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Titan Petrochemicals Group Limited

(Provisional Liquidators appointed)

(Incorporated in Bermuda with limited liability)

(Stock Code: 1192)

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**Financial adviser to Titan Petrochemicals Group Limited
(Provisional Liquidators appointed)**



**Independent Financial Adviser to the LR Independent Board Committee,
the TC Independent Board Committee and the Independent Shareholders**



ASIAN CAPITAL

(CORPORATE FINANCE) LIMITED

卓亞(企業融資)有限公司

UPDATE ON BUSINESS DEVELOPMENT

The Board is pleased to announce that the Company entered into the FTSD Purchase Order Framework Agreement with FTSD, a subsidiary of FEG, which is legally-binding, pursuant to which FTSD has conditionally agreed that it will, and will procure purchase orders to be placed with TQS for the construction of one semi-submersible and two jack ups within one year from the effective date of the FTSD Purchase Order Framework Agreement at prices to be determined by arm's length negotiations based on prevailing market price.

The Company entered into the GZE Purchase Order MOU with GZE, which is non-legally binding, pursuant to which GZE has agreed in principle that subject to the satisfaction of certain conditions, it will or will procure purchase orders to be placed with TQS for the construction of two semi-submersibles, four jack ups and two FSRU at prices to be determined by arm's length negotiations based on prevailing market price.

GZE entered into the Working Capital Loan Agreement with TQS pursuant to which GZE has agreed to provide the loan of not less than RMB60 million to TQS for working capital.

The Company, TPFL and TQSL Holding entered into the Shipyard Termination Agreement with GZE, pursuant to which the parties conditionally agreed that the Shipyard Sale and Purchase Agreement be terminated and with respect to the amount of RMB740,000,000 (equivalent to HK\$938,216,400) that was originally paid by Grand China Logistics to TPFL and TQSL Holding, the rights to which were subsequently assigned to GZE, the Company will issue 9,382,164,000 new Shares at the issue price of HK\$0.10 to GZE in lieu of repayment of such amount.

UPDATE ON DEBT RESTRUCTURING AND REMAINING INDEBTEDNESS ARRANGEMENTS

On 25 November 2013, the Company announced the Debt Restructuring Proposal to restructure the Scheme Claims of the Scheme Creditors by way of the Creditors' Scheme. The Creditors' Scheme was duly approved. The Creditors' Scheme was sanctioned by the Bermuda Court on 5 November 2014 and became effective and binding on all Scheme Creditors upon a copy of the Order of the Bermuda Court being delivered to the Bermuda Registrar of Companies in accordance with section 99 of the Act on the same day.

The Company and DBIL entered into the Listco Preferred Shares Modification Deed in relation to, among others, the extension of the redemption period of the Listco Preferred Shares and the restriction of the conversion of the Listco Preferred Shares. Pursuant to the Listco Preferred Shares Modification Deed, DBIL and the Company have agreed that, among other things, (i) the purported redemption notice relating to the Listco Preferred Shares as issued by Saturn Petrochemical on 4 July 2012 cannot be completed as a matter of applicable law and shall, for all purposes, be treated for as being withdrawn, *ab initio* and of no legal effect; and (ii) the terms of the Bye-Laws of the Company shall be amended so that the earliest date a notice of redemption of the Listco Preferred Shares may be served on the Company is the 3rd anniversary of the actual date when the Restructuring becoming effective and the Release Date having occurred.

As part of the Group's continued efforts to restructure its indebtedness, members of the Group entered into the Debt Rescheduling Agreements with GZE, pursuant to which GZE has conditionally agreed, among other things, to reschedule the repayment of the Group's indebtedness due to GZE postponing the first repayment date until 5 May 2017.

GZE executed the GZE Excess Liabilities Undertaking in favour of the Company, pursuant to which GZE has undertaken to the Company that if the total indebtedness of the Restructured Group as at 31 January 2015 exceeds the amount set forth in the Indebtedness Statement of the Restructured Group as at 31 January 2015, GZE shall, subject to certain conditions and upon demand by the Company, pay to the Company (or such other person as the Company may specify) the full amount of such Excess Liabilities. As at the date of this announcement, there is no Excess Liabilities claimed.

TQS entered into the Assumption Agreement with Fame Dragon and the Company in respect of the indebtedness arising from certain accounts payables and other payables of TQS, pursuant to which Fame Dragon agrees to assume certain debts payable by TQS in consideration for the Company agreeing to allot and issue new Shares, subject to the verification by auditors appointed by Fame Dragon and the compliance with any applicable requirements under the Listing Rules, at the issue price of HK\$0.1 per Share to the extent that immediately after the issue of any such Assumption Consideration Shares from time to time at least 25% of the Company's total issued share capital shall be held by the members of the public. Under the Assumption Agreement, no further Assumption Consideration Shares shall be issued after the 5th anniversary of the date of the resumption of trading in the Shares and Fame Dragon will assume liabilities up to a maximum amount of RMB282,056,122.05 (equivalent to HK\$359,542,041.5 based on the exchange rate of RMB1.00 to HK\$1.274718091). Accordingly, the number of Assumption Consideration Shares to be issued to Fame Dragon shall not exceed 2,282,024,653 Shares upon resumption of trading of the Shares on the Stock Exchange based on the existing issued share capital of the Company and shall not exceed 3,595,420,415 Shares throughout five years from the date of the resumption of trading in the Shares.

Certain bank loans of the Group have been assigned to Fujian Wonderful, an Independent Third Party. In this connection, TQS entered into the Loan Rescheduling Agreements with Fujian Wonderful, pursuant to which Fujian Wonderful has agreed, among other things, to postpone the first repayment date of the bank loans assigned to Fujian Wonderful until 3 years from the date of the respective Loan Rescheduling Agreements.

INTERIM FINANCING ARRANGEMENTS

The Company entered into the First Loan Agreement with Fame Dragon on 12 March 2013, pursuant to which Fame Dragon agreed to provide an interim financing on request of the Company of up to approximately HK\$62.24 million. The First Loan Agreement has been defaulted. As at the date of this announcement, HK\$3 million has been drawn down under the First Loan Agreement.

On 13 March 2014, the Company entered into the Second Loan Agreement in relation to the provision of an unsecured loan of HK\$62.24 million by Fame Dragon to the Company. The Company entered into the Supplemental Second Loan Agreement with Fame Dragon to amend and extend (i) the Events of Default (i) Deadline to 15 August 2014; and (ii) the Events of Default (m) Deadline to 15 September 2014, and both of these amendments shall take effect immediately upon the date of the Supplemental Second Loan Agreement. Relevant events under the Events of Default (i) Deadline and the Events of Default (m) Deadline have been fulfilled prior to the respective deadlines. As at the date of this announcement, HK\$56.18 million has been received under the Supplemental Second Loan Agreement.

The Company entered into the 2015 Loan Agreement with Fame Dragon in relation to the provision of an uncommitted term loan of US\$10 million by Fame Dragon to the Company. As at the date of this announcement, approximately US\$6 million has been received under the 2015 Loan Agreement.

PROPOSED OPEN OFFER

Reference is made to the announcements of the Company dated 12 March 2013 and 25 November 2013 in relation to, among other things, the proposed open offer of convertible bonds to be issued by the Company and the underwriting agreement dated 12 March 2013 entered into between the Company and Fame Dragon in respect of such proposed open offer.

The Company proposes to proceed with an open offer of new Shares instead of an open offer of convertible bonds as previously announced on 15 March 2013. The Board proposes to put forward a proposal to raise not less than approximately HK\$391.0 million and not more than approximately HK\$392.1 million (before expenses) by way of the Open Offer of new Shares on the basis of one Offer Share for every two existing Shares held by the Qualifying Shareholders on the Record Date with issuance of the Warrants on the same terms as those being offered to the Subscribers for no additional consideration to the Qualifying Shareholders who take up the Offer Shares on the basis of one Warrant for one Offer Share taken up. The number of Offer Shares will be not less than 3,910,277,341 Offer Shares and not more than 3,920,597,341 Offer Shares. The Company and Fame Dragon entered into the Underwriting Agreement pursuant to which Fame Dragon (or its wholly-owned subsidiary) conditionally agreed to fully underwrite the proposed Open Offer. The Underwriting Agreement supersedes the underwriting agreement dated 12 March 2013 that was entered into between the Company and Fame Dragon with respect to the open offer of convertible bonds.

SUBSCRIPTION OF SHARES AND WARRANTS

The Company entered into three subscription agreements with CGL Resources, New Berkeley and Wahan Investments on 9 April 2013, 9 April 2013 and 29 April 2013, respectively, in relation to the subscription of convertible bonds to be issued by the Company. As those previous subscription agreements had lapsed, CGL Resources, New Berkeley and Wahan Investments entered into the CGL Subscription Agreement, New Berkeley Subscription Agreement and First Wahan Investments Subscription Agreement respectively on 5 May 2014 with the Company for the subscription of new Shares and Warrants instead of convertible bonds to replace the previous subscription agreements they entered into with the Company. As referred to in the announcement of the Company dated 25 February 2015, the Company was informed by FEG that CGL Resources and New Berkeley would not extend the long stop date of the CGL Subscription Agreement and New Berkeley Subscription Agreement respectively and therefore the CGL Subscription Agreement and New Berkeley Subscription Agreement were lapsed and became null and void. On 6 May 2015, Wahan Investments entered into the Wahan Investments Subscription Agreement to supersede the First Wahan Investments Subscription Agreement with the

Company. On 27 March 2015, the Company entered into the Victory Stand Subscription Agreement with Victory Stand to replace the CGL Subscription Agreement and New Berkeley Subscription Agreement.

Pursuant to the Share Subscription Agreements, Victory Stand and Wachen Investments have conditionally agreed to subscribe for 1,300 million and 1,800 million new Shares at the subscription price of HK\$0.10 per Share as well as 1,300 million and 1,800 million Warrants to be issued by the Company at no consideration, respectively.

INCREASE IN AUTHORISED SHARE CAPITAL

In order to accommodate the issue of new Shares currently proposed as part of the Debt Restructuring and under the Shipyard Termination Agreement, the Open Offer, the Share Subscriptions and the Assumption Agreement as well as the Warrant Shares and FELS Warrant Shares, the Board proposes to increase the authorised share capital of the Company to HK\$805,550,000, divided into 80,000,000,000 ordinary shares of HK\$0.01 each and 555,000,000 convertible preferred shares of HK\$0.01 each by the creation of an additional 65,555,000,000 ordinary shares of HK\$0.01 each.

IMPLICATIONS UNDER THE LISTING RULES

GZE and its wholly-owned subsidiary Fame Dragon, by virtue of their holding of voting rights of 3,556,353,661 Shares (representing approximately 45.5% of the total Shares in issue as at the date of this announcement) and through DBIL (a wholly-owned subsidiary of GZE) holding of the benefit of all interests arising under or in connection to the Listco Preferred Shares, are the controlling Shareholders and, hence, connected persons of the Company.

