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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)**

- (1) PROPOSED SUBSCRIPTION OF  
NEW SHARES UNDER SPECIFIC MANDATE;  
(2) APPLICATION FOR WHITEWASH WAIVER;  
(3) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER; AND  
(4) COMMENCEMENT OF OFFER PERIOD**

*Financial adviser to the Subscriber*



**Guotai Junan Capital Limited**

### **PROPOSED SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE**

On 18 October 2022 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which, the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for 566,970,000 Subscription Shares at the Subscription Price of HK\$0.34 per Subscription Share for a total consideration of HK\$192,769,800. The Subscription Shares shall be allotted and issued pursuant to the Specific Mandate to be sought from the Independent Shareholders at the EGM.

The 566,970,000 Subscription Shares represent approximately (i) 61.29% of the issued share capital of the Company as at the date of this announcement; and (ii) 38.00% of the enlarged issued share capital of the Company upon Completion (assuming there is no other change in the total number of issued Shares of the Company other than the issue of the Subscription Shares).

The issue of the Subscription Shares is subject to, among other things, approval by the Independent Shareholders at the EGM. Resolutions will be proposed at the EGM to approve, among other things, the Specific Mandate to allot and issue the Subscription Shares under the Subscription Agreement and the Whitewash Waiver.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

#### **APPLICATION FOR WHITEWASH WAIVER**

As at the date of the Subscription Agreement and the date of this announcement, neither the Subscriber nor any party acting in concert with it owns, controls or directs any Shares or convertible securities, warrants or options (or outstanding derivatives) in respect of any Shares. Upon Completion, the Subscriber will hold 566,970,000 Shares, representing approximately 38.00% of the enlarged issued share capital of the Company (assuming there is no other change in the issued share capital of the Company save for the allotment and issue of the Subscription Shares pursuant to the Subscription).

Under Rule 26.1 of the Takeovers Code, upon the allotment and issue of the Subscription Shares at Completion (assuming there is no other change in the total number of issued Shares of the Company other than the issue of the Subscription Shares), the Subscriber would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by the Subscriber and parties acting in concert with it unless the Whitewash Waiver is granted by the Executive.

In this regard, an application will be made to the Executive for the Whitewash Waiver in respect of the allotment and issue of the Subscription Shares. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the condition that respective resolutions relating to the Whitewash Waiver on one hand, and the Subscription Agreement and the grant of Specific Mandate on the other hand, being separately approved by at least 75% and more than 50%, respectively, of the votes cast by the Independent Shareholders at the EGM by way of poll.

**The Whitewash Waiver may or may not be granted by the Executive. Completion is conditional upon (unless waived by the Subscriber), among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders. The Subscriber and the Company have agreed that if the Whitewash Waiver is not granted by the Executive or approved by the Independent Shareholders, they will negotiate in good faith to find a practical solution to proceed with the Completion. The Subscriber may, in its sole discretion and if it is ready to make a mandatory general offer in compliance with the Takeovers Code, elect to waive the relevant conditions to the Subscription and proceed with the Subscription in the absence of the Whitewash Waiver and upon Completion, the Subscriber will be obliged to make a mandatory general offer. Relevant announcement(s) will be made by the Company in compliance with the Listing Rules and the Takeovers Code as and when appropriate.**

## **ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

### **The Independent Board Committee**

An Independent Board Committee, comprising all three (3) independent non-executive Directors, namely Mr. Li Wan Jun, Mr. Pang Zhan and Mr. Li Xiang Feng, in compliance with Rule 2.8 of the Takeovers Code, has been formed to advise the Independent Shareholders as to whether the terms of the Subscription Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver are fair and reasonable and on how to vote at the EGM. None of the members of the Independent Board Committee has any interest or involvement in the transactions contemplated under the Subscription Agreement (including the grant of the Specific Mandate) and/or the Whitewash Waiver.

### **Appointment of Independent Financial Adviser**

Innovax Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription and the Whitewash Waiver. The appointment of Innovax Capital Limited has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code.

## **THE EGM**

The EGM will be held to consider and, if thought fit, to pass resolutions to approve, among other matters, (a) the Subscription Agreement and transactions contemplated thereunder; (b) the granting of the Specific Mandate; and (c) the Whitewash Waiver. The voting in relation to resolutions to be proposed at the EGM will be conducted by way of a poll.

A circular containing, among other things, (i) details of the Subscription, the Specific Mandate and the Whitewash Waiver; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Subscription and the Whitewash Waiver; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription and the Whitewash Waiver; and (iv) a notice of the EGM, will be despatched to the Shareholders as soon as practicable in compliance with the requirements of the Listing Rules and within 21 days from the date of this announcement in compliance with Rule 8.2 of the Takeovers Code.

