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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)

**(I) EXTENSION OF MATURITY DATE
OF CONVERTIBLE NOTES; AND
(II) DISCLOSEABLE TRANSACTION PROVISION OF
FINANCIAL ASSISTANCE**

(I) EXTENSION OF MATURITY DATE OF CONVERTIBLE NOTES

The Board is pleased to announce that on 28 February 2018, the Company and the Subscriber entered into the Deed of Variation, pursuant to which it is agreed that, subject to the fulfillment of conditions precedent, the maturity date of the outstanding Convertible Notes in the principal amount of HK\$100,000,000 will be extended from 1 March 2018 to 1 June 2018. Save for the extension of the abovementioned maturity date, all other terms and conditions of the Convertible Notes remain unchanged.

The Company will apply to the Stock Exchange for its approval of the extension of the maturity date of the Convertible Notes pursuant to Rule 28.05 of the Listing Rules. As a result of the extension of the abovementioned maturity date, a new application will also be made to the Stock Exchange for the listing of, and permission to deal in, the convertible shares under the Convertible Notes.

(II) PROVISION OF FINANCIAL ASSISTANCE

The Board is pleased to announce that on 28 February 2018, the Loan Agreement was entered into between Titans Power Electronics, a wholly owned subsidiary of the Company (as the lender), and Broad-Ocean Motor (as the borrower), pursuant to which Titans Power Electronics has agreed to lend to Broad-Ocean Motor with an amount of RMB80,860,000 (equivalent to approximately HK\$100,000,000) for a period from 28 February 2018 to 2 June 2018.

Implications under the Listing Rules

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Loan Agreement is more than 5% but less than 25%, the transaction contemplated under the Loan Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements, but exempted from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

(I) EXTENSION OF MATURITY DATE OF CONVERTIBLE NOTES

Background

Reference is made to the announcements of the Company dated 12 October 2015, 13 October 2015 and 29 February 2016 in relation to, among others, the issue of Convertible Notes in principal amount of HK\$100,000,000.

As at the date of this announcement, Convertible Notes in the principal amount of HK\$100,000,000 remain outstanding.

The existing principal terms of the Convertible Notes are summarised below for ease of reference:

Principal amount: HK\$100,000,000.

Interest: Any amount of the Convertible Notes which remain outstanding shall bear interest from the date of its issue at the base lending interest rate offered to institutions by the People's Bank of China (the "**PBC Rate**") per annum. Interest shall be payable every six months after the date of issue of the Convertible Notes (each an "**Interest Payment Date**"), provided that if an Interest Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day which is a Business Day. Any amount of the Convertible Notes which is converted or redeemed shall not bear any interest.

For the avoidance of doubt, if the PBC Rate adjusts on any day before the maturity date or the date on which the Convertible Notes are converted or redeemed (the "**Interest Adjustment Date**"), the interest to the Convertible Notes payable by the Company shall also be adjusted accordingly on the Interest Adjustment Date provided that the interest accrued before the Interest Adjustment Date shall be calculated based on the interest rate quoted before the Interest Adjustment Date. If there are more than one adjustment to the PBC Rate within an interest payment period, the interest to the Convertible Notes shall be adjusted accordingly in each Interest Adjustment Date.

The Convertible Notes will, in respect of the conversion rights attached thereto which are not yet exercised, cease to bear interest on or after the maturity date or the date on which the Convertible Notes are redeemed or converted.

Maturity date: 1 March 2018, being the date falling on the second (2nd) anniversary of the date of issue of the Convertible Notes.

Status: The Convertible Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank pari passu and without any preference among themselves. The payment obligations of the Company under the Convertible Notes shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

Transferability: Unless the Noteholder transfers the Convertible Notes to its wholly-owned subsidiaries or holding companies, the Noteholder may only assign or transfer the Convertible Notes to the transferee (other than a connected person (as defined in the Listing Rules) of the Company who/which could not be a transferee) subject to the written consent of the Company. The Convertible Notes may be assigned or transferred in whole or in part (in whole multiples of HK\$10,000,000) of its outstanding principal amount upon the payment in full and the Company shall facilitate any such assignment or transfer of the Convertible Notes, including making any necessary applications to the Stock Exchange for the said approval (if required).

