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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**  
**AGREEMENT FOR**  
**ENERGY PERFORMANCE CONTRACTING**  
**FINANCE LEASE ARRANGEMENT**

On 13 December 2010, in order to achieve energy saving and reduce carbon emission, the Vendor entered into the EPC Agreement with the Buyer regarding the construction and management of power electricity generation facilities using the residual heat generated by the cement production line of the Buyer with installed capacity of 5MW.

Pursuant to the EPC Agreement, the Vendor, a wholly-owned subsidiary of the Company, has agreed to build the Facilities and manage the Facilities for a term of seven years after construction of the Facilities. The Vendor shall be entitled to receive payments from the Buyer of RMB0.40 (equivalent to approximately HK\$0.466) for every unit of electricity generated in kilowatt-hour by the Facilities, which will cover, inter alia, the repayments of construction cost of the Facilities in an estimated amount of RMB35,510,000 (equivalent to approximately HK\$41,355,000) and the relevant maintenance cost for the Facilities to be incurred by the Vendor. The Buyer shall make the payments to the Vendor in cash monthly in arrear. Upon expiry of the EPC Agreement, the Vendor will no longer be responsible for managing the Facilities and the Facilities will be transferred to the Buyer at no further consideration.

As certain applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transactions under the EPC Agreement are more than 5% but all the applicable ratios are less than 25%, the transactions under the EPC Agreement constitute a discloseable transaction for the Company and is subject to the notification and announcement requirements set out in Rule 14.33 of the Listing Rules.

\* For identification purpose only

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## **EPC AGREEMENT**

**Date:** 13 December 2010

**Vendor:** 安徽泰坦聯成能源技術有限公司 (Anhui Titans Lian Cheng Energy Technology Company Limited\*), a wholly-owned subsidiary of the Company

**Buyer:** 遵義縣雙龍水泥廠 (Zun Yi Xian Shuang Long Cement Factory\*)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the Buyer and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

## **TERMS OF THE EPC AGREEMENT**

Pursuant to the EPC Agreement, the Vendor has agreed to build the Facilities and manage the Facilities for a term of seven years after construction of the Facilities. The legal title of the Facilities will only be transferred to the Buyer after the seven-year period. Upon expiry of the EPC Agreement, the Vendor will no longer be responsible for managing the Facilities and the Facilities will be transferred to the Buyer at no further consideration.

Under the EPC Agreement, the Vendor shall be entitled to receive payments from the Buyer of RMB0.40 (equivalent to approximately HK\$0.466) for every unit of electricity generated in kilowatt-hour by the Facilities, which will cover, inter alia, the repayments of construction cost of the Facilities in an estimated amount of RMB35,510,000 (equivalent to approximately HK\$41,355,000) and the relevant maintenance cost for the Facilities to be incurred by the Vendor. The Buyer shall make the payments to the Vendor in cash monthly in arrear. For illustration purpose, based on the maximum generating capacity, the Group would record total income (net of cost) of approximately RMB46,250,000 (equivalent to approximately HK\$53,863,000) for the term of the EPC Agreement. The actual amount of income which may be generated for the Group from the EPC Agreement will be subject to the actual volume of electricity generated by the Facilities. The terms of the EPC Agreement were agreed between the Vendor and the Buyer after arm's length negotiations with reference to the cost of construction, expected return to the Vendor and electricity price. The Directors (including the independent non-executive Directors) consider the terms of the EPC Agreement fair and reasonable.

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## **Reasons for the EPC Agreement**

The Group is principally engaged in the sale of electrical DC products, power grid monitoring and management products, charging equipment for electric vehicles, wind and solar power generation balancing control products, and high-power LED lighting products.

The Vendor is principally engaged in research and development of energy saving technology and power management projects. The Buyer is principally engaged in the production and sale of cement.

The Group successfully leverages on its technical expertise and business connections to carry on the business transactions under the EPC Agreement in its ordinary and usual course of business. The Company considers that the EPC Agreement is on normal commercial terms and will provide the Group with good and stable incomes and return. Accordingly, it is in the interests of the Company and its shareholders to enter into the EPC Agreement.

## **GENERAL**

Transactions under the EPC Agreement will be accounted for as a finance lease pursuant to the Hong Kong Finance Reporting Standards.

As certain applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transactions under the EPC Agreement are more than 5% but all the applicable ratios are less than 25%, the transactions under the EPC Agreement constitute a discloseable transaction for the Company and is subject to the notification and announcement requirements set out in Rule 14.33 of the Listing Rules.

## DEFINITIONS

“Anhui Titans”	安徽泰坦聯成能源技術有限公司 (Anhui Titans Lian Cheng Energy Technology Company Limited*), a wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Buyer”	遵義縣雙龍水泥廠 (Zun Yi Xian Shuang Long Cement Factory*), a company established in the PRC and an independent third party to the Company
“Company”	China Titans Energy Technology Group Co., Limited, a company incorporated in Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning as ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“EPC Agreement”	the agreement for energy performance contracting dated 13 December 2010 entered into between the Buyer and the Vendor, pursuant to which the Vendor has agreed to construct and manage the Facilities for the Buyer
“Facilities”	power electricity generation facilities using the residual heat generated by the cement production line of the Buyer with installed capacity of 5MW
“Group”	the Company and/or its subsidiaries (as the case may be)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“independent third party”	has the meaning as ascribed to it in the Listing Rules

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“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China (for the purposes of this announcement, excluding Hong Kong and Macau)
“RMB”	Renminbi, the lawful currency of PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Anhui Titans

*For illustration purposes, RMB is converted to HK\$ at a rate of RMB1 = HK\$1.1646 in this announcement. No representation is made that any amount in HK\$ or RMB would have been or can be converted at the above rate.*

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

Hong Kong, 13 December 2010

*As at the date of this announcement, the executive Directors are Li Xin Qing and An Wei, the independent non-executive Directors are Li Wan Jun, Li Xiao Hui and Yu Zhuo Ping.*