Save for the two executive Directors, namely Mr. Li Xin Qing and Mr. An Wei, who have been involved in the negotiation of the Subscription Agreement and the companies controlled by each of them and Honor Boom Investments Limited which is, together with the aforementioned, a member of the Controlling Shareholder Group, none of the Shareholders is required to abstain from voting on the resolutions relating to the grant of Specific Mandate, the Subscription Agreement and the Whitewash Waiver. As such, the Controlling Shareholder Group will abstain from voting at the EGM.

## **COMMENCEMENT OF OFFER PERIOD**

Given that the Subscriber reserves the right to waive the conditions precedent relating to the Whitewash Waiver under the Subscription Agreement, the offer period (as defined under the Takeovers Code) commences on the date of this announcement.

**Warning: the Subscription is subject to certain conditions being fulfilled (or waived) and may or may not proceed. Shareholders and potential investors of the Company are advised to exercise extreme caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.**

## **INTRODUCTION**

The Company are pleased to announce that on 18 October 2022 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which, the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for 566,970,000 Subscription Shares at the Subscription Price of HK\$0.34 per Subscription Share for a total consideration of HK\$192,769,800.

### **The Subscription Agreement**

Date 18 October 2022 (after trading hours)

Parties (i) the Company; and

(ii) the Subscriber

As at the date of this announcement, the Subscriber and its ultimate beneficial owner do not own or have control or direction over any Shares and is a party independent of the Company and the connected persons (as defined under the Listing Rules) of the Company. Please refer to the section headed “Information of the Subscriber” for more information of the Subscriber.

### **The Subscription Shares**

Pursuant to the Subscription Agreement, the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 566,970,000 Subscription Shares at the Subscription Price of HK\$0.34 per Subscription Share and at an aggregate Subscription Price of HK\$192,769,800.

The 566,970,000 Subscription Shares represent approximately (i) 61.29% of the issued share capital of the Company as at the date of this announcement; and (ii) 38.00% of the enlarged issued share capital of the Company upon Completion (assuming there is no other change in the total number of issued Shares of the Company other than the issue of the Subscription Shares). The aggregate nominal value of the Subscription Shares is HK\$5,669,700.

## THE SUBSCRIPTION PRICE

The Subscription Price of HK\$0.34 per Subscription Share represents:

- (i) a premium of approximately 3.03% to the closing price of HK\$0.33 per Share as quoted on the Stock Exchange on 18 October 2022, being the date of the Subscription Agreement and this announcement;
- (ii) a premium of approximately 5.92% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including 18 October 2022 of approximately HK\$0.321 per Share;
- (iii) a premium of approximately 4.62% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including 18 October 2022 of approximately HK\$0.325 per Share;
- (iv) a premium of approximately 2.32% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the one hundred and eighty (180) consecutive trading days up to and including 18 October 2022 of approximately HK\$0.3323 per Share;
- (v) a discount of approximately 44.26% over the audited consolidated net asset value per Share attributable to the Shareholders of approximately HK\$0.610 per Share as at 31 December 2021, calculated based on the Group's latest audited consolidated net assets attributable to the Shareholders of approximately RMB510,992,000 (equivalent to approximately HK\$564,264,181) as at 31 December 2021 and 925,056,000 Shares in issue as at the date of this announcement; and
- (vi) a discount of approximately 42.81% over the unaudited consolidated net asset value per Share attributable to the Shareholders of approximately HK\$0.5945 per Share as at 30 June 2022, calculated based on the Group's latest unaudited consolidated net assets attributable to the Shareholders of approximately RMB498,005,000 (equivalent to approximately HK\$549,923,254) as at 30 June 2022 and 925,056,000 Shares in issue as at the date of this announcement.

The Subscription Price of HK\$0.34 was arrived at after arm's length negotiations between the Company and the Subscriber after taking into account (i) the financial position of the Group; (ii) the recent market conditions; (iii) the volume of the Subscription Shares; and (iv) the recent and historical prices of the Shares.

The Board (excluding the members of the Independent Board Committee who will give their opinion after reviewing the advice from the Independent Financial Adviser) considers that the basis in determining the Subscription Price and the terms of the Subscription Agreement are fair and reasonable and on normal commercial terms, and entering into the Subscription Agreement is in the interests of the Company and the Shareholders as a whole.