Conversion rights: Subject to the conversion pre-requisite conditions, the Noteholders have the right at any time during the Conversion Period to convert the whole or part of the outstanding principal amount of the Convertible Notes registered in their name into Shares provided further that any conversion shall be made in amounts of not less than a whole multiple of HK\$10,000,000 on each conversion save that if at any time the aggregate outstanding principal amount of the Convertible Notes is less than HK\$10,000,000, the whole (but not part only) of the outstanding principal amount of the Convertible Notes may be converted.

Conversion prerequisite:

The Noteholders shall have the right at any time from the date of issue of the Convertible Notes to the maturity date to convert any outstanding amount of the Convertible Notes into the Conversion Shares at the Conversion Price, the conversion right attached to the Convertible Notes shall only be exercisable by the Noteholders after the following conditions been matched:

- (i) upon the Noteholders obtaining prior written approval granted by all executive directors of the Company for the exercise of the conversion right attaching to the Convertible Notes;
- (ii) so long as the public float of at least 25% of the issued share capital of the Company as enlarged by the issue of Conversion Shares can be maintained; and
- (iii) so long as (a) the aggregate shareholding of such Noteholder, its associates (as defined in the Listing Rules) and parties acting in concert (as defined in the Takeovers Code) with it immediately after such exercise shall not be or exceed 29.9% of the then issued share capital of the Company; and (b) such Noteholder and parties acting in concert (as defined in the Takeovers Code) with it immediately after such exercise shall not be required to make a general offer under Rule 26 of the Takeovers Code.

Ranking of Conversion Shares:

The Conversion Shares will rank *pari passu* in all respects with the Shares then in issue.

Redemption:

Unless previously redeemed, converted or purchased and cancelled as provided in the CN Subscription Agreement, the Company will redeem the Convertible Notes, in whole or in part, at the face value on the maturity date. The Convertible Notes may also be early redeemed in amounts of HK\$10,000,000 or integral multiples thereof at any time before the maturity date at 100% of the principal amount outstanding under the Convertible Note(s) together with all interest accrued thereon up to and including the date of redemption by 15 days' prior written notice to be served by the Company to the subscriber.

Events of default:

Any Noteholder may give notice to the Company that the Convertible Notes are immediately due and repayable if:

- (i) the Company fails to pay the principal amount when due or the Company fails to pay interest (if any) on the Convertible Notes when due; or
- (ii) the Company defaults in performance or observance or compliance with any of its other obligations set out in the conditions of the Convertible Notes and such default continues for the period of 14 days next following the service by any Noteholder on the Company of notice specifying brief details of such default and requiring such default to be remedied; or
- (iii) an order of a court of competent jurisdiction is made or an effective resolution is passed for winding-up or dissolution of the Company or the Company disposes of all or substantially all of its assets otherwise than for the purposes of or pursuant to a consolidation, amalgamation, merger or reorganization; or
- (iv) an encumbrancer takes possession or a receiver is appointed of the whole or a material part of the assets or undertaking of the Company; or

- (v) a distress, execution or seizure before judgment is levied or enforced upon or sued out against a material part of the property of the Company and is not discharged within five Business Days thereof; or
- (vi) the Company becomes insolvent or is unable to pay its debts as they mature; or
- (vii) proceedings shall have been initiated against the Company under any applicable bankruptcy, reorganization or insolvency law and such proceedings shall not have been discharged or stayed within a period of 21 days.

Conversion price: The Conversion Price is initially HK\$1.19 per Conversion Share, subject to usual adjustment provisions customary for convertible notes of similar kind as set out in the Company's announcement dated 12 October 2015.

Conversion shares: As at the date of this announcement, Convertible Notes in the principal amount of HK\$100,000,000 is convertible into 84,033,613 Conversion Shares at the initial Conversion Price, representing (i) approximately 9.08% of the existing issued share capital of the Company; and (ii) approximately 8.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon full conversion of the Convertible Notes.

Extension of Maturity Date and Deed of Variation

The Board is pleased to announce that on 28 February 2018, the Company and the Subscriber entered into the Deed of Variation, pursuant to which it is agreed that, subject to the fulfillment of conditions precedent, the maturity date of the outstanding Convertible Notes in the principal amount of HK\$100,000,000 will be extended from 1 March 2018 to 1 June 2018.

