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China Titans Energy Technology Group Co., Limited

中國泰坦能源技術集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2188)

DISCLOSEABLE TRANSACTION

DISPOSAL OF 93.55% OF EQUITY INTEREST IN JIANGYIN TITANS

On 7 December 2012, Titans HK, an indirect wholly-owned subsidiary of the Company, as vendor entered into the Disposal Agreement I with Best Able as purchaser, pursuant to which Titans HK agreed to sell and Best Able agreed to purchase the Sale Interest I, representing 86.84% equity interest in Jiangyin Titans, at the consideration of RMB18,830,000 (equivalent to approximately HK\$23,437,700).

On the same day, Titans Power, an indirect wholly-owned subsidiary of the Company, together with Mr. Song as vendors, entered into the Disposal Agreement II with Siteersi Trading as purchaser, pursuant to which Titans Power and Mr. Song agreed to sell and Siteersi Trading agreed to purchase an aggregate of 13.16% equity interest in Jiangyin Titans at the aggregate consideration of RMB5,380,000 (equivalent to approximately HK\$6,696,500).

As the applicable Percentage Ratios for the Disposal (taking also into account the outstanding payment obligations of Titans HK taken up by Best Able in respect of the Unpaid Registered Capital of Jiangyin Titans in the amount of RMB13,426,600 (equivalent to approximately HK\$16,712,100)) under the Disposal Agreements are more than 5% but less than 25%, the Disposal 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.

THE DISPOSAL AGREEMENTS

Disposal Agreement I

1. Date and Parties

Date: 7 December 2012

Vendor: Titans HK

Purchaser: Best Able

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

2. Assets disposed under the Disposal Agreement I

The registered capital of Jiangyin Titans is RMB38,000,000 (equivalent to approximately HK\$47,298,600), of which RMB33,000,000 (equivalent to approximately HK\$41,075,100) has been subscribed by Titans HK, representing the 86.84% equity interest in Jiangyin Titans. As at the date of the Disposal Agreement I, Titans HK has only paid up its capital commitment in Jiangyin Titans in the amount of RMB19,573,400 (equivalent to approximately HK\$24,363,000) with an outstanding payment balance of RMB13,426,600 (equivalent to approximately HK\$16,712,100), being the Unpaid Registered Capital.

Pursuant to the Disposal Agreement I, Best Able agreed to purchase Sale Interest I in Jiangyin Titans from Titans HK and to take up the payment obligations of Titans HK to pay up the Unpaid Registered Capital to Jiangyin Titans not later than 11 May 2013. It is also stipulated under the Disposal Agreement I that all the claims and debts of Jiangyin Titans incurred before the completion of Disposal Agreement I will not be transferred to Best Able and will be remained as the rights and obligations of the Vendors.

3. Conditions precedent

The Disposal Agreement I shall only become effective upon Titans HK having received from Best Able the first payment of consideration in the amount of RMB1,500,000 (equivalent to approximately HK\$1,867,000) within 3 days following the signing of the Disposal Agreement I.

4. Consideration and Payment Terms

Pursuant to the Disposal Agreement I, the consideration of RMB18,830,000 (equivalent to approximately HK\$23,437,700) for the paid-up Sale Interest I shall be paid by Able Best to Titans HK in cash in the following manner:

- (i) the first payment of RMB1,500,000 (equivalent to approximately HK\$1,867,000) shall be paid within 3 days following the signing of the Disposal Agreement I;
- (ii) the second payment of RMB3,830,000 (equivalent to approximately HK\$4,767,200) shall be paid within 30 days following the signing of the

Disposal Agreement I; and

- (iii) the balance payment of RMB13,500,000 (equivalent to approximately HK\$16,803,500) shall be deposited into a bank account jointly controlled by the parties to the Disposal Agreement I within 45 days following the signing of the Disposal Agreement I. Such amount will be released to Titans HK within 3 days after the Certificate Issue Date.

Under the Disposal Agreement I, Titans HK's obligations to pay up the Unpaid Registered Capital will be released and Best Able will take up the obligations of Titans HK to pay up the Unpaid Registered Capital to Jiangyin Titans not later than 11 May 2013.

The total consideration under the Disposal Agreement I was arrived at after arm's length negotiations between Titans HK and Best Able on normal commercial terms with reference to the paid-up amount of the Sale Interest I, the unaudited net assets value of Jiangyin Titans of approximately RMB23,273,000 (equivalent to approximately HK\$28,967,900) as at 31 October 2012, and the general market conditions of PASS products in the PRC.

5. Completion

Completion of the equity transfer under the Disposal Agreement I shall take place after Best Able having fulfilled all its payment obligations of consideration to Titans HK thereunder and the consummation of the registration and approval formalities with respect to the transfer of the Sale Interest I with the relevant government authorities in the PRC. As the disposal under the Disposal Agreement I is subject to approvals from the relevant PRC government authorities, the Disposal Agreement I shall be terminated if such approvals cannot be obtained.