### **Conditions of the Subscription**

The Subscription is conditional upon satisfaction of the following conditions at or prior to 6 p.m. on the Long Stop Date:

- (a) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Subscription Shares to be allotted and issued;
- (b) the passing of the necessary resolution by the Independent Shareholders at the duly convened EGM to approve the Subscription Agreement and the transactions contemplated thereunder and the granting of the Specific Mandate for the allotment and issue of the Subscription Shares;
- (c) the passing of the necessary resolution by the Independent Shareholders at the duly convened EGM to approve the Whitewash Waiver by special resolution;
- (d) the Executive granting the Whitewash Waiver to the Subscriber and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted;
- (e) all acknowledgements, approvals and consents, having been obtained from third parties for the Subscription Agreement and transactions thereunder, namely (i) the approval or filing required by the competent authority of the State-owned Assets Supervision and Administration Commission in respect of the Subscription Agreement and the transactions contemplated thereunder; and (ii) the approval or filing required by (a) the Development and Reform Commission, (b) the competent commerce authority and (c) the competent foreign exchange authority in respect of overseas investment of domestic enterprises, and all such acknowledgements, approvals and consents remaining in full force and unrevoked;
- (f) the Subscriber having completed due diligence on the legal, financial and business aspects of the Company and the Group and is satisfied with the due diligence results;

- (g) the representations, undertakings and warranties given by the Company in the Subscription Agreement remaining true and accurate in all material respect and not misleading in any material respects, and there having been no material breach of the Subscription Agreement committed by any of the parties to the Subscription Agreement;
- (h) the listing status of the Company on the Stock Exchange not having been revoked or cancelled, and the Shares remaining trading on the Stock Exchange (except for trading halt(s) not exceeding ten (10) consecutive trading days (or such other relevant period as may be agreed by the Subscriber in writing) or trading halt(s) relating to Subscription and all transactions contemplated under the Subscription Agreement); and the Stock Exchange or the SFC not having indicated that the listing status of the Company will be suspended, cancelled or revoked at any time after Completion;
- (i) there having been no change in the members of the Controlling Shareholder Group of the Company;
- (j) before Completion, there shall not have occurred any of the following situations:
  - (i) any material adverse change in the financial or other positions, or the income, assets, business or operations of the Group; or any development which, is reasonably believed to, possibly lead to such material adverse change;
  - (ii) any governmental action, court order, proceeding, inquiry or investigation rendering the Subscription illegal or to imposing a prohibition or restriction on the Subscription;
  - (iii) any outbreak or escalation of hostilities or terrorist acts in Hong Kong, the Mainland China or any other jurisdictions, laws of which are applicable to the Group; or any declaration of a state of emergency, war or other disaster or crisis by any of the said jurisdictions; and
  - (iv) any major disruption to the commercial banks, securities settlement or clearing services in Hong Kong, the Mainland China or any other jurisdictions, laws of which are applicable to the Group; or any announcement made by the relevant departments stating that all commercial bank activities have been completely suspended.

(k) each member of the Controlling Shareholder Group that is a holder of voting rights (within the meaning under the Takeovers Code) in the Company on the date thereof<sup>#</sup> shall sign an irrevocable undertaking in the form of a deed to the satisfaction of the Subscriber and the Controlling Shareholder Group which should take effect on the date when the Subscriber announces a firm intention to make a mandatory general offer and the content shall include: (1) if the Subscriber makes a mandatory general offer in accordance with the Takeovers Code, he/she/it will not accept the offer; (2) at the request of the Subscriber, he/she/it will dispose of a sufficient number of Shares to ensure that the public float of the issued Shares as enlarged by the Subscription is not less than 25% before the close of the mandatory general offer and immediately after the close of the mandatory general offer, provided that the Subscriber will not, and will procure parties acting in concert with it not to, purchase any Shares (whether such Shares are purchased from the Controlling Shareholder Group or not) within six (6) months of the closing of the offer; and (3) he/she/it confirms that he/she/it does not have any special voting arrangements in respect of the Shares that have not been disclosed to the Subscriber, including but not limited to any special arrangement of concert party, voting entrustment etc.

<sup>#</sup> For illustration purpose, based on the holding of voting rights as at the date of this announcement, these are all the members of the Controlling Shareholder Group except Mr. Li Xiao Bin, Ms. Ou Yang Fen and Mr. Cui Jian who do not hold voting rights in their personal capacity.