To the best of the Director's knowledge, information and belief, having made all reasonable enquires, as at the date of this announcement, save for the Subscriber's holding of 84,096,000 Shares (representing approximately 9.09% of the entire issued share capital of the Company as at the date of this announcement), the Subscriber and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

The Conversion Shares to be issued upon exercise of the conversion rights attaching to the Convertible Notes pursuant to the Extension will be issued under the General Mandate. As at the date of this announcement, no Shares have been issued by the Company under the General Mandate, thus the maximum number of new Shares which could be issued by the Company under the General Mandate is 185,011,200 Shares (not exceeding 20% of the total number of issued Shares of the Company, i.e. 925,056,000 Shares, as at the date of the annual general meeting held on 31 May 2017).

The Company will apply to the Stock Exchange for its approval of the extension of the maturity date of the Convertible Notes pursuant to Rule 28.05 of the Listing Rules. As a result of the extension of the abovementioned maturity date, a new application will also be made to the Stock Exchange for the listing of, and permission to deal in, the convertible shares under the Convertible Notes.

Set out below are the principal terms of the Deed of Variation.

Date: 28 February 2018

Parties: the Company

the Subscriber

(a) Alteration of Terms

Pursuant to the Deed of Variation, it is agreed that the maturity date of the outstanding Convertible Notes will be extended from 1 March 2018 to 1 June 2018. Save for the above proposed alteration, all other terms and conditions of the outstanding Convertible Notes shall remain unchanged.

(b) Conditions Precedent

The Alteration of Terms shall become effective upon the fulfillment of all the following conditions precedent:

- (a) the approval from Noteholder(s) of more than 75% of the aggregate principal amount of the outstanding Convertible Notes approving the Alteration of Terms having been obtained by the Company;

- (b) the Listing Committee having granted or having agreed to grant the listing of, and permission to deal in, the Conversion Shares falling to be allotted and issued upon an exercise of the conversion rights attaching to the outstanding Convertible Notes in accordance with the terms as varied by the Deed of Variation; and
- (c) the Company having obtained from the Stock Exchange all requisite approval or consent to the Alteration of Terms as set out in the Deed of Variation.

The Alteration of Terms shall take effect on the date on which the Company notifies the Noteholder(s) in writing the fulfillment of the conditions precedent as set out above, which date shall not be more than five Business Days after the fulfillment of the condition precedent last in time to be fulfilled. If any of the conditions precedent above has not been fulfilled on or before 31 March 2018 (or such other date as may be agreed by the parties to the Deed of Variation in writing), the Deed of Variation shall lapse and be of no further effect and none of the parties to this Deed of Variation will have any claim against or liability to the other parties in respect of the Deed of Variation save for any antecedent breaches thereof.

Reasons for the Extension

The Convertible Notes will, but for the Extension, mature on the Maturity Date on 1 March 2018 upon which the Company would be required to deploy its cash reserves to redeem the Convertible Notes. The Extension in effect allows the Company to refinance its debts under the Convertible Notes on the same terms for another 3 months, and to provide flexibility to the Company's working capital management. Accordingly, the Directors consider that the terms and conditions of the Deed of Variation are fair and reasonable and that the Extension is in the interests of the Company and its Shareholders as a whole.

(II) PROVISION OF FINANCIAL ASSISTANCE

The Board is pleased to announce that on 28 February 2018, the Loan Agreement was entered into between Titans Power Electronics, a wholly owned subsidiary of the Company (as the lender), and Broad-Ocean Motor, (as the borrower), pursuant to which Titans Power Electronics has agreed to lend to Broad-Ocean Motor with an amount of RMB80,860,000 (equivalent to approximately HK\$100,000,000) for a period from 28 February 2018 to 2 June 2018.

Summarised below are the principal terms of the Loan Agreement:

Date of the Loan Agreement:	28 February 2018
Borrower:	Broad-Ocean Motor
Lender:	Titans Power Electronics
Principal:	RMB80,860,000 (equivalent to approximately HK\$100,000,000)
Interest rate:	4.75% per annum
Loan period:	From 28 February 2018 to 2 June 2018
Repayment:	The Borrower shall repay the principal amount and the interests accrued thereon at the end of the loan period.

Source of Funding

The Loan will be financed by the internal resources of the Group.

Information of the Borrower

The Borrower is a company listed on the Shenzhen Stock Exchange (stock code: 002249). Located in Zhongshan, Guangdong Province, the PRC. The Borrower is a supplier of electric machines which is committed to providing its customers with safe, environment-friendly and efficient solutions for motor driving system.

To the best of the Directors' knowledge, information and belief having made all reasonable inquiries, save for the holdings of 84,096,000 Shares (representing approximately 9.09% of the entire issued share capital of the Company as at the date of this announcement) by the Subscriber, which is a subsidiary of the Borrower, the Borrower and its ultimate beneficial owners are third parties independent of the Company and connected persons (as defined under the Listing Rules) of the Company.