Disposal Agreement II

1. Date and Parties

Date: 7 December 2012

Vendors: Titans Power and Mr. Song

Purchaser: Siteersi Trading

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

2. Assets disposed under the Disposal Agreement II

The registered capital of Jiangyin Titans is RMB38,000,000 (equivalent to approximately HK\$47,298,600), of which RMB2,550,000 (equivalent to

approximately HK\$3,174,000) and RMB2,450,000 (equivalent to approximately HK\$3,049,500) have been subscribed by Titans Power and Mr. Song respectively, representing the respective 6.71% and 6.45% equity interest in Jiangyin Titans. As at the date of the Disposal Agreement II, both of Titans Power and Mr. Song have fully paid up their respective capital commitments in Jiangyin Titans.

Pursuant to the Disposal Agreement II, Siteersi Trading agreed to purchase the Sale Interest II and the 6.45% equity interest in Jiangyin Titans from Titans Power and Mr. Song respectively at the aggregate consideration of RMB5,380,000 (equivalent to approximately HK\$6,696,500). It is also stipulated under the Disposal Agreement II that all the claims and debts of Jiangyin Titans incurred before the completion of Disposal Agreement II will not be transferred to Siteersi Trading and will be remained as the rights and obligations of the Vendors.

3. Conditions precedent

The Disposal Agreement II shall only become effective upon Titans Power and Mr. Song having received from Siteersi Trading the first payment of the aggregate consideration in the amount of RMB500,000 (equivalent to approximately HK\$622,400) within 3 days following the signing of the Disposal Agreement II.

4. Consideration and Payment Terms

Pursuant to the Disposal Agreement II, the aggregate consideration of RMB5,380,000 (equivalent to approximately HK\$6,696,500) for the Sale Interest II and the 6.45% equity interest in Jiangyin Titans shall be paid by Siteersi Trading to Titans Power and Mr. Song in cash in the following manner:

- (i) the first payment of RMB500,000 (equivalent to approximately HK\$622,400) shall be paid within 3 days following the signing of the Disposal Agreement II; and
- (ii) the balance payment of RMB4,880,000 (equivalent to approximately HK\$6,074,100) shall be deposited into a bank account jointly controlled by the parties to the Disposal Agreement II within 45 days following the signing of the Disposal Agreement II. Such amount will be released to Titans Power and Ms. Song within 3 days after the Certificate Issue Date.

The allocation of the aggregate consideration under Disposal Agreement II to be paid by Siteersi Trading to Titans Power and Mr. Song is to be further agreed between Titans Power and Mr. Song themselves before completion.

The aggregate consideration under the Disposal Agreement II was arrived at after arm's length negotiations among Siteersi Trading, Titans Power and Mr. Song on normal commercial terms with reference to their share of the equity interest in Jiangyin Titans, the unaudited net assets value of Jiangyin Titans of approximately RMB23,273,000 (equivalent to approximately HK\$28,967,900) as at 31 October 2012, and the general market conditions of PASS products in the PRC.

5. Completion

Completion of the equity transfer under the Disposal Agreement II shall take place after Siteersi Trading having fulfilled its payment obligations of the aggregate consideration to Titans Power and Mr. Song thereunder and the consummation of the registration and approval formalities of the transfer of the Sale Interest II from Titans Power and the 6.45% equity interest in Jiangyin Titans from Mr. Song with the relevant government authorities in the PRC. As the disposal under the Disposal Agreement II is subject to approvals from the relevant PRC government authorities, the Disposal Agreement I shall be terminated if such approvals cannot be obtained.

INFORMATION OF JIANGYIN TITANS

Jiangyin Titans is a company established in the PRC with limited liability. The registered capital of Jiangyin Titans is owned as to 86.84% by Titans HK, as to 6.71% by Titans Power and as to 6.45% by Mr. Song respectively before the equity transfers under the Disposal Agreements. It is principally engaged in the marketing and sale of PASS products and the provision of engineering services.

After the completion of the respective equity transfers under the Disposal Agreements, the Group ceased to have any interest in Jiangyin Titans and Jiangyin Titans ceased to be a subsidiary of the Company. The business originally conducted by Jiangyin Titans in respect of the marketing and sale of PASS products will be taken up by other operating subsidiary of the Group.

Set out below is the financial information of Jiangyin Titans for the two years ended 31 December 2010 and 2011.

	Year ended 31 December	
	2010	2011
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Revenue	13,103	5,619
Net profit (loss) before taxation	735	(1,633)
Net profit (loss) after taxation	620	(1,633)

The unaudited net asset value of Jiangyin Titans was approximately RMB23,273,000 as at 31 October 2012.

The financial information above has been prepared in accordance with PRC GAAP.