If any of the above conditions precedent cannot be fulfilled, the Subscriber may at its absolute discretion waive conditions (c), (d), (f), (g), (j) and (k) above. All other conditions are non-waivable, and the Company is not entitled to waive any of the above conditions. In the event that any of the conditions of the Subscription is not fulfilled or waived at or prior to 6 p.m. on the Long Stop Date, the Subscription Agreement will terminate and all obligations of the Company and the Subscriber under the Subscription Agreement shall cease and determine and neither the Company nor the Subscriber shall have any claim against the other in respect of any matter arising out of or in connection with the Subscription Agreement except for any antecedent breach of any obligation and any liabilities under the Subscription Agreement.

If the Subscriber waives condition(s) (c) and/or (d), the Subscriber will be required to make a mandatory general offer upon Completion.

As at the date of this announcement, none of the conditions set out above has been satisfied.

## **Completion**

Completion is expected to take place on the fifth Business Day after all of the above conditions have been fulfilled or waived (or such other date as the Company and the Subscriber may agree in writing). At Completion, among others, (i) the Subscriber shall pay the Subscription Price to a bank account designated by the Company by immediately available funds by direct transfer (or such other way as may be agreed between the Company and the Subscriber); and (ii) the Company shall allot and issue the Subscription Shares to the Subscriber.

Immediately after Completion, (i) the Subscriber will be interested in approximately 38.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming there is no other change in the total number of issued Shares of the Company other than the issue of the Subscription Shares).

## **Ranking**

The Subscription Shares will rank equally in all respects with the Shares in issue as at the date of allotment and issue of the Subscription Shares.

## **Mandate for the issue of the Subscription Shares**

The allotment and issue of the Subscription Shares is subject to approval by the Independent Shareholders at the EGM to be convened and held. Resolution(s) will be proposed at the EGM to approve, among other things, the Specific Mandate to allot and issue the Subscription Shares under the Subscription Agreement.

## **Listing application**

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

## INFORMATION OF THE SUBSCRIBER

The Subscriber is indirectly wholly-owned by 唐山市人民政府國有資產監督管理委員會 (Tangshan Municipal People's Government State-owned Assets Supervision and Administration Commission\*), a PRC government body as at the date of this announcement. The Subscriber is principally engaged in digital information, new energy and environmental protection, finance, logistics and trading and conducts large-scale investment and financing in various industries related to its principal businesses.

## INFORMATION ON THE COMPANY AND THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability and the issued Shares of which have been listed on the Main Board of the Stock Exchange. The Group is principally engaged in (i) the supply of power electric products and equipment; (ii) the sales and leases of electric vehicles; (iii) provision of charging services for electric vehicles; and (iv) construction services of charging poles for electric vehicles under Build-Operate-Transfer (BOT) arrangements.

Set out below is a summary of the audited consolidated financial results of the Group for the years ended 31 December 2020 and 2021 and the unaudited consolidated financial results of the Group for the six months ended 30 June 2021 and 2022, prepared in accordance with the Hong Kong Financial Reporting Standards:

	<b>For the year ended</b>		<b>For the six months ended</b>	
	<b>31 December</b>		<b>30 June</b>	
	<b>2020</b>	<b>2021</b>	<b>2021</b>	<b>2022</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
	<b>(audited)</b>	<b>(audited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>
Revenue	275,592	337,344	132,664	125,245
Profit (loss) after tax for the year/period	(30,211)	17,328	(10,036)	(11,537)

The net assets of the Group as at 31 December 2020 (audited), 30 June 2021 (unaudited), 31 December 2021 (audited) and 30 June 2022 (unaudited) were RMB504,893,000, RMB497,197,000, RMB522,919,000 and RMB509,432,000, respectively.

## **REASONS FOR THE SUBSCRIPTION**

In recent years, in order to achieve the “carbon neutrality and carbon peak” policy, the PRC national strategy is to accelerate the construction and development of new electrical power system with focus on the new energy, support the development of the green and low-carbon industry and new energy vehicles industry. The strategy also promotes the development of infrastructure for electric vehicle battery charging and replacing, energy storage, and ancillary power grids in an orderly manner.

The Company has been committed to the research and development of power electronics, automatic control and software technology for many years. Leveraging on its Direct Current (DC) power supply, electric vehicle battery charging and replacing system, energy storage, power quality management and other product series, the Company has achieved a stable market position and remarkable business reputation among the industries.

With the above-mentioned macro environment and the direction and implementation of the policies, the Group’s various products and businesses may embrace the rapid and continuous growing market opportunities. Meanwhile, the Group has been planning to expand and strengthen its existing business and seek new business development opportunities in order to enhance the shareholders' return. In order to seize the opportunities and achieve repaid growth, the Company has to seek financial and market resources during the process of its business expansion. The Directors consider that the Subscription will expand the Company’s shareholder base, and, as a result of which, to further strengthening the market’s confidence in the development of the Company in the long run.