Shipyard Debt Rescheduling Agreement

Since the TQS Debt to which the Shipyard Debt Rescheduling Agreement relates is secured by, among other things, the assets of TQS, the Shipyard Debt Rescheduling Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company. As one or more of the Percentage Ratios exceeds 5%, the Shipyard Debt Rescheduling Agreement is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Shipyard Termination Agreement

The transactions contemplated under the Shipyard Termination Agreement, including the issue of the Shipyard Termination Shares, constitute a connected transaction of the Company. As one or more of the Percentage Ratios exceeds 5%, the Shipyard Termination Agreement (including the issue of the Shipyard Termination Shares) is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

TPG Debt Rescheduling Agreement, Haixin Debt Rescheduling Agreement, First Loan Agreement, Second Loan Agreement, Supplemental Second Loan Agreement, 2015 Loan Agreement and Working Capital Loan Agreement

The transactions contemplated under the TPG Debt Rescheduling Agreement, Haixin Debt Rescheduling Agreement, Working Capital Loan Agreement, First Loan Agreement, Second Loan Agreement, Supplemental Second Loan Agreement, 2015 Loan Agreement constitute connected transactions of the Company. As the transactions contemplated under the TPG Debt Rescheduling Agreement, Haixin Debt Rescheduling Agreement, Working Capital Loan Agreement, First Loan Agreement, Second Loan Agreement, Supplemental Second Loan Agreement and 2015 Loan Agreement are conducted on normal commercial terms and not secured by assets of the Group, pursuant to Rule 14A.90 of the Listing Rules, it is exempt from the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Assumption Agreement

The transaction contemplated under the Assumption Agreement constitutes a connected transaction of the Company. As one or more of the Percentage Ratios exceed 5%, the Assumption Agreement (including the issue of the Assumption Consideration Shares) is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Listco Preferred Shares Modification Deed

In respect of the change of the terms of the Listco Preferred Shares under the Listco Preferred Shares Modification Deed, the Company requires to comply with the relevant connected transaction requirements. As one or more of the Percentage Ratios exceed 5%, the Listco Preferred Shares Modification Deed is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Open Offer

As the Open Offer will increase the issued share capital of the Company by more than 50% within the 12-month period immediately preceding the date of this announcement, the Open Offer is subject to the approval by the Shareholders in accordance with the requirements under the Rule 7.24(5)(a) of the Listing Rules in which Fame Dragon and its associates (as such term is defined in the Listing Rules) shall abstain from voting in favour.

The underwriting of the Open Offer by the Underwriter pursuant to the Underwriting Agreement constitutes a connected transaction of the Company but is, pursuant to Rule 14A.92(2)(b) of the Listing Rules, exempt from the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Wahen Investments Subscription

Wahen Investments, wholly-owned by Mr. Zhao (who is the chairman, chief executive and an executive Director), is a connected person of the Company and, thus, the Wahen Investments Subscription contemplated under the Wahen Investments Subscription Agreement constitutes a connected transaction of the Company. As one or more of the Percentage Ratios exceeds 5%, the Wahen Investments Subscription is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Specific Mandate

The Company will seek the specific mandate from the Independent Shareholders for the allotment and issue of the new Shares to be issued under the Creditors' Scheme, Offer Shares, Subscription Shares, Warrant Shares, Assumption Consideration Shares, the Shipyard Termination Shares and FELS Warrant Shares.

IMPLICATIONS UNDER THE TAKEOVERS CODE

Whitewash waiver

In the event that (i) Fame Dragon, being the underwriter of the Open Offer, is called upon to subscribe or procure subscription for all or any part of the Offer Shares pursuant to its underwriting obligations under the Underwriting Agreement (assuming none of the Qualifying Shareholders accept their respective provisional allotment of the Offer Shares and no exercise of Share Options); (ii) the Company will issue 9,382,164,000 new Shares to GZE pursuant to the Shipyard Termination Agreement; and (iii) the Company will issue the Assumption Consideration Shares in the maximum number of Shares of 2,282,024,653 Shares to Fame Dragon upon resumption of trading of the Shares on the Stock Exchange pursuant to the Assumption Agreement, the aggregate shareholding of GZE and the parties acting in concert with it will be increased from approximately 45.5% of the voting rights in the total Shares in issue as at the date of this announcement to a maximum of approximately 67.3% of the voting rights in the total Shares in issue as enlarged by the Open Offer, Share Subscriptions, Debt Restructuring, the issue of Shipyard Termination Shares under the Shipyard Termination Agreement and issue of 2,282,024,653 Assumption Consideration Shares under the Assumption Agreement.

Under Rule 26 of the Takeovers Code, the acquisition of voting rights by GZE and the parties acting in concert with it under the above circumstances will result in GZE and the parties acting in concert with it being obliged to make a mandatory general offer for all the issued Shares not already owned or agreed to be acquired by GZE and the parties acting in concert with it. An application will be made by GZE to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. If the Whitewash Waiver is not approved by the Independent Shareholders in a general meeting or granted by the Executive before 31 May 2015 (or such later date as the parties may agree), the restructuring agreements in relation to the Creditors Scheme and the Resumption Proposal will not be completed and each respective party will terminate the aforementioned agreement(s). The Court modified the long stop date to the Creditors' Scheme to ensure the Creditors' Scheme remain valid and binding until 31 July 2015. The Company is in negotiation with the relevant parties to extend the long stop date of the agreements contemplated under the Resumption Proposal to 31 July 2015 (save for the FTSD Purchase Order Framework Agreement, in respect of which FEG has confirmed its agreement in writing to an extension of the long stop date to 31 July 2015, and the Share Subscription Agreements, which are already binding until the long stop date on 31 July 2015). Further announcement(s) will be issued by the Company as and when appropriate. For the avoidance of doubt, the Whitewash Waiver will not cover any Assumption Consideration Shares to be issued in five years after the issue of the maximum of 2,282,024,653 Assumption Consideration Shares upon resumption of trading of Shares.

Special Deal

The repayment of the outstanding indebtedness of the Group to the Scheme Creditors (among which Morgan Stanley & Co. International Plc, Mill Reef Investment S.A. and Mr. Ni Song Hua are existing Shareholders) out of the proceeds from the Open Offer and the Share Subscriptions, which is not extended to all the other Shareholders, constitutes a special deal under Note 5 to Rule 25 of the Takeovers Code. The Special Deal requires consent from the Executive under Rule 25 of the Takeovers Code, and such consent, if granted, shall be conditional upon the approval of the Independent Shareholders by way of a poll at the SGM and the Independent Financial Adviser to the TC Independent Board Committee publicly stating in its opinion that the terms of the Special Deal are fair and reasonable. The Company will apply to the Executive for its consent to the Special Deal under Rule 25 of the Takeovers Code. Since the Special Deal consent by the Executive and the approval by the Independent Shareholders are a conditional precedent to the Open Offer, and since the restructuring agreements are inter-conditional, if the Special Deal consent is not approved by the Independent Shareholders or the Special Deal consent is not given by the Executive by 31 May 2015 (or such later date as the parties may agree), the restructuring agreements in relation to the Creditors' Scheme and the Resumption Proposal will not be completed and each respective party will terminate the aforementioned agreement(s). The Court modified the long stop date to the Creditors' Scheme to ensure the Creditors' Scheme remain valid and binding until 31 July 2015. The Company is in negotiation with the relevant parties to extend the long stop date of the agreements contemplated under the Resumption Proposal to 31 July 2015 (save for the FTSD Purchase Order Framework Agreement, in respect of which FEG has confirmed its agreement in writing to an extension of the long-stop date to 31 July 2015, and the Share Subscription Agreements, which are already binding until the long stop date on 31 July 2015).

GENERAL

The LR Independent Board Committee comprising Mr. Foo Meng Kee, Mr. Lau Fai Lawrence and Mr. Lau Yiu Kit, being all the independent non-executive Directors, has been formed to advise the Independent Shareholders on the Open Offer, the Shipyard Debt Rescheduling Agreement, the Shipyard Termination Agreement, the Assumption Agreement, the Listco Preferred Shares Modification Deed and the Wahan Investments Subscription Agreement.

The TC Independent Board Committee comprising Mr. Hu Zhong Shan, Mr. Foo Meng Kee, Mr. Lau Fai Lawrence and Mr. Lau Yiu Kit, being all the non-executive Directors who have no direct or indirect interest in the Open Offer, the Shipyard Debt Rescheduling Agreement, the Shipyard Termination Agreement, the Wahan Investments Subscription Agreement, the Assumption Agreement, the Listco Preferred Shares Modification Deed, the Whitewash Waiver and Special Deal, has been formed to advise the Independent Shareholders on the aforesaid transactions. Mr. Fan Qinghua, a non-executive Director, who is a director and a deputy general manager of GZE and a director of Fame Dragon and thus, may have conflict of interest in the Whitewash Waiver, is not a member of the TC Independent Board Committee.

GZE and the parties acting in concert with it and their respective associates will abstain from voting on the resolutions to approve the Open Offer, the Shipyard Debt Rescheduling Agreement, the Shipyard Termination Agreement, the Share Subscription Agreements, the Assumption Agreement, the Listco Preferred Shares Modification Deed, the Special Deal and the Whitewash Waiver at the SGM. Mr. Zhao and its associates will abstain from voting on the resolution to approve the Wahan Investments Subscription contemplated under the Wahan Investments Subscription Agreement at the SGM. Morgan Stanley & Co. International Plc, Mill Reef Investment S.A. and Mr. Ni Song Hua who have interests in the Special Deal will abstain from voting on the resolutions approving the Open Offer, the Shipyard Debt Rescheduling Agreement, the Shipyard Termination Agreement, the Shares Subscription Agreements, the Assumption Agreement, the Listco Preferred Shares Modification Deed, the Special Deal and the Whitewash Waiver at the SGM.

