between Zhuhai Titans as purchaser and Mr. Tao Jie as vendor and in respect of the purchase of 17.5% equity interest in Henan Hongzheng at a consideration of RMB5,250,000; and
- (d) the equity interest transfer agreement dated 16 August 2013 entered into between Zhuhai Titans as purchaser and Mr. Zhao Wei as vendor and in respect of the purchase of 17.5% equity interest in Henan Hongzheng at a consideration of RMB5,250,000.

Save as disclosed above, no other material contracts have been entered into by the Group within two years immediately preceding the date of this circular.

COMPETING BUSINESS

None of the Directors and his respective associates has an interest in a business which competes or may compete, either directly or indirectly, with the Group’s business.

LITIGATIONS

No member of the Group is engaged in any litigation or arbitration of material importance and no other litigation or claim of material importance is known to the Directors to be pending or threatened against any member of the Group as at the Latest Practicable Date.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company’s principal place of business in Hong Kong at 18/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong from 10:00 a.m. to 4:00 p.m. during the period commencing from 29 June 2015 to 17 July 2015 (both dates inclusive):

- (a) the letter from the Board, the text of which is set out on pages 3 to 10 of this circular;
- (b) the Articles;
- (c) the annual reports of the Company for the two financial years ended 31 December 2014 and 2013;
- (d) the material contracts referred to in the section headed “Material Contracts” in this appendix; and
- (e) this circular.

MISCELLANEOUS

- (a) The company secretary of the Company is Lam Wai Yee Sophie. She is a fellow member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom.
- (b) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the Company's principal place of business in Hong Kong is at 18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (c) The Hong Kong branch registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited which is situated at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) The English text of this circular will prevail over the Chinese text in the event of inconsistency.