The Subscriber is indirectly wholly-owned by 唐山市人民政府國有資產監督管理委員會 (Tangshan Municipal People’s Government State-owned Assets Supervision and Administration Commission\*), a PRC government body, and principally engaged in digital information, new energy and environmental protection, finance, logistics and trading and conducts large-scale investment and financing in various industries related to its principal businesses. The Directors believe that the Subscription is crucial to the Group’s future market expansion, and enhancement of its market position and business image. In the meantime, the synergy effect of the Company and the Subscriber will bring significant support and assistance to the Company's long-term and stable development.

The Board (excluding the members of the Independent Board Committee who will give their opinion after reviewing the advice from the Independent Financial Adviser) is therefore of the view that the Subscription is in the interests of the Company and the Shareholders as a whole.

## **Future intentions of the Subscriber regarding the Group**

Upon Completion, the Subscriber will become a controlling shareholder (as defined under the Listing Rules) of the Company. The Subscriber considers and confirms that (a) it is intended that the Group will continue with its existing business following the Completion; and (b) it has no intention to (i) introduce any major changes to the existing business of the Group or (ii) discontinue the employment of any of the Group's employees or (iii) redeploy the fixed assets of the Group other than in its ordinary course of business.

If Completion takes place, the Company will receive the aggregate Subscription Price (i.e. HK\$192,769,800) from the Subscriber for, among others, investment. Please refer to the section headed "Use of Proceeds" of this announcement for details on how the proceeds will be applied by the Company. In the long run, the Subscriber expects that the Company shall maintain its business and operation through its own generated revenue and cashflow and external financing. When the Subscriber becomes a controlling shareholder of the Company, the Subscriber would consider providing suitable guarantees for external financing of the Company to lower its financing costs when appropriate.

The Subscriber intends to (i) retain certain Directors, including Mr. Li Xin Qing and Mr. An Wei, who are existing executive Directors (please refer to the 2021 annual report of the Company for their respective biographies), and the majority of the members of the senior management of the Group to continue to manage and operate the business of the Group; and (ii) recruit experts and consultants with relevant experience and expertise in relation to the principal business of the Group as members of the Subscriber's senior management to manage and supervise the business and operation of the Group at the Subscriber level.

## **CHANGE OF COMPOSITION OF THE BOARD**

At the date of this announcement, the Subscriber intends to nominate two executive Directors, one non-executive Director and two independent non-executive Directors to the Board. Pursuant to the Subscription Agreement, the Company will procure two existing independent non-executive Directors to resign.

Details of the actual change of the Board composition and biographies of any new Directors to be appointed will be further announced as and when appropriate in accordance with the Takeovers Code and the Listing Rules.

## **USE OF PROCEEDS**

The gross proceeds to be raised from the Subscription is HK\$192,769,800. The net proceeds after deducting all relevant costs and expenses of the Subscription are estimated to be approximately HK\$188.29 million, of which approximately HK\$94.14 million (representing approximately 50% of the net proceeds) will be applied for investments in the expansion of the charging services for electric vehicles business; approximately HK\$75.32 million (representing approximately 40% of the net proceeds) will be applied for investments in the expansion of the charging equipment for electric vehicles business; and approximately HK\$18.83 million (representing approximately 10% of the net proceeds) will be applied for general working capital of the Group.

The net issue price per Subscription Share will be approximately HK\$0.332 per Subscription Share.

## **SHAREHOLDING STRUCTURE OF THE COMPANY**

As at the date of this announcement, the Company has a total of 925,056,000 Shares in issue and 67,130,000 outstanding share options granted by the Company pursuant to the share option scheme adopted by the Company on 18 December 2020, the Company has no other outstanding shares, options, warrants, derivatives or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) that carry a right to subscribe for or which are convertible into Shares. Among the 67,130,000 outstanding share options, 12,310,000 share options are exercisable as at the date of this announcement and 54,820,000 share options will only become exercisable on or after 1 June 2023.

Set out below are the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately upon allotment and issue of the Subscription Shares (assuming there is no change in the issued share capital of the Company other than the issue of the Subscription Shares); and (iii) immediately upon allotment and issue of the Subscription Shares (assuming there is no change in the issued share capital of the Company other than the issue of the Subscription Shares and all outstanding share options are fully exercised).