The Company is required to despatch to the Shareholders a circular containing further information on, among other things, (i) the Open Offer; (ii) the Shipyard Debt Rescheduling Agreements; (iii) the Shipyard Termination Agreement; (iv) the Share Subscription Agreements; (v) the Assumption Agreement; (vi) the Listco Preferred Shares Modification Deed; (vii) the Whitewash Waiver; (viii) the Special Deal; (ix) the proposed increase in authorised share capital of the Company; (x) a letter from the LR Independent Board Committee in relation to the Open Offer, the Shipyard Debt Rescheduling Agreement, the Shipyard Termination Agreement, the Assumption Agreement, the Listco Preferred Shares Modification Deed and the Wahan Investments Subscription Agreement; (xi) a letter from the TC Independent Board Committee in relation to the Open Offer, the Shipyard Debt Rescheduling Agreement, the Shipyard Termination Agreement, the Wahan Investments Subscription Agreement, the Assumption Agreement, the Listco Preferred Shares Modification Deed, the Whitewash Waiver and the Special Deal; (xii) a letter of advice from the Independent Financial Adviser to the Independent Shareholders as well as the LR Independent Board Committee and the TC Independent Board Committee in relation to the Open Offer, the Shipyard Debt Rescheduling Agreement, the Shipyard Termination Agreement, the Wahan Investments Subscription Agreement, the Assumption Agreement, the Listco Preferred Shares Modification Deed, the Whitewash Waiver and the Special Deal; and (xiii) a notice of the SGM. The Company is also required to despatch the Open Offer Documents to the Qualifying Shareholders and the Open Offer Prospectus to the Non-Qualifying Shareholders. Pursuant to Rule 8.2 of the Takeovers Code, the Company should send the circular in respect of the Whitewash Waiver to the Shareholders within 21 days after the date of this announcement.

Please note that the Open Offer, the FTSD Purchase Order Framework Agreement, the GZE Purchase Order MOU, the Management Services Agreement, the Debt Rescheduling Agreements, the GZE Excess Liabilities Undertaking, the Shipyard Termination Agreement, the Underwriting Agreement, the Assumption Agreement, the Listco Preferred Shares Modification Deed, the Working Capital Loan Agreement, the Loan Rescheduling Agreement and the Share Subscription Agreements are subject to a number of conditions, which may or may not be fulfilled. **There is no assurance that the Open Offer and/or the transactions contemplated under the FTSD Purchase Order Framework Agreement, the GZE Purchase Order MOU, the Management Services Agreement, the Debt Rescheduling Agreements, the GZE Excess Liabilities Undertaking, the Shipyard Termination Agreement, the Assumption Agreement, the Listco Preferred Shares Modification Deed, the Working Capital Loan Agreement, the Loan Rescheduling Agreements and the Share Subscription Agreements will proceed or be consummated.**

APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER

Asian Capital (Corporate Finance) Limited has been appointed as the Independent Financial Adviser to advise the Independent Shareholders as well as the LR Independent Board Committee and the TC Independent Board Committee on, among other things, the Open Offer, the Shipyard Debt Rescheduling Agreement, the Shipyard Termination Agreement, the Wahan Investments Subscription Agreement, the Assumption Agreement, the Listco Preferred Shares Modification Deed, the Whitewash Waiver and the Special Deal. The appointment of Asian Capital (Corporate Finance) Limited as the Independent Financial Adviser has been approved by the TC Independent Board Committee.

CONTINUED SUSPENSION OF TRADING

Trading in the Shares was suspended with effect from 9:00 a.m. on 19 June 2012 and will remain suspended until further notice.

BACKGROUND

Suspension of trading

On 11 December 2010, the Company, TPFL and TQSL Holding (both TPFL and TQSL Holding are wholly-owned subsidiaries of the Company) entered into the Shipyard Sale and Purchase Agreement with Grand China Logistics in relation to the sale by TPFL and TQSL Holding of, in aggregate, a 95% equity interest in TQS to Grand China Logistics at a cash consideration of RMB1,865,670,000 (equivalent to approximately HK\$2,365,408,366) or a maximum reduced consideration of RMB1,465,670,000 (equivalent to approximately HK\$1,858,264,366) (if TQS's net profit targets for the two years ended 31 December 2012 were not met) to be paid by instalments on specified dates. Pursuant to a supplemental agreement signed in 2011, such net profit targets were cancelled and the consideration for the proposed disposal was fixed at RMB1,665,670,000 (equivalent to approximately HK\$2,111,836,366).

On the same date, the Company entered into the GCL Subscription Agreement with Grand China Logistics in relation to the subscription by Grand China Logistics in cash of 500 million new subscription Shares to Grand China Logistics at the issue price of HK\$0.61 per Share.

On 18 March 2012, the Company announced that, among other things, (i) Grand China Logistics, after making instalment payments totalling RMB740,000,000 (equivalent to approximately HK\$938,216,400), had failed to make further instalment payments as and when they fell due under the Shipyard Sale and Purchase Agreement; and (ii) the GCL Subscription Agreement, completion of which was conditional upon the registration of the transfer of the 95% equity interest in TQS being sold by TPFL and TQSL Holding to Grand China Logistics, had lapsed.

The Group had intended to use the net proceeds which it was expecting to receive under the Shipyard Sale and Purchase Agreement and the GCL Subscription Agreement to repay the 2012 Senior Notes, to reduce its other indebtedness, to fund the development of its business as well as to fund its general working capital requirements. As a result of the default in payment by Grand China Logistics under the Shipyard Sale and Purchase Agreement and the lapse of the GCL Subscription Agreement, the Company was unable to repay the 2012 Senior Notes when they became due on 19 March 2012. As disclosed in the announcement of the Company dated 18 March 2012, the repayment default with respect to the 2012 Senior Notes triggered the cross default of a bilateral loan between a member of the Group and a financial institution in the outstanding principal amount of US\$1.3 million and an early redemption event in respect of the Listco Preferred Shares and the TGIL Convertible Notes and the TGIL Preferred Shares. As the Group had been experiencing severe financial difficulties to meet its immediate debt obligations, Shares have been suspended for trading since 19 June 2012.

Indebtedness position

The indebtedness of the Group comprises (i) the Scheme Claim which relates to the indebtedness of the Company; and (ii) the indebtedness of members of the Group which will be dealt with by the Remaining Indebtedness Arrangements.

As at 31 March 2015, the Group had aggregate outstanding borrowings of approximately HK\$4,536 million, accounts payable of approximately HK\$311 million, amount due to the ultimate holding company of approximately HK\$944 million, amounts due to the deconsolidated companies of approximately HK\$503 million, amount due to the deconsolidated jointly-controlled entity of approximately HK\$174 million and other payables and accruals of approximately HK\$515 million respectively.

Borrowings comprised of guaranteed and secured loan from the ultimate holding company of approximately HK\$1,940 million and accrued interests of approximately HK\$109 million, guaranteed and unsecured loans from the ultimate holding company of approximately HK\$102 million and accrued interests of approximately HK\$6 million, a guaranteed and unsecured bank loan of approximately HK\$6 million, unsecured loans and accrued interests from the immediate holding company of approximately HK\$59 million and HK\$1 million respectively, 2012 Senior Notes with par value of approximately HK\$826 million and a carrying value of approximately HK\$882 million, Listco Convertible Notes with a par value of HK\$374 million and a carrying value of approximately HK\$442 million, the guaranteed senior payment-in-kind notes due 2015 issued by the Company with a par value of HK\$85 million and a carrying value of approximately HK\$89 million, K-Line Notes with a par value of HK\$195 million and a carrying value of approximately HK\$203 million, and the Listco Preferred Shares with a par value of HK\$310.8 million and a carrying value of approximately HK\$424 million, and other secured loans and its accrued interest of approximately HK\$265 million and approximately HK\$8 million respectively. Further details of the settlement arrangements are set out under the section headed “Update on Debt Restructuring” in this announcement.

Legal proceedings

Proceedings in Bermuda and related arbitration proceedings

On 4 July 2012, the Company received from Saturn Petrochemical a notice to redeem all of the outstanding Listco Preferred Shares held by it and the redemption monies are payable within 30 business days after the date of the redemption notice.

Saturn Petrochemical then filed a petition for the winding-up of the Company on 9 July 2012 (Bermuda time) (the “SPHL Petition”). The SPHL Petition was subsequently struck out by the Bermuda Court, and Camden (the petitioner in the winding up proceedings) was substituted as the petitioner in place of Saturn Petrochemical upon its application to the Bermuda Court.

On 18 October 2013 (Bermuda time), the Bermuda Court ordered the appointment of the Provisional Liquidators to the Company to, amongst other powers and duties, consider the terms of any scheme of arrangements proposed by the Company and to assess the feasibility of any restructuring proposal of the Company.

The hearing of the winding up petition by Camden was adjourned to 29 May 2015 (Bermuda time).

The Company has made applications to the Bermuda Court for an order to extend the long-stop date of the Creditors’ Scheme and to consider further funding to finance the Resumption Proposal. At the hearing held on 6 March 2015, the Bermuda Court ordered to extend the long-stop date of the Creditors’ Scheme to 31 July 2015 and to approve the entering into of the 2015 Loan Agreement.

It is expected that upon the successful resumption of trading of the Shares and completion of the Restructuring, the Provisional Liquidators will be discharged and the winding up petition will be dismissed or withdrawn by Camden.

In the meantime, Camden, Edinburgh and Mayfair, the Company and TSL were involved in various arbitration proceedings relating to, among other things, the claim based on which Camden filed its winding up petition against the Company.

Proceedings in BVI

On 18 June 2012 (BVI time), Saturn Storage filed an application with the BVI Court to liquidate TGIL.

On 17 July 2012 (BVI time), the BVI Court ordered the liquidation of TGIL and that Russell Crumpler of KPMG (BVI) Limited, Edward Middleton and Patrick Cowley of KPMG be appointed as joint and several liquidators of TGIL with standard powers under the BVI Insolvency Act 2003. The fourth liquidator, Stuart Mackellar of Zolfo Cooper (BVI) Limited, was appointed with limited powers.

On 18 July 2012 (BVI time), TOSIL, a wholly-owned subsidiary of the Company and a shareholder of TGIL, filed a notice of appeal at the Court of Appeal of the Eastern Caribbean Supreme Court against the liquidation order.

The liquidation procedure of TGIL has commenced and the liquidation is not completed as at the date of this announcement.

Proceedings in Hong Kong

On 19 July 2012, Saturn Storage initiated proceedings in the Hong Kong High Court against the Company and other parties including TOSIL and two directors of the Company in respect of, among other things, (i) the breach of the amended and restated investor rights agreement in respect of TGIL dated 17 July 2009; and (ii) misrepresentations regarding the financial position of TGIL, and its subsidiaries.

The Company and TOSIL have been in advance stages of negotiations with Saturn Storage with a view to reaching a settlement with Saturn Storage relating to the proceedings. It is expected that settlement will be reached shortly, failing which the Company and TOSIL will consider making an application to strike out the claims from Saturn Storage in these proceedings.

Further to the Company's announcement dated 25 November 2014, the Hong Kong High Court fixed a second case management conference for hearing on 21 November 2014. On 17 November 2014, the Hong Kong High Court ordered (by consent) that (i) the second case management conference due to be heard on 21 November 2014 be vacated and adjourned to 13 March 2015; and (ii) all further proceedings be stayed until 16 January 2015.

The Company has obtained the permission from Bermuda Court to enter into a deed of settlement with Saturn Storage and other relevant parties relating to the proceeding in Hong Kong on 12 December 2014. The deed of settlement is pending on the signatures of all parties.