FINANCIAL EFFECT OF JIANGYIN TITANS

It is estimated that, as a result of the Disposal, the Company will recognize an estimated gain of approximately RMB876,600 (equivalent to approximately HK\$1,091,100), being the aggregate consideration received by Titans HK and Titans Power under the Disposal Agreements less the proportionate net asset value of Jiangyin Titans and other costs. The proceeds generated from the Disposal will be applied as general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company believes the Disposal can optimize the operation management of the Group, and at the same time, enable the Group to focus its capital and management resources on its main operating business. The Directors consider that the present time is a mature time for the Disposal.

Having regard to the nature of and the benefits resulting from the Disposal, the Directors believe that the terms of the Disposal 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 DISPOSAL AGREEMENTS

(1) The Company

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 engaged principally in the supply of power electronic products and equipment, as well as research of power electronic technology and application.

(2) TITANS HK

Titans HK is a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of the Company.

The principal business activity of Titans HK is investment holding.

(3) TITANS POWER

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

The principal business activities of Titans Power are research, development, manufacturing and sale of wind and solar power generation balancing control products, charging equipment for electric vehicles and power grid monitoring and management products.

(4) BEST ABLE

Best Able is a company incorporated in Hong Kong with limited liability. The principal business activity of Best Able is investment holding.

(5) SITEERSI TRADING

Siteersi Trading is a company incorporated in the PRC with limited liability.

The principal business activities of Siteersi Trading is the sale of metal materials, building materials, textile materials, hardware and electrical equipment, and import and export of products and technologies.

LISTING RULES IMPLICATIONS OF THE DISPOSAL

As the applicable Percentage Ratios for the Disposal (taking also into account the outstanding obligations of Titans HK in respect of the Unpaid Registered Capital of Jiangyin Titans in the amount of RMB13,426,600 (equivalent to HK\$16,712,100)) under the Disposal Agreements are more than 5% but less than 25%, the Disposal 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.

DEFINITIONS

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

“Best Able”	Best Able Limited, a company incorporated in Hong Kong with limited liability and an Independent Third Party
“Board”	the board of Directors
“Certificate Issue Date (s)”	the issue date(s) of the business license of Jiangyin Titans to reflect the corresponding shareholding change under the Disposal Agreement I and/or the Disposal Agreement II
“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
“Disposal”	the disposal of an aggregate of 93.55% equity interest in Jiangyin Titans by the Group under the Disposal Agreements
“Disposal Agreement I”	the equity interest transfer agreement dated 7 December 2012 entered into between Titans HK as vendor and Best Able as purchaser in respect of the disposal of 86.84% equity interest in Jiangyin Titans
“Disposal Agreement II”	the equity interest transfer agreement dated 7 December 2012 entered into between Titans Power and Mr. Song as vendors and Siteersi Trading as purchaser in respect of the disposal of an aggregate of 13.16% equity interest in Jiangyin Titans
“Disposal Agreements”	the Disposal Agreement I and the Disposal Agreement II

“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 People’s Republic of China
“Independent Third Party(ies)”	person(s) or company(ies) which is(are) not connected person(s) of the Company and its connected persons
“Jiangyin Titans”	江陰泰坦高壓電氣有限公司 (Jiangyin Titans High Voltage Electric Co., Ltd.*) a company incorporated in the PRC with limited liability and whose equity interest is owned as to 86.84% by Titans HK, as to 6.71% by Titans Power and as to 6.45% by Mr. Song
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Song”	Mr. Song Qing Hong
“PASS products”	the plug and switch system products
“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, which, for the purpose of this announcement, does not include Taiwan, Hong Kong and the Macau Special Administrative Region of the People’s Republic of China
“PRC GAAP”	the People’s Republic of China Generally Accepted Accounting Principles
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest I”	86.84% equity interest in Jiangyin Titans beneficially owned by Titans HK
“Sale Interest II”	6.71% equity interest in Jiangyin Titans beneficially owned by Titans Power
“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)
“Siteersi Trading”	江陰市斯特爾斯貿易有限公司 (Jiangyin City Siteersi Trading Co., Ltd.*), a company incorporated in the PRC

	with limited liability and an Independent Third Party
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Titans HK”	Titans Holdings Co., Limited, a company incorporated in Hong Kong with limited liability and whose entire issued share capital is indirectly held by the Company
“Titans Power”	珠海泰坦電力電子集團有限公司 (Zhuhai Titans Power Electronics Company Limited*) (previously known as 珠海泰坦自動化技術有限公司 (Zhuhai Titans Automatic Technology Company Limited*), a company incorporated in the PRC with limited liability and whose entire equity interest is held by Titans HK
“Unpaid Registered Capital”	the unpaid registered capital of Jiangyin Titans in the amount of RMB13,426,600
“Vendors”	Titans HK under the Disposal Agreement I, and Titans Power and Mr. Song under the Disposal Agreement II
“%”	per cent

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

Hong Kong, 7 December, 2012

For the purpose of this announcement, translations of Renminbi into Hong Kong dollars or vice versa have been calculated by using an exchange rate of RMB\$1.00 equal to HK1.2447. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate or any other rates or at all.

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, Li Xiao Hui and Yu Zhuo Ping.

** for identification purposes only*