Information of the Group

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

The Group is principally engaged in research and development, production and sale of electrical direct current (DC) products, charging equipment for electric vehicles and power grid monitoring and management products. At the same time, the Group is also engaged 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.

Reasons for, and Benefits of, entering into the Loan Agreement

By entering into the Loan Agreement, the Group is able to increase the rate of return of its cash and cash equivalents which can improve both the investment income and the profits of the Group. Further, the terms of the Loan Agreement were negotiated on an arm's length basis between Titans Power Electronics and the Borrower based on, among other things, the financing needs of the Borrower and the Group's assessment on the source of funds for repayment, the business conditions and creditworthiness of the Borrower. The Directors are of the view that the Loan Agreement was entered into on normal commercial terms. Taking into account the interest income that is expected to be generated from the Loan Agreement, the Directors consider that the terms of the Loan Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Implications under the Listing Rules

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Loan Agreement is more than 5% but less than 25%, the transaction contemplated under the Loan Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements, but exempted from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“acting in concert”	has the meaning ascribed to this term under the Takeovers Code;
“Alteration of Terms”	the proposed alteration of certain terms of the instrument for the outstanding Convertible Notes pursuant to the terms of the Deed of Variation;
“associates”	has the meaning ascribed to this term under the Listing Rules;
“Board”	the board of Directors;
“Borrower” or “Broad-Ocean Motor”	中山大洋電機股份有限公司 (Zhongshan Broad-Ocean Motor Co., Ltd.), a company listed on the Shenzhen Stock Exchange (stock code: 002249);
“Business Day”	any day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours;
“CN Subscription Agreement”	the agreement dated 12 October 2015 entered into between the Company and the Subscriber in relation to the subscription by the Subscriber of the Convertible Notes in the principal amount of not more than HK\$100,000,000;
“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 shares of which are listed on the main board of the Stock Exchange (stock code: 2188);

“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Conversion Period”	the period commencing from the date of issue of the Convertible Notes up to 4:00 p.m. (Hong Kong time) on the maturity date of the Convertible Notes;
“Conversion Price”	HK\$1.19, being the initial conversion price per Share at which the Convertible Notes may be converted into Shares and subject to adjustments (if any);
“Conversion Share(s)”	the Share(s) to be issued by the Company upon exercise by the Noteholders of the conversion rights attaching to the Convertible Notes;
“Convertible Notes”	the convertible notes in the aggregate principal amount of HK\$100,000,000 issued by the Company pursuant to the CN Subscription Agreement;
“Deed of Variation”	the deed of variation dated 28 February 2018 entered into between the Company and the Subscriber in relation to Alteration of Terms;
“Directors”	the director(s) of the Company;
“Extended Maturity Date”	1 June 2018;
“Extension”	the extension of the Maturity Date to the Extended Maturity Date of the Convertible Notes;
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting held on 31 May 2017 to allot, issue or otherwise deal with Shares up to a maximum of 20% of the total number of issued Shares of the Company;
“Group”	the Company and its subsidiaries;
“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)”	third party(ies) independent of and not connected with the Company and its connected persons;
“Listing Committee”	the listing committee of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Loan”	the loan in the amount of RMB80,860,000 (equivalent to approximately HK\$100,000,000 granted by Titans Power Electronics to the Borrower pursuant to the Loan Agreement;
“Loan Agreement”	the loan agreement dated 28 February 2018 and entered into between Titans Power Electronics (as lender) and the Borrower (as borrower) in relation to the granting of loan in the amount of RMB80,860,000 to the Borrower;
“Maturity Date”	1 March 2018, being the date falling on the second (2nd) anniversary of the date of issue of the Convertible Notes;
“Noteholder(s)”	holder(s) of the Convertible Notes;
“PRC”	The People’s Republic of China, for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Subscriber”	大洋電機(香港)有限公司 (Broad-Ocean Motor (Hong Kong) Co. Limited), a limited company incorporated in Hong Kong;
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buybacks issued by the Securities and Futures Commission of Hong Kong;
“Titans Power Electronics”	Zhuhai Titans Power Electronics Group Co., Ltd* (珠海泰坦電力電子集團有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement; and
“%”	per cent.

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

Hong Kong, 28 February 2018

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

* *For identification purpose only*