The Hong Kong Court ordered (by consent) on 12 March 2015 that (i) the second case management conference due to be heard on 13 March 2015 be vacated and adjourned to 7 July 2015; and (ii) all further proceedings to be stayed until 30 April 2015 pending finalization of the global settlement among the parties. No further proceeding has been taken by the relevant parties after 30 April 2015 and up to the date of this announcement.

Proceedings in the PRC

On 30 May 2012, TPFL received a summons issued by Shanghai Intermediate Court with Grand China Logistics as plaintiff and the Company, TQSL Holding and TPFL as defendants, that seeks an order for, among other things, termination of the Shipyard Sale and Purchase Agreement and repayment to Grand China Logistics of an aggregate of RMB740 million together with accrued interest or for the Company to fulfil its obligation under its guarantee to repay such amount.

On 23 August 2012, TPFL filed a statement of counterclaim against Grand China Logistics with the Shanghai Intermediate Court to seek, amongst other remedies, specific performance by Grand China Logistics of the Shipyard Sale and Purchase Agreement.

On 10 June 2013, the Company received a notification from Grand China Logistics dated 7 June 2013 informing the Company that it had entered into an assignment with GZE pursuant to which it would assign to GZE all of its interests, rights and obligations in respect of the Shipyard Sale and Purchase Agreement.

On 23 December 2013, the Shanghai Intermediate Court ordered the discontinuation of the proceedings in relation to the counterclaim lodged by TPFL against Grand China Logistics on the grounds that, following such assignment, Grand China Logistics was no longer the appropriate defendant for the counterclaim as it had transferred all its interests, rights and obligations in respect of the Shipyard Sale and Purchase Agreement to GZE. On 26 December 2013, the Shanghai Intermediate Court approved the application by Grand China Logistics to the withdrawal of the claim initiated by Grand China Logistics against the Company, TQSL Holding and TPFL in relation to the Shipyard Sale and Purchase Agreement.

Listing status

As disclosed in the announcement of the Company dated 26 November 2013, the Listing Division of the Stock Exchange issued a letter on 22 November 2013 to inform the Company that they have decided to place the Company in the second stage of delisting under Practice Note 17 to the Listing Rules and required the Company to submit a viable resumption proposal at least 10 business days before the second stage of delisting expires (i.e. 5 May 2014).

The Company has submitted the Resumption Proposal on 5 May 2014 (and the updated versions of the Resumption Proposal in response to the comments from the Stock Exchange have been submitted on 10 June 2014, 22 August 2014, 16 September 2014, 10 October 2014, 21 October 2014, 25 November 2014 and 26 November 2014 respectively). As disclosed in the Company's announcement dated 2 December 2014, as informed by a letter dated 1 December 2014, the Stock Exchange has decided to allow the Company to proceed with the Resumption Proposal subject to satisfying the following conditions by 31 May 2015:

1. completion of the transactions under the Resumption Proposal;
2. completion of the internal control review indicating no material deficiency;
3. withdrawal or dismissal of the winding up petition and discharge of the provisional liquidators;
4. inclusion in a circular to the Shareholders:
 - (a) a profit forecast for the two years ending 31 December 2015 and 2016 together with reports from the auditors and the financial adviser under Rules 14.62(2) and (3) of the Listing Rules;
 - (b) a pro forma balance sheet upon completion of the Resumption Proposal; and
 - (c) a statement from the Directors (including the proposed directors) confirming working capital sufficiency for at least 12 months from trading resumption and a comfort letter from the auditors on the Directors' statement.

On 14 May 2015, the Company has made the submission to the Stock Exchange to seek for the approval to extend the deadline to satisfy the above conditions from 31 May 2015 to 31 July 2015. Further announcement will be made by the Company in relation to the approval as and when appropriate.

UPDATE ON DEBT RESTRUCTURING

Creditors' Scheme

scheme consideration

Pursuant to the Creditors' Scheme, all Scheme Liabilities will be compromised and released on the Release Date in exchange for the receipt of scheme consideration by those Scheme Creditors who lodged a valid account holder letter or notice of claim with the Information Agent on or before the bar date (i.e. 5 February 2015).

Existing Notes Creditors

Existing Notes Creditors which lodged a valid account holder letter with the Information Agent on or before the bar date shall receive scheme consideration in the form of either:

- (i) HK\$0.10 in cash and HK\$0.30 in new Shares to be issued by the Company at the price of HK\$0.10 per Share ("Equity Option"); or
- (ii) HK\$0.20 in cash and HK\$0.10 in new Shares to be issued by the Company at the price of HK\$0.10 per Share ("Cash Option")

for every HK\$1.00 of the amount of their accepted claims,

if an Existing Notes Creditor failed to elect either the Equity Option or the Cash Option in its account holder letter, that Existing Notes Creditor shall receive scheme consideration in the form of the Equity Option.

Non-Note Creditors

Non-Note Creditors which lodged a valid notice of claim with the Information Agent on or before the bar date shall receive scheme consideration in the form of HK\$0.10 in cash for every HK\$1.00 of the amount of their accepted claim.

Funding of cash consideration

The cash consideration to be distributed to the creditors of Existing Notes and the creditors of Unsecured Claims as described above will be approximately HK\$269.0 million and will be funded by the proceeds of (i) the Open Offer and (ii) the Share Subscriptions.

Conditionality

The Creditors' Scheme became effective and binding on the Company and all Scheme Creditors on 5 November 2014, being the date on which an office copy of the order of the Bermuda Court sanctioning the Creditors' Scheme was delivered to the Bermuda Registrar of Companies in accordance with section 99 of the Act.

Pursuant to the terms of the Creditors' Scheme, the distribution of scheme consideration to Scheme Creditors shall only occur following the satisfaction or waiver of the conditions set out in clause 7.2 of the Creditors' Scheme (and repeated below).

- (i) all authorisations (whether arising as a matter of applicable law or by reason of the terms of existing documentation) having been obtained and remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any one or more governmental entities which is not expressly provided for (or is in addition to requirements expressly provided for) in relevant laws, rules, regulations or codes in connection with the Creditors' Scheme or any matters, documents or things relating thereto, in each aforesaid case up to and at the time when the Creditors' Scheme becomes effective. The Company is not aware of any additional authorisations other than the resolutions and the sanction of the Creditors' Scheme of the second court date;
- (ii) no governmental entity in any jurisdiction having taken or instituted any proceeding (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Creditors' Scheme void, unenforceable or illegal (or which would impose any material and adverse conditions or obligations on or with respect to the Scheme);
- (iii) payment or provision in full and without deduction of all Creditors' Scheme costs;
- (iv) the satisfaction (or waiver) of each of the Resumption conditions including, without limitation, conditional approval having been obtained from the Stock Exchange for (1) the resumption of trading in Shares of the Company on the main board of the Stock Exchange and (2) the additional offering and (3) the warrant arrangements;
- (v) the satisfaction or waiver of each of the specific conditions precedent contained in the Underwriting Agreement and the Share Subscriptions such that the Creditors' Scheme may be effected fully in accordance with its terms as soon as practicable;

- (vi) the satisfaction or waiver of each of the specific conditions precedent contained in each of the GZE Excess Liability Undertaking, the GZE Rescheduling Arrangements and the Shipyard Termination Agreement PROVIDED THAT each of these agreements shall have been duly amended by the relevant parties so that the condition precedent relating to resumption of trading of the new Shares shall be deleted and replaced with a condition that the Stock Exchange shall have granted permission to deal in the new Shares (and any Offer Shares) prior to the date of issue of the completion notice;
- (vii) the satisfaction or waiver of each of the specific conditions precedent contained in any other Restructuring Document (not otherwise expressly stated in Clause 7 of the Creditors' Scheme) PROVIDED THAT such conditions precedent shall have been duly amended prior to the date of the issue of the completion notice by the relevant parties such that all those conditions which are only capable of been satisfied following the Release Date (or any other condition which would prevent the Creditors' Scheme being effected fully in accordance with its terms) shall be deleted or otherwise amended consistent with the terms of the other Restructuring Documents;
- (viii) the filing of an application seeking the conditional dismissal or withdrawal of the Bermuda Proceedings, any injunction or other relief over the assets of the Company and the discharge of the Provisional Liquidators, in each case upon or immediately after the Release Date;
- (ix) receipt of all funds to be raised by the additional offering and the Share Subscriptions by the Company (or its nominee), sufficient for the Company (or its nominee) to meet its cash payment obligations in respect of the Creditors' Scheme consideration;
- (x) withdrawal by DBIL of the previously issued redemption notice in respect of the Listco Preferred Shares in accordance with the Listco Preferred Shares Modification Deed; and
- (xi) the due execution of the deeds of release by the Company on behalf of Scheme Creditors in accordance with the terms of the Creditors' Scheme.

As disclosed in the announcement of the Company dated 22 October 2014, separate meetings of the creditors of Existing Notes and of Non-Note Creditors (as defined in the Creditors' Scheme) (the "Scheme Meetings") were held on the same date to consider and approve the Creditors' Scheme. At both Scheme Meetings, a majority in number of the Scheme Creditors present and voting (in person or by proxy), representing not less than three-fourths in value of the accepted claims of Scheme Creditors present and voting (either in person or by proxy), have voted in favour of the Creditors' Scheme. Accordingly, the Creditors' Scheme was duly approved at the Scheme Meetings. As disclosed in the announcement of the Company dated 5 November 2014, the Creditors' Scheme was sanctioned by the Bermuda Court on the same date and became effective and binding on all Scheme Creditors upon a copy of the Order of the Bermuda Court being delivered to the Bermuda Registrar of Companies in accordance with section 99 of the Act on the same date.

K-Line Support Agreement

On 17 April 2014, the holder of the K-Line Notes, K-Line (being one of the creditors of Unsecured Claim), TSHL as issuer of the K-Line Notes and the Company entered into a support agreement, pursuant to which K-Line agreed to support the Debt Restructuring and the Creditors' Scheme and agreed to effect the compromise of its claims in respect of the K-Line Notes either within the Creditors' Scheme or pursuant to a separate settlement agreement conditional upon the Creditors' Scheme becoming effective. On 8 October 2014, the same parties entered into a settlement agreement whereby K-Line agreed to accept a payment equivalent to US\$0.10 in cash in respect of every US\$1.00 of the principal outstanding under the K-Line Notes and interest as at 9 July 2012.

Frontline Settlement Agreement

The Company, TSL and the TSL Creditors are parties to the respective arbitration proceedings in relation to the claims by the TSL Creditors against TSL and the Company arising out of certain bareboat charters entered into between the TSL Creditors and TSL in 2010 and the related guarantees or alleged guarantees entered into by the Company.