Shareholders	As at the date of this announcement		Immediately upon allotment and issue of the Subscription Shares		Immediately upon allotment and issue of the Subscription Shares (assuming all outstanding share options are fully exercised)	
	<i>Number of</i>		<i>Number of</i>		<i>Number of</i>	
	<i>Shares</i>	<i>Approximate %</i>	<i>Shares</i>	<i>Approximate %</i>	<i>Shares</i>	<i>Approximate %</i>
The Subscriber and parties acting in concert with it	-	-	566,970,000	38.00	566,970,000	36.37
The Controlling Shareholder Group:						
- Mr. Li Xin Qing ( <i>Note 1</i> )	200,000	0.02	200,000	0.01	800,000	0.06
- Rich Talent Management Limited ( <i>Notes 1, 2 and 4</i> )	7,985,418	0.86	7,985,418	0.54	7,985,418	0.51
- Genius Mind Enterprises Limited ( <i>Note 3</i> )	197,724,457	21.38	197,724,457	13.25	197,724,457	12.68
- Mr. An Wei ( <i>Note 4</i> )	400,000	0.04	400,000	0.03	1,000,000	0.06
- Great Passion International Limited ( <i>Notes 4 and 5</i> )	187,884,457	20.31	187,884,457	12.59	187,884,457	12.05
- Honor Boom Investments Limited ( <i>Note 6</i> )	82,458,117	8.91	82,458,117	5.53	82,458,117	5.29
- Mr. Li Xiao Bin	-	-	-	-	3,740,000	0.24
- Ms. Ou Yang Fen	-	-	-	-	3,500,000	0.22
Sub-total of the Controlling Shareholder Group	476,652,449	51.52	476,652,449	31.95	485,092,449	31.11
Public Shareholders	448,403,551	48.48	448,403,551	30.05	507,093,551	32.52
	<u>925,056,000</u>	<u>100.00</u>	<u>1,492,026,000</u>	<u>100.00</u>	<u>1,559,156,000</u>	<u>100.00</u>

*Notes:*

1. Mr. Li Xin Qing is the Chairman of the Board and an executive Director.
2. Rich Talent Management Limited is held as to 50% by Mr. Li Xin Qing and as to 50% by Mr. An Wei.
3. Genius Mind Enterprises Limited is wholly-owned by Mr. Li Xin Qing.
4. Mr. An Wei is an executive Director and the Chief Executive Officer of the Company.
5. Great Passion International Limited is wholly-owned by Mr. An Wei.
6. Honor Boom Investments Limited is owned by Mr. Li Xiao Bin as to 40%, Ms. Ou Yang Fen as to 30% and Mr. Cui Jian as to 30%.

## **EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has not conducted any equity fund raising activities in the past twelve months before the date of this announcement.

## **INFORMATION REQUIRED UNDER THE TAKEOVERS CODE**

Each of the Subscriber, its ultimate beneficial owner and/or the parties acting in concert with any of them has confirmed that:

- (i) save for the Subscription Agreement entered into on the date of this announcement, none of them has acquired or disposed of or entered into any agreement or arrangement to acquire or dispose of any voting rights in the Company within the six months prior to and including the date of this announcement;
- (ii) save for the Subscription Shares to be allotted and issued to the Subscriber pursuant to the Subscription Agreement, none of them owns or has control or direction over any voting rights or rights over the Shares or any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of Shares nor has entered into any outstanding derivative in respect of securities in the Company;
- (iii) none of them has any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) with any other persons in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or of the Subscriber and which might be material to the transactions contemplated under the Subscription Agreement and/or the Whitewash Waiver;
- (iv) none of them has received any irrevocable commitment to vote for or against the resolutions relating to the transactions contemplated under the Subscription Agreement and/or the Whitewash Waiver;
- (v) save for the conditions of the Subscription under the Subscription Agreement, none of them has any agreements or arrangements to which it is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the transactions contemplated under the Subscription Agreement or the Whitewash Waiver;
- (vi) none of them has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;

- (vii) apart from the aggregate Subscription Price of HK\$192,769,800 payable under the Subscription Agreement, none of them has paid or will pay any other consideration, compensation or benefit in whatever form to the Company or any party acting in concert with it in connection with the Subscription;
- (viii) save for the Subscription Agreement, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Subscriber, its ultimate beneficial owner or any parties acting in concert with any of them on one hand and the Company or any party acting in concert with it on the other hand; and
- (ix) there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder; and (ii) the Subscriber, its ultimate beneficial owner, or any parties acting in concert with any of them.

The Company confirms that there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Company, its subsidiaries or associated companies and any Shareholders.

As at the date of this announcement, the Company does not believe that the proposed transactions under the Subscription Agreement give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the circular in respect of the Whitewash Waiver. The Company notes that the Executive may not grant the Whitewash Waiver if the Subscription does not comply with other applicable rules and regulations.