On 2 May 2014, the Frontline Settlement Agreement was entered into by the Company, TSL and the TSL Creditors, pursuant to which the TSL Creditors agreed the amounts of the claims of the TSL Creditors to be recognised as Unsecured Claims in the proposed Debt Restructuring of the Company by way of one or more Creditors' Scheme and that the TSL Creditors would take all reasonable steps necessary to vote in favour of the Creditors' Scheme. On 29 October 2014, the parties entered into an agreement amending and restating the Frontline Settlement Agreement.

REMAINING INDEBTEDNESS ARRANGEMENTS

As part of the Group's continued efforts to restructure its indebtedness, members of the Group entered into the Listco Preferred Shares Modification Deed, Debt Rescheduling Agreements, the Assumption Agreement and the Loan Rescheduling Agreements and scheme of arrangement and compromise agreement will be executed to settle certain of the outstanding amount due to the deconsolidated subsidiaries. GZE also executed the GZE Excess Liabilities Undertaking in favour of the Company.

Listco Preferred Shares Modification Deed

Acquisition of Listco Preferred Shares by GZE

As mentioned in the section headed "Background – Legal proceedings" above, on 4 July 2012, the Company received from Saturn Petrochemical a notice to redeem all of the outstanding Listco Preferred Shares held by it and the redemption monies are payable within 30 business days after the date of the redemption notice. On 9 July 2012, Saturn Petrochemical filed a petition for the winding-up of the Company and made an application to the Bermuda Court for the appointment of joint provisional liquidators on 27 August 2012. The petition filed by

Saturn Petrochemical was subsequently struck out by the Bermuda Court on 10 May 2013 and Camden, one of the Unsecured Creditors of the Company, was substituted as the petitioner in place of Saturn Petrochemical upon its application to the court.

On 10 October 2013, Saturn Petrochemical entered into certain arrangements, including the execution of an instrument of transfer, a declaration of trust and an irrevocable power of attorney by Saturn Petrochemical in favour of DBIL, a subsidiary of GZE whereby DBIL became entitled to the benefit of all interests arising under or in connection with the Listco Preferred Shares.

The Company and DBIL subsequently entered into the Listco Preferred Shares Modification Deed in relation to, among others, the extension of the redemption period of the Listco Preferred Shares and the restriction of the conversion of the Listco Preferred Shares. Pursuant to the Listco Preferred Shares Modification Deed, DBIL and the Company have agreed that, among other things, (i) the purported redemption notice relating to the Listco Preferred Shares as issued by Saturn Petrochemical on 4 July 2012 cannot be completed as a matter of applicable law and shall, for all purposes, be treated for as being withdrawn, *ab initio* and of no legal effect; and (ii) the terms of the Bye-Laws shall be amended so that the earliest date of a notice of redemption of the Listco Preferred Shares may be served on the Company is the 3rd anniversary of the actual date when the Restructuring becoming effective and the Release Date having occurred. The Listco Preferred Shares Modification Deed is conditional upon the fulfillment of the following conditions on or before 31 May 2015 or such later date as may be agreed between the parties to the Listco Preferred Shares Modification Deed:

- (i) the due execution of the written resolutions and all other authorisations necessary for the implementation of the transactions contemplated by the Listco Preferred Shares Modification Deed having been obtained or complied with including without limitation any applicable requirements of the Stock Exchange, the Act and the Bye-Laws;
- (ii) the passing of each of the resolutions to be passed by the Shareholders at the SGM approving the terms of the Restructuring;
- (iii) the approval and sanction of the Creditors' Scheme by the Bermuda Court in accordance with section 99 of the Act;
- (iv) each condition precedent (or such other condition) required to be satisfied pursuant to the terms of each other document in relation to the Creditors' Scheme and the Resumption Proposal (other than that all the conditions precedent of the Listco Preferred Shares Modification Deed having been fulfilled or waived) having been satisfied or waived for the purpose of making each document in relation to the Creditors' Scheme and the Resumption Proposal effective in accordance with its terms;

- (v) the Company having obtained the approval of the Independent Shareholders in the general meeting in respect of the Whitewash Waiver; and
- (vi) the grant of Whitewash Waiver by the Executive.

As at the date of this announcement, the condition (iii) set out above has been satisfied. The Company is in the negotiation with DBIL to extend the long stop date of the Listco Preferred Shares Modification Deed to 31 July 2015. Further announcement(s) will be issued by the Company as and when appropriate.

Debt Rescheduling Agreements

As at 31 March 2014, certain subsidiaries of the Company were indebted to GZE as follows: (a) TQS was indebted to GZE for amounts which are related to loans that were originally made by Shanghai Pudong Development Bank Co. Ltd. Fuzhou Branch to TQS over the period from 2009 to 2011. The bank subsequently assigned its rights and interests with respect to those loans and related security interests to China Cinda Asset Management Co., Ltd. which then further assigned those rights and interests to GZE. TQS has defaulted in its repayment obligations and these amounts have become immediately due and payable; (b) Titan Petrochemical (Guangzhou) was indebted to GZE for amounts which are related to loans that were originally made by Ping An Bank Co., Ltd. to Titan Petrochemical (Guangzhou) in March 2012, all of which were jointly guaranteed by TQS, Quanzhou Zhenrong Petrochemical Terminal Co. Ltd and Guangzhou Nansha Zhenrong Storage Co. Ltd.. The bank subsequently assigned its rights and interests with respect to those loans and guarantee to GZE on 31 December 2013. Titan Petrochemical (Guangzhou) has defaulted in its repayment obligations and these amounts have jointly become immediately due and payable; and (c) Shengsi Haixin, a wholly-owned subsidiary of the Company, was indebted to GZE for an amount which is related to a loan made available by GZE to Shengsi Haixin pursuant to a loan agreement dated 25 November 2013. Shengsi Haixin has defaulted in its repayment obligations and this amount has become immediately due and payable.

On 5 May 2014, TQS entered into the Shipyard Debt Rescheduling Agreement with GZE in respect of the indebtedness described in (a) above, TQS and Titan Petrochemical (Guangzhou) entered into the TPG Debt Rescheduling Agreement with GZE in respect of the indebtedness described in (b) above and Shengsi Haixin entered into the Haixin Debt Rescheduling Agreement with GZE in respect of the indebtedness described in (c) above. Pursuant to the Debt Rescheduling Agreements, GZE has agreed, among other things, to reschedule the repayment of the Group's indebtedness due to GZE postponing the first repayment date until 5 May 2017.

Shipyard Debt Rescheduling Agreement

Further details of the Shipyard Debt Rescheduling Agreement are as follows:

- (1) Total amount of the TQS Debt: RMB1,526,741,949.33, being the aggregate of the principal of RMB1,429,497,482.80 and the accrued interest of RMB97,244,466.53 as of the date of the agreement;
- (2) Extension of tenure: subject to the occurrence of and with effect from the effective date of the agreement, the maturity of the TQS Debt shall be extended to the date falling 264 months from the date of the Shipyard Debt Rescheduling Agreement and TQS shall repay the TQS Debt in instalments on each repayment date (repay 5% for each 12 months until 264 months from the date of the Shipyard Debt Rescheduling Agreement), the first one of which shall fall on 5 May 2017;
- (3) Interest rate: incurred since the date of the Shipyard Debt Rescheduling Agreement. The interest on the TQS Debt shall be on the base interest rate for the tenure of more than one to three years as of the date of the Shipyard Debt Rescheduling Agreement as published by the PBOC. Interest will be calculated on the basis of actual number of days elapsed and a year of 360 days;
- (4) Security: each security provided under the original loan and pledge agreements between TQS and Shanghai Pudong Development Bank Co. Ltd. Fuzhou Branch shall continue in full force and effect in securing the repayment of the TQS Debt; and
- (5) Effective date of the agreement means the date on which all of the following conditions have been satisfied or otherwise waived by GZE: (i) the Company having complied with all applicable requirements under the Listing Rules and those requirements imposed under applicable laws and regulations or by the Stock Exchange, the SFC, the Bermuda Court and/or any other governmental or regulatory authority of competent jurisdiction in relation to the Shipyard Debt Rescheduling Agreement and the transactions contemplated hereunder; (ii) the Debt Restructuring having become effective in accordance with its terms; (iii) a resumption of trading in the Shares having been unconditionally or conditionally approved by the Stock Exchange; (iv) each condition precedent (or such other condition) required to be satisfied pursuant to the terms of each other document in relation to the Creditors' Scheme and the Resumption Proposal (other than that all the conditions precedent of the Shipyard Debt Rescheduling Agreement having been fulfilled or waived) having been satisfied or waived for the purpose of making each document in relation to the Creditors' Scheme and the Resumption Proposal effective in accordance with its terms; (v) the Company having obtained the approval of the Independent Shareholders in general meeting in respect of the Whitewash Waiver; and (vi) the grant of Whitewash Waiver by the Executive. If the conditions above are not satisfied on or before 31 May 2015 (or such other date as the parties hereto may agree in writing), any party hereto may terminate the Shipyard Debt Rescheduling Agreement by giving each other party hereto not less than 30 days' written notice and, upon termination of the Shipyard Debt Rescheduling Agreement, all the obligations of the parties hereto shall immediately cease and none of the parties hereto shall have any claim against any other party hereto in respect of any matter arising out of or in connection with the Shipyard Debt Rescheduling Agreement, save for any antecedent breaches. The Company is in the negotiation with GZE to extend the long stop date of the Shipyard Debt Rescheduling Agreement to 31 July 2015. Further announcement(s) will be issued by the Company as and when appropriate.

Reasons for and benefits of the Shipyard Debt Rescheduling Agreement

TQS, an indirect wholly-owned subsidiary of the Company, was principally engaged in shipbuilding and ship repair business at the Quanzhou Shipyard before suspension of its business in around 2013. The Shipyard Debt Rescheduling Agreement, when effective, will release TQS from its liabilities arising from its default on payment under the Shipyard Debt Rescheduling Agreement and enable it to focus its resources on re-building its business.

The terms of the Shipyard Debt Rescheduling Agreement were arrived at based on arm's length negotiations between TQS and GZE. The Directors, excluding the members of the TC Independent Board Committee and LR Independent Board Committee who will express their views after having considered the advice of the Independent Financial Adviser, are of the opinion that the terms of the Shipyard Debt Rescheduling Agreement are fair and reasonable and the transactions contemplated under the Shipyard Debt Rescheduling Agreement are in the interest of the Company and the Shareholders as a whole.

TPG Debt Rescheduling Agreement

Details of the TPG Debt Rescheduling Agreement are as follows:

- (1) Total amount of the TPG Debt: RMB43,880,272.00, being the aggregate of the principal of RMB42,600,000.00 and the accrued interest of RMB1,280,272.00 as of the date of the TPG Debt Rescheduling Agreement;
- (2) Extension of tenure: subject to the occurrence of and with effect from the effective date of the agreement, the maturity of the TPG Debt shall be extended to the date falling 96 months from the date of the TPG Debt Rescheduling Agreement and Titan Petrochemical (Guangzhou) shall repay the TPG Debt in instalments on each repayment date, the first one of which shall fall on 5 May 2017;
- (3) Interest rate: subject to the occurrence of and with effect from the effective date of the agreement, the rate of interest on the TPG Debt shall be on the base interest rate for the tenure of more than one to three years as of the date of the TPG Debt Rescheduling Agreement as published by the PBOC. Interest will be calculated on the basis of actual number of days elapsed and a year of 360 days;
- (4) Guarantee: the guarantee it provided under the original loan agreements between Titan Petrochemical (Guangzhou) and Ping An Bank Co., Ltd (formerly known as Shenzhen Development Bank Co., Ltd) shall continue in full force and effect in guaranteeing the repayment of the TPG Debt. Such guarantee in respect of the TPG Debt was jointly provided by TQS, Quanzhou Zhenrong Petrochemical Terminal Co. Ltd and Guangzhou Nansha Zhenrong Storage Co. Ltd., the wholly-owned subsidiaries of GZE; and

- (5) Effective date of this agreement means the date on which all of the following conditions have been satisfied or otherwise waived by GZE: (i) the Company having complied with all applicable requirements under the Listing Rules and those requirements imposed under applicable laws and regulations or by the Stock Exchange, the SFC, the Bermuda Court and/or any other governmental or regulatory authority of competent jurisdiction in relation to the TPG Debt Rescheduling Agreement and the transactions contemplated hereunder; (ii) the Debt Restructuring having become effective in accordance with its terms; (iii) a resumption of trading in the Shares having been unconditionally or conditionally approved by the Stock Exchange; (iv) each condition precedent (or such other condition) required to be satisfied pursuant to the terms of each other document in relation to the Creditors' Scheme and the Resumption Proposal (other than that all the conditions precedent of the TPG Debt Rescheduling Agreement having been fulfilled or waived) having been satisfied or waived for the purpose of making each document in relation to the Creditors' Scheme and the Resumption Proposal effective in accordance with its terms; (v) the Company having obtained the approval of the Independent Shareholders in general meeting in respect of the Whitewash Waiver; and (vi) the grant of Whitewash Waiver by the Executive. If the conditions above are not satisfied on or before 31 May 2015 (or such other date as the parties hereto may agree in writing), any party hereto may terminate the TPG Debt Rescheduling Agreement by giving each other party hereto not less than 30 days' written notice and, upon termination of the TPG Debt Rescheduling Agreement, all the obligations of the parties hereto shall immediately cease and none of the parties hereto shall have any claim against any other party hereto in respect of any matter arising out of or in connection with the TPG Debt Rescheduling Agreement, save for any antecedent breaches. The Company is in the negotiation with GZE to extend the long stop date of the TPG Debt Rescheduling Agreement to 31 July 2015. Further announcement(s) will be issued by the Company in due course accordingly.

Haixin Debt Rescheduling Agreement

Details of the Haixin Debt Rescheduling Agreement are as follows:

- (1) Total amount of the Haixin Debt: RMB36,367,173.72, being the aggregate of the principal of RMB35,478,631.11 and the accrued interest of RMB888,542.61 as of the date of the Haixin Debt Rescheduling Agreement;
- (2) Extension of tenure: subject to the occurrence of and with effect from the effective date of the agreement, the maturity of the Haixin Debt shall be extended to the date falling 96 months from the date of the Haixin Debt Rescheduling Agreement and Shengsi Haixin Petrochemicals Co., Ltd. shall repay the Haixin Debt in instalments on each repayment date, the first one of which shall fall on 5 May 2017;
- (3) Interest rate: subject to the occurrence of and with effect from the effective date of the agreement, the rate of interest on the Haixin Debt shall be on the base interest rate for the tenure of one to three years as of the date of the Haixin Debt Rescheduling Agreement as published by the PBOC. Interest will be calculated on the basis of actual number of days elapsed and a year of 360 days; and

- (4) Effective date of this agreement means the date on which all of the following conditions have been satisfied or otherwise waived by GZE: (i) the Company having complied with all applicable requirements under the Listing Rules and those requirements imposed under applicable laws and regulations or by the Stock Exchange, the SFC, the Bermuda Court and/or any other governmental or regulatory authority of competent jurisdiction in relation to the Haixin Debt Rescheduling Agreement and the transactions contemplated hereunder; (ii) the Debt Restructuring having become effective in accordance with its terms; (iii) a resumption of trading in the Shares having been unconditionally or conditionally approved by the Stock Exchange; (iv) each condition precedent (or such other condition) required to be satisfied pursuant to the terms of each other document in relation to the Creditors' Scheme and the Resumption Proposal (other than that all the conditions precedent of the Haixin Debt Rescheduling Agreement having been fulfilled or waived) having been satisfied or waived for the purpose of making each document in relation to the Creditors' Scheme and the Resumption Proposal effective in accordance with its terms; (v) the Company having obtained the approval of the Independent Shareholders in general meeting in respect of the Whitewash Waiver; and (vi) the grant of the Whitewash Waiver by the Executive. If the conditions above are not satisfied on or before 31 May 2015 (or such other date as the parties hereto may agree in writing), any party hereto may terminate the Haixin Debt Rescheduling Agreement by giving each other party hereto not less than 30 days' written notice and, upon termination of the Haixin Debt Rescheduling Agreement, all the obligations of the parties hereto shall immediately cease and none of the parties hereto shall have any claim against any other party hereto in respect of any matter arising out of or in connection with the Haixin Debt Rescheduling Agreement, save for any antecedent breaches. The Company is in the negotiation with GZE to extend the long stop date of the Haixin Debt Rescheduling Agreement to 31 July 2015. Further announcement(s) will be issued by the Company as and when appropriate.

GZE Excess Liabilities Undertaking

To provide cover for any potentially unidentified liability of the Restructured Group described in any of the scope of limitations listed in the auditors' opinions on the financial statements of the Group for the year ended 31 December 2013, GZE has executed the GZE Excess Liabilities Undertaking in favour of the Company, pursuant to which GZE has irrevocably and unconditionally agreed and undertaken to the Company that, upon the GZE Excess Liabilities Undertaking becoming effective when the following conditions have been satisfied or waived by GZE:

- (i) the Company having complied with all applicable requirements under the Listing Rules and those requirements imposed under applicable laws and regulations or by the Stock Exchange, the SFC, the Bermuda Court and/or any other governmental or regulatory authority of competent jurisdiction in relation to the GZE Excess Liabilities Undertaking and the transactions contemplated hereunder;

- (ii) the Debt Restructuring having become effective;
- (iii) a resumption of trading in the Shares having been unconditionally or conditionally approved by the Stock Exchange;
- (iv) each condition precedent (or such other condition) required to be satisfied pursuant to the terms of each other document in relation to the Creditors' Scheme and the Resumption Proposal (other than that all the conditions precedent of the GZE Excess Liabilities Undertaking having been fulfilled or waived) having been satisfied or waived for the purpose of making each document in relation to the Creditors' Scheme and the Resumption Proposal effective in accordance with its terms;
- (v) the Company having obtained the approval of the Independent Shareholders in general meeting in respect of the Whitewash Waiver; and
- (vi) the grant of the Whitewash Waiver by the Executive,

if the total indebtedness of the Restructured Group as at 31 January 2015 exceeds the amount set forth in the Indebtedness Statement of the Restructured Group as at 31 January 2015, GZE shall, subject to certain conditions and upon demand by the Company, pay to the Company (or such other person as the Company may specify) the full amount of such Excess Liabilities. As at the date of this announcement, there is no Excess Liabilities claimed.

If the conditions above are not satisfied on or before 31 May 2015 (or such other date as the parties hereto may agree in writing), either party hereto may terminate the GZE Excess Liabilities Undertaking by giving the other party hereto not less than 30 days' written notice and, upon termination of the GZE Excess Liabilities Undertaking, all the obligations of the parties shall immediately cease and neither party shall have any claim against the other party in respect of any matter arising out of or in connection with the GZE Excess Liabilities Undertaking. As at the date of this announcement, the conditions (ii) and (iii) set out above have been satisfied. The Company is in the negotiation with GZE to extend the long stop date of the GZE Excess Liabilities Undertaking to 31 July 2015. Further announcement(s) will be issued by the Company as and when appropriate.

Assumption Agreement

TQS entered into the Assumption Agreement with Fame Dragon and the Company in respect of the indebtedness arising from certain accounts payables and other payables of TQS, pursuant to which Fame Dragon agrees to assume certain debts payable by TQS in consideration for the Company agreeing to allot and issue new Shares, subject to the verification by auditors appointed by Fame Dragon and the compliance with any applicable requirements under the Listing Rules, at the issue price of HK\$0.1 per Share to the extent that immediately after the issue of any such Assumption Consideration Shares from time to time at least 25% of the Company's total issued share capital shall be held by the members of the public. Under the Assumption Agreement, no further Assumption Consideration Shares shall be issued after the 5th anniversary of the date of the resumption of trading in the Shares, and Fame Dragon will assume liabilities up to a maximum amount of RMB282,056,122.05 (equivalent to HK\$359,542,041.5 based on the exchange rate of RMB1.00 to HK\$1.274718091). Accordingly, the number of Assumption Consideration Shares to be issued to Fame Dragon shall not exceed 2,282,024,653 Shares upon resumption of trading of the Shares on the Stock Exchange based on the existing issued share capital of the Company and shall not exceed 3,595,420,415 Shares throughout five years from the date of the resumption of trading in the Shares.

The completion of the Assumption Agreement is conditional upon:

- (i) the Stock Exchange having granted the listing of, and permission to deal in, the Assumption Consideration Shares;
- (ii) the Debt Restructuring having become effective in accordance with its terms;
- (iii) the Stock Exchange having granted the approval-in-principle for the resumption of trading in Shares;
- (iv) all authorisations necessary for the implementation of the transactions contemplated by the Assumption Agreement having been obtained or complied with including any applicable requirements under the Listing Rules;
- (v) each condition precedent (or such other condition) required to be satisfied pursuant to the terms of each other document in relation to the Creditors' Scheme and the Resumption Proposal (other than that all the conditions precedent of the Assumption Agreement having been fulfilled or waived) having been satisfied or waived for the purpose of making each document in relation to the Creditors' Scheme and the Resumption Proposal effective in accordance with its terms;
- (vi) the Company having obtained the approval of the Independent Shareholders in general meeting in respect of the Whitewash Waiver; and

(vii) the grant of the Whitewash Waiver by the Executive.