#### **APPLICATION FOR WHITEWASH WAIVER**

As at the date of the Subscription Agreement and the date of this announcement, neither the Subscriber nor any party acting in concert with it owns, controls or directs any Shares or convertible securities, warrants or options (or outstanding derivatives) in respect of Shares.

Upon Completion, the Subscriber will hold 566,970,000 Shares, representing approximately 38.00% of the enlarged issued share capital of the Company (assuming there is no other change in the issued share capital of the Company save for the allotment and issue of the Subscription Shares pursuant to the Subscription).

Under Rule 26.1 of the Takeovers Code, upon the allotment and issue of the Subscription Shares at Completion, the Subscriber would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by the Subscriber and parties acting in concert with it unless the Whitewash Waiver is granted by the Executive.

In this regard, an application will be made to the Executive for the Whitewash Waiver in respect of the allotment and issue of the Subscription Shares. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the condition that respective resolutions relating to the Whitewash Waiver on one hand, and the Subscription Agreement and the grant of Specific Mandate on the other hand, being separately approved by at least 75% and more than 50%, respectively of the votes cast by the Independent Shareholders at the EGM by way of poll.

**The Whitewash Waiver may or may not be granted by the Executive. Completion is conditional upon (unless waived by the Subscriber), among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders. The Subscriber and the Company have agreed that if the Whitewash Waiver is not granted by the Executive or approved by the Independent Shareholders, they will negotiate in good faith to find a practical solution to proceed with the Completion. The Subscriber may, in its sole discretion and if it is ready to make a mandatory general offer in compliance with the Takeovers Code, elect to waive the relevant conditions to the Subscriptions and proceed with the Subscription in the absence of the Whitewash Waiver and upon Completion, the Subscriber will be obliged to make a mandatory general offer. Relevant announcement(s) will be made by the Company in compliance with the Listing Rules and the Takeovers Code as and when appropriate.**

## **ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

### **The Independent Board Committee**

An Independent Board Committee, comprising all three (3) independent non-executive Directors, namely Mr. Li Wan Jun, Mr. Pang Zhan and Mr. Li Xiang Feng, in compliance with Rule 2.8 of the Takeovers Code, has been formed to advise the Independent Shareholders as to whether the terms of the Subscription Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver are fair and reasonable and on how to vote at the EGM. None of the members of the Independent Board Committee has any interest or involvement in the transactions contemplated under the Subscription Agreement (including the grant of the Specific Mandate) and/or the Whitewash Waiver.

## **Appointment of the Independent Financial Adviser**

Innovax Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription and the Whitewash Waiver. The appointment of Innovax Capital Limited has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code.

## **EGM**

The EGM will be held to consider and, if thought fit, pass resolutions to approve, among other matters, (a) the Subscription Agreement and transactions contemplated thereunder; (b) the granting of the Specific Mandate; and (c) the Whitewash Waiver. The voting in relation to resolutions to be proposed at the EGM will be conducted by way of a poll.

A circular containing, among other things, (i) details of the Subscription, the Specific Mandate and the Whitewash Waiver; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Subscription and the Whitewash Waiver; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription and the Whitewash Waiver; and (iv) a notice of the EGM, will be despatched to the Shareholders as soon as practicable in compliance with the requirements of the Listing Rules and within 21 days from the date of this announcement in compliance with Rule 8.2 of the Takeovers Code.

Save for the two executive Directors, namely Mr. Li Xin Qing and Mr. An Wei, who have been involved in the negotiation of the Subscription Agreement and the companies controlled by each of them and Honor Boom Investments Limited which is, together with the aforementioned, a member of the Controlling Shareholder Group, no Shareholder is interested in or involved in the Subscription, the Specific Mandate, the Whitewash Waiver and the respective transactions contemplated thereunder, and will be required to abstain from voting on the resolution(s) to approve the Subscription, the Specific Mandate, the Whitewash Waiver and the respective transactions contemplated thereunder at the EGM. As such, the Controlling Shareholder Group will abstain from voting at the EGM.

**Warning: The Subscription is subject to the fulfillment or waiver (as the case may be) of a number of conditions precedent set out under the section headed “Conditions of the Subscription” in this announcement, including approval at the EGM by the Independent Shareholders of the Subscription and the Whitewash Waiver, and the grant of the Whitewash Waiver by the Executive. As such, the Subscription may or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.**

## **COMMENCEMENT OF OFFER PERIOD**

Given that the Subscriber reserves the right to waive the conditions precedent relating to the Whitewash Waiver under the Subscription Agreement, the offer period (as defined under the Takeovers Code) commences on the date of this announcement.