None of the above conditions precedent may be waived. As at the date of this announcement, the conditions (ii) and (iii) set out above have been satisfied. In the event that the conditions precedent above are not fulfilled on or before 31 May 2015 (or such other date as the parties hereto may agree in writing), any parties to the Assumption Agreement may terminate the Assumption Agreement by giving each other party not less than 30 days' written notice and, upon termination of the Assumption Agreement, all the obligations of the parties shall immediately cease and none of the parties shall have any claims against any other party in respect of any matter arising out of or in connection with the Assumption Agreement, save for any claims arising out of any antecedent breaches thereof. The Company is in the negotiation with the counterparties to the Assumption Agreement to extend the long stop of the Assumption Agreement to 31 July 2015. Further announcement(s) will be issued by the Company as and when appropriate.

Reasons for and benefits of the Assumption Agreement

Pursuant to the Assumption Agreement, Fame Dragon has agreed to assume certain debts payable by TQS in consideration of the Company agreeing to allot and issue new Shares, subject to the verification by auditors appointed by Fame Dragon and compliance with any applicable requirements under the Listing Rules, at the issue price of HK\$0.1 per Share. The Directors consider that the arrangement to settle such indebtedness of the Group by way of issue of new Shares to Fame Dragon could reduce the cash outlay of the Group, which would be beneficial to the Group's financial condition and development. The terms for the Assumption Agreement was arrived at based on arm's length negotiations between the Company and Fame Dragon. The Directors, excluding the members of the TC Independent Board Committee and LR Independent Board Committee who will express their view after having considered the advice of the Independent Financial Adviser, are of the opinion that the terms of the Assumption Agreement are fair and reasonable and the transactions contemplated under the Assumption Agreement are in the interests of the Company and the Shareholders as a whole.

Loan Rescheduling Agreements

Certain bank loans of the Group in the total outstanding principal amount of approximately HK\$237 million have been assigned to Fujian Wonderful, an Independent Third Party. In this connection, TQS entered into the Loan Rescheduling Agreements with Fujian Wonderful, pursuant to which Fujian Wonderful has agreed, among other things, to postpone the first repayment date of the loan assigned to Fujian Wonderful until 3 years from the date of the respective Loan Rescheduling Agreements.

Based on the best knowledge of the Directors, the ultimate beneficial owner of Fujian Wonderful is third party independent of GZE and parties acting in concert with it and its associates.

Deconsolidation of subsidiaries and jointly-controlled entity

As at 31 March 2015, the total outstanding amount due to the deconsolidated subsidiaries was approximately HK\$503.1 million and amounts due to jointly-controlled entity was approximately HK\$174.0 million, which will be restructured by the following methods:

- In relation to the amount due to the deconsolidated subsidiaries from TRML of approximately HK\$333.3 million, the Company proposes to restructure its debts by negotiating with the liquidators of the deconsolidated subsidiaries to compromise the claims of the debts by the scheme of arrangement of TRML by the funding of any payments to be made under the scheme of arrangement of TRML in Hong Kong pursuant to section 670 of the Companies Ordinance to Titan Resources Management (S) Pte Ltd. (in liquidation), a company incorporated in Singapore, or any party amounted to approximately HK\$8.5 million which is subject to verification by the liquidator and shall be funded by internal resources within the Group. The proposed scheme of TRML is subject to creditors' approval and the Hong Kong Court's sanction. TRML has obtained a letter of support from the liquidator in Singapore stating that he will recommend to the creditors to support the proposed scheme of TRML.
- In respect of the amount due to the deconsolidated companies from TQSL Holding of approximately HK\$79.6 million, the Company proposes to execute the compromise agreement (the "Compromise Agreement") pursuant to which the amount due from TQSL Holding to the deconsolidated subsidiaries will be compromised and settled by TQSL Holding procuring the payment of approximately HK\$796,000 which is subject to verification by the liquidator and shall be funded by third party loan (which the repayment of such third party loan will be funded by the internal resources within the Group). The closing of the Compromise Agreement is subject to (i) TQSL Holding entering into appropriate terms with the third party funder in respects of the funds to be paid under the Compromise Agreement; and (ii) the liquidator having obtained the approval of creditors and/or the sanction of the High Court of Singapore (as required by applicable law) to enter into the compromise effected by the Compromise Agreement. TQSL Holding has obtained a letter of support from the liquidator in Singapore stating that he will recommend to the creditors to accept the revised proposed Compromise Agreement.
- The Group will deconsolidate Titan Oil Finance Limited. Upon the deconsolidation of Titan Oil Finance Limited, the amount due to the deconsolidated subsidiaries will be decreased by approximately HK\$20.5 million.
- In respect of the amount due to the deconsolidated companies mainly from certain subsidiaries of the Group in the PRC (the "PRC Subsidiaries") of approximately HK\$69.7 million, subject to the liquidation procedures of the deconsolidated subsidiaries, the Company plans to implement the restructuring of the PRC Subsidiaries, including but not limited to winding up the PRC Subsidiaries.

- In respect of the amount due from the jointly-controlled entity was approximately HK\$151.8 million. Accordingly, the net amount due to the jointly-controlled entity was approximately HK\$22.2 million as at 31 March 2015 and will be settled by internal resources within the Group.

INTERIM FINANCING ARRANGEMENTS

In order to rescue the Group, GZE has made available certain interim financing arrangements.

First Loan Agreement

On 12 March 2013, the Company entered into the First Loan Agreement with Fame Dragon, a wholly-owned subsidiary of GZE, pursuant to which Fame Dragon agreed to provide an interim financing on request of the Company of up to approximately HK\$62.24 million at an interest rate of 2% per annum payable on maturity. Details of the First Loan Agreement are set out in the announcement of the Company dated 15 March 2013. The First Loan Agreement has been defaulted.

As at the date of this announcement, HK\$3 million has been drawn down under the First Loan Agreement.

Second Loan Agreement and Supplemental Second Loan Agreement

On 13 March 2014, the Company entered into the Second Loan Agreement with Fame Dragon in relation to the provision of an unsecured loan of HK\$62.24 million by Fame Dragon to the Company at an interest rate of 2% per annum. Details of the Second Loan Agreement are set out in the announcement of the Company dated 11 March 2014. The events of default of the Second Loan Agreement which includes (i) delivering to GZE by 15 April 2014 the Creditors' Scheme documents in form substantially agreed with the Provisional Liquidators and the informal creditors' committee or evidence satisfactory to binding agreements pursuant to which they have agreed to support the Company's debt restructuring plan; and (ii) receiving by 15 May 2014, directions from the Bermuda Court to convene the meeting(s) of the Scheme Creditors for the purpose of approving the proposed scheme of arrangement, were triggered.

On 10 July 2014, the Company entered into the Supplemental Second Loan Agreement with Fame Dragon to amend and extend (i) the Events of Default (i) Deadline to 15 August 2014; and (ii) the Events of Default (m) Deadline to 15 September 2014, and both of these amendments shall take effect immediately upon the date of the Supplemental Second Loan Agreement. As at the date of this announcement, relevant events under the Events of Default (i) Deadline and the Events of Default (m) Deadline have been fulfilled prior to the respective deadlines.

As at the date of this announcement, HK\$56.18 million has been received under the Supplemental Second Loan Agreement.

The 2015 Loan Agreement

On 27 February 2015, the Company entered into the 2015 Loan Agreement with Fame Dragon in relation to the provision of an uncommitted term loan of US\$10 million by Fame Dragon to the Company.

The major terms of the 2015 Loan Agreement are set out below:

Parties:	a. the Company (as borrower); and b. Fame Dragon (as lender).
Loan amount:	an aggregate of US\$10 million, to be made available to the Company from time to time according to the requirements of the Company.
Interest:	2% per annum.
Term:	Two years.
Security:	The loan under the 2015 Loan Agreement is unsecured.
Purpose of the loan:	For meeting costs incurred by the Company in relation to the Creditors' Scheme or any other purpose agreed by Fame Dragon and the Provisional Liquidators, but not including the repayment of any debt which is included in the Creditors' Scheme.
Repayment:	The loans shall be repaid in full together with the accrued interest and all other amounts payable under the 2015 Loan Agreement, whichever occurs earlier, upon (i) the loan maturity date (i.e. 2 years from the date of the 2015 Loan Agreement or such later date mutually agreed between Fame Dragon and the Company; or (ii) completion of Creditors' Scheme and received dividend payable by the joint liquidators of TGIL. The loan under the 2015 Loan Agreement will not form part of the debt to be restructured under the Creditors' Scheme.
Event of default:	a. The Company fails to make any payment to Fame Dragon which is due and payable under the provisions of the 2015 Loan Agreement; b. Any representation, statement or warranty given by the Company under the 2015 Loan Agreement is, or at the time it was provided has been, materially incorrect, untrue or misleading;

- c. Any authorisation required to be obtained for the Company to execute the 2015 Loan Agreement or perform any of its obligations under the 2015 Loan Agreement is revoked, cancelled or expires;
- d. Any approval, registration or filing required to be obtained from a government body to ensure the legality, effectiveness and enforceability of the obligations of the Company under the 2015 Loan Agreement and for the 2015 Loan Agreement to be subject to the jurisdiction of the Hong Kong courts and to be enforceable is revoked, cancelled or expires;
- e. The Company does not use the loan in accordance with the purpose set out in the 2015 Loan Agreement;
- f. In any jurisdiction, in relation to the liquidation of the Company, other than the Provisional Liquidators, one or more liquidators, receivers, administrators, administrative receivers or other similar officers are appointed (whether temporary or not);
- g. A liquidator (including the Provisional Liquidators or any other provisional liquidators) of the Company, a government official or other similar officer in any jurisdiction applicable to the Company proposes to disclaim, avoid, abandon and/or challenge the terms or validity of the 2015 Loan Agreement or any part thereof or any transactions related to or contemplated by the 2015 Loan Agreement;
- h. The Stock Exchange makes a last and final decision to delist the Shares from the Main Board of the Stock Exchange and cancel the Company's listing;
- i. Any material term of the Creditors' Scheme is amended or varied without the consent of Fame Dragon or the scheme documents in form and substance satisfactory to Fame Dragon are not approved by the Bermuda Court;
- j. The powers and/or duties of the Provisional Liquidators as set forth in an order of the Bermuda Court dated 14 February 2014 are extended or materially amended; and
- k. Any member of the Board as at the date of the 2015 Loan Agreement is dismissed or otherwise removed as a member of the Board without the prior consent of Fame Dragon.

Upon the occurrence of the event of default above, Fame Dragon has the right to declare by means of written notice that the loans already disbursed under the 2015 Loan Agreement are immediately due and payable and to demand the Company to pay immediately all principal, interest and all other payable costs due under the 2015 Loan Agreement. However, in the event the Bermuda Court shall make a winding up order in respect of the Company, Fame Dragon shall be entitled to submit a proof of debt in the Company's liquidation as an unsecured creditor for all amounts due under the 2015 Loan Agreement.