Associates of the Company (as defined in the Takeovers Code including a person who owns or controls 5% or more of any class of relevant securities of the Company or any person who as a result of any transaction owns or controls 5% or more of any class of relevant securities of the Company) and those of the Subscriber are reminded to disclose their dealings in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company under Rule 22 of the Takeovers Code.

Reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code in accordance with Rule 3.8 of the Takeovers Code:

*“Responsibilities of stockbrokers, banks and other intermediaries*

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved. Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

## DEFINITIONS

In this announcement, unless the context requires otherwise, capitalized terms used herein have the same meanings as set forth below:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Business Day(s)”	a day on which banks are open for general business in Hong Kong (excluding Saturday, Sunday, public holidays in Hong Kong and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted or “extreme conditions” are announced in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.)
“Company”	China Titans Energy Technology Group Co., Limited, 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)
“Completion”	the completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement
“Completion Date”	the date of Completion, which is expected to be on the fifth Business Day after all of the conditions of the Subscription have been fulfilled or waived (or such other date as the Company and the Subscriber may agree in writing)
“Controlling Shareholder Group”	the group of controlling Shareholders of the Company which consists of (1) Genius Mind Enterprises Limited and its sole beneficial owner Mr. Li Xin Qing; (2) Great Passion International Limited and its sole beneficial owner Mr. An Wei; (3) Rich Talent Management Limited; and (4) Honor Boom Investments Limited and its beneficial owners Mr. Li Xiao Bin, Ms. Ou Yang Fen and Mr. Cui Jian

“Director(s)”	the director(s) of the Company from time to time
“EGM”	an extraordinary general meeting of the Company to be convened and held for the Shareholders or the Independent Shareholders, as appropriate, to consider and, if thought fit, approve, among others, the Subscription and the transactions contemplated thereunder (including the Specific Mandate), and the Whitewash Waiver
“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time or any delegate of such Executive Director
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Board comprising all three (3) independent non-executive Directors, namely Mr. Li Wan Jun, Mr. Pang Zhan and Mr. Li Xiang Feng, established in accordance with Rule 2.8 of the Takeovers Code, who have no direct or indirect interest in the Subscription Agreement or the Whitewash Waiver
“Independent Financial Adviser”	Innovax Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee in respect of the Subscription and the Whitewash Waiver
“Independent Shareholders”	Shareholder(s) other than: (i) the Subscriber and parties acting in concert with it; (ii) those who are involved in or interested in the Subscription and the Whitewash Waiver and the transactions contemplated thereunder (including the Controlling Shareholder Group); and (iii) those who are required to abstain from voting at the EGM (if any) to consider and approve the Subscription Agreement, the Whitewash Waiver and the transactions contemplated thereunder under the Listing Rules and the Takeovers Code

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	17 January 2023 (or such later date as may be agreed between the Company and the Subscriber in writing)
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	the ordinary share(s) of par value HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Share(s)
“Specific Mandate”	the specific mandate to be granted by the Independent Shareholders to the Board at the EGM for the allotment and issue of the Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	唐山國控科創有限公司 (Tangshan Guokong Science and Technology Limited*), a company established in the PRC with limited liability which may subscribe the Subscription Shares through any of its wholly-owned subsidiaries to be nominated by it
“Subscription”	the subscription for the Subscription Shares by the Subscriber pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the conditional agreement dated 18 October 2022 and entered into between the Company and the Subscriber for the Subscription

“Subscription Price”	HK\$0.34 per Subscription Share
“Subscription Shares”	566,970,000 new Shares to be allotted and issued by the Company to the Subscriber pursuant to the Subscription Agreement
“Takeovers Code”	the Code on Takeovers and Mergers
“Whitewash Waiver”	the whitewash waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligation of the Subscriber to make a mandatory general offer for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by the Subscriber and any parties acting in concert with it arising as a result of the Subscriber subscribing for the Subscription Shares under the Subscription Agreement
“%”	per cent.

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

Hong Kong, 18 October 2022

*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. Pang Zhan and Mr. Li Xiang Feng.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

*In this announcement, amounts quoted in RMB have been converted into HK\$ at the rate of HK\$1 = RMB0.90559, based on the central parity rate of RMB against HKD on 18 October 2022 as announced by the State Administration of Foreign Exchange. Such exchange rate has been used, where applicable, for purpose of illustration only and does not constitute representation that any amounts were or may have been exchanged at such rate or any other rates.*

\* For identification purposes only