As at the date of this announcement, approximately US\$6 million has been received under the 2015 Loan Agreement.

PROPOSED OPEN OFFER

Reference is made to the announcements of the Company dated 15 March 2013 and 25 November 2013 in relation to, among other things, the proposed open offer of convertible bonds to be issued by the Company and the underwriting agreement dated 12 March 2013 entered into between the Company and Fame Dragon in respect of such proposed open offer.

The Company proposes to proceed with an open offer of new Shares instead of an open offer of convertible bonds as previously announced on 15 March 2013. The Board proposes to put forward a proposal to raise not less than approximately HK\$391.0 million and not more than approximately HK\$392.1 million (before expenses) by way of the Open Offer of new Shares on the basis of one Offer Share for every two existing Shares held by the Qualifying Shareholders on the Record Date with issuance of the Warrants on the same terms as those being offered to the Subscribers for no additional consideration to the Qualifying Shareholders who take up the Offer Shares on the basis of one Warrant for every one Offer Share taken up, provided always that if the Company considers that it would no longer satisfy the minimum public shareholding (i.e. 25% public float) requirement under Rule 8.08 of the Listing Rules immediately following an exercise of the subscription right under any Warrants, such exercise shall be postponed until such time as the Company is satisfied that such exercise will not result in any non-compliance of Rule 8.08 of the Listing Rules. On 5 May 2014, the Company and Fame Dragon entered into the Underwriting Agreement pursuant to which the Underwriter conditionally agreed to fully underwrite the proposed Open Offer. The Underwriting Agreement supersedes the underwriting agreement dated 12 March 2013 that was entered into between the Company and Fame Dragon with respect to the open offer of convertible bonds.

Condensed particulars on the proposed Open Offer are set out as follows:

Issue statistics

Basis of the Open Offer	One Offer Share for every two existing Shares held on the Record Date with the issuance of the Warrants on the same terms as those being offered to the Subscribers for no additional consideration to the Qualifying Shareholders who take up the Offer Shares on the basis of one Warrant for every one Offer Share taken up
Subscription price	HK\$0.1 per Share
Number of Shares in issue	7,820,554,682 Shares
Number of Offer Shares	Not less than 3,910,277,341 Offer Shares and not more than 3,920,597,341 Offer Shares
Underwriting arrangement	Fully underwritten by the Underwriter whose ordinary business does not include underwriting

Condition of the Open Offer

The consummation of the Open Offer is conditional upon (i) the Underwriting Agreement having become unconditional and not being terminated in accordance with the terms and conditions of the Underwriting Agreement. The conditions of the Underwriting Agreement are set out in the paragraph headed “Underwriting arrangement – Underwriting Agreement – Conditions of the Underwriting Agreement” below; and (ii) the approval by the Independent Shareholders at the SGM.

If the conditions of the Underwriting Agreement are not fulfilled, the Open Offer will not proceed.

Application for excess Offer Shares

It is expected that any Offer Shares (i) not validly applied for by any Qualifying Shareholders under the Open Offer; (ii) to which the Non-Qualifying Shareholders would otherwise have been entitled; and (iii) created by aggregating any fractional assured entitlements will be made available for excess and equitable applications by the Qualifying Shareholders and such Offer Shares will be allocated on a fair and equitable basis.

Application for listing

If the Open Offer proceeds, application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares to be allotted and issued under the Open Offer and Warrant Shares to be allotted and issued pursuant to the Open Offer and upon the exercise of the subscription rights attaching to the Warrants.

No listing of the Warrants will be sought on the Stock Exchange or other stock exchange.

Detailed timetable of the Open Offer will be published by the Company once it is finalised. Further details of the Open Offer will be set out in the Open Offer Prospectus to be despatched to the Qualifying Shareholders in due course.

Underwriting arrangement

Underwriting Agreement

Date	5 May 2014
Underwriter	Fame Dragon or its wholly-owned subsidiary
Underwriting arrangement	Fully underwritten by Fame Dragon or its wholly-owned subsidiary
Commission	Nil

Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite the Open Offer subject to the terms and conditions set out in the Underwriting Agreement and, in particular, the fulfilment of the conditions contained therein. Fame Dragon, which holds the voting rights of a total of 3,556,353,661 Shares (representing approximately 45.5% of the total Shares in issue as at the date of this announcement) and through DBIL (a wholly-owned subsidiary of GZE) holding of the benefit of all interests arising under or in connection to the Listco Preferred Shares, is an investment holding company whose ordinary business does not include underwriting.

As the Underwriter will not be charging any underwriting fee or commission, the Directors consider that the underwriting arrangement under the Underwriting Agreement would be beneficial to the Company and would allow the Company to reduce the costs and expenses in conducting the Open Offer which the Company would otherwise have to incur if a registered brokerage firm or an investment bank was to be appointed as the underwriter.

Conditions of the Underwriting Agreement

The obligations of the Underwriter under the Underwriting Agreement are conditional on the following conditions:

- (a) (if required under the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)) the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong, respectively, on or prior to the Posting Date and (if required under the Companies Act of 1981 of Bermuda) the registration by the Registrar of Companies in Bermuda prior to or as soon as practicable after the Posting Date of the Open Offer Documents (and all other documents required to be filed or delivered for registration);
- (b) the posting on the Posting Date of copies of the Open Offer Documents to the Qualifying Shareholders and the Open Offer Prospectus to the Non-Qualifying Shareholders;
- (c) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Offer Shares either unconditionally or subject to conditions which the Company accepts and the satisfaction of such conditions (if any and where relevant) by no later than the Posting Date and the Listing Committee of the Stock Exchange not having withdrawn or revoked such listings and permission on or before 4:00 p.m. on the Settlement Date;
- (d) the Stock Exchange having unconditionally or conditionally approved the resumption of trading of the Shares based on the resumption proposal to be submitted to the Stock Exchange (as may be supplemented or amended from time to time);
- (e) the proposal for the Debt Restructuring having been approved by the Bermuda Court and such other courts and/or analogous sanction and/or recognition in any other jurisdiction, as the Company may determine to be necessary, of the proposal for the Debt Restructuring having been obtained together with all consents, approvals, sanctions and filing of documents necessary, for the purpose of making the proposal for the Debt Restructuring effective, having been obtained and done in accordance with the applicable law;
- (f) all consents and approvals necessary in connection with the transaction contemplated in the Underwriting Agreement having been obtained and all applicable requirements under the Listing Rules and those requirements imposed under applicable laws and regulations or by the Stock Exchange, the SFC and/or the Bermuda Court in relation to the Underwriting Agreement and the transactions contemplated thereunder, including without limitation the approval by the Independent Shareholders of the Whitewash Waiver and the Special Deal and the grant of the Whitewash Waiver and the Special Deal consent by the Executive, having been complied with; and

- (g) each condition precedent (or such other condition) required to be satisfied pursuant to the terms of each other documents in relation to the Creditors' Scheme and the Resumption Proposal (other than that all the conditions precedent of the Underwriting Agreement having been fulfilled or waived) having been satisfied or waived for the purpose of making each document in relation to the Creditors' Scheme and the Resumption Proposal effective in accordance with its terms.

None of the conditions set out above can be waived. As at the date of this announcement, the conditions (d) and (e) set out above have been satisfied. In the event that the conditions as set out above have not been satisfied on or before 31 May 2015 (or such later date as the parties hereto may agree in writing), any parties to the Underwriting Agreement may terminate the Underwriting Agreement by giving each other party not less than 30 days' written notice and, upon the termination of the Underwriting Agreement, all the obligations of the parties hereto shall cease and determine and none of the parties hereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement. The Company is in the negotiation with Fame Dragon to extend the long stop of the Underwriting Agreement to 31 July 2015. Further announcement(s) will be issued by the Company as and when appropriate.

Termination and Force Majeure of the Underwriting Agreement

The Underwriter may terminate the Underwriting Agreement by notice in writing issued to the Company at any time prior to 4:00 p.m. on the Settlement Date under any of the following circumstances:

- (i) the powers and/or duties of the Provisional Liquidators of the Company appointed by the Bermuda Court on 18 October 2013 (Bermuda time) as set forth in an order of the Bermuda Court dated 14 February 2014 are materially extended or amended by the Bermuda Court;
- (ii) the making of an order to wind up of the Company;
- (iii) there is any breach of any of the warranties made by the Company in any material respect which has come to the knowledge of Fame Dragon or any event which has occurred or any matter which has arisen on or after the date of the Underwriting Agreement which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of such warranties untrue, inaccurate or misleading in any material respect; or
- (iv) there is material adverse change in the financial position, business, property or operations of any member of the Group compared to that as at the date of the Underwriting Agreement.

Upon the giving of notice to terminate the Underwriting Agreement, all obligations of the Underwriter under the Underwriting Agreement shall cease and determine and none of the parties to the Underwriting Agreement shall have any claim against the other parties in respect of any matter or thing arising out of or in connection with the Underwriting Agreement.

Reasons for the Open Offer

The Company intends to use the proceeds from the Open Offer to fund its Debt Restructuring and the repayment of the outstanding indebtedness of the Group other than those that will form part of the claims to be restructured under the Debt Restructuring. Given the financial situation of the Group and having considered other fund raising alternatives for the Group, such as placing of new Shares or other convertible bonds, and the benefits and cost of each of the alternatives, the Board considers that the Open Offer would be in the interests of the Company and the Shareholders as a whole as it would offer all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company at the same price and would enable the Qualifying Shareholders to continue to participate in the future development of the Company should they wish to do so.

SUBSCRIPTION OF SHARES AND WARRANTS

The Company entered into three subscription agreements with CGL Resources, New Berkeley and Wahan Investments on 9 April 2013, 9 April 2013 and 29 April 2013, respectively, in relation to the subscription of convertible bonds to be issued by the Company. As those previous subscription agreements had lapsed, CGL Resources, New Berkeley and Wahan Investments entered into the CGL Subscription Agreement, New Berkeley Subscription Agreement and First Wahan Investments Subscription Agreement respectively on 5 May 2014 with the Company for the subscription of new Shares and Warrants instead of convertible bonds to replace the previous subscription agreements they entered into with the Company. As referred to in the announcement of the Company dated 25 February 2015, the Company was informed by FEG that CGL Resources and New Berkeley would not extend the long stop date of the CGL Subscription Agreement and New Berkeley Subscription Agreement respectively and therefore the CGL Subscription Agreement and New Berkeley Subscription Agreement were lapsed and became null and void. On 6 May 2015, Wahan Investments entered into the Wahan Investments Subscription Agreement to supersede the First Wahan Investments Subscription Agreement. On 27 March 2015, the Company entered into the Victory Stand Subscription Agreement with Victory Stand to replace the CGL Subscription Agreement and New Berkeley Subscription Agreement.

The Share Subscription Agreements

Pursuant to the Share Subscription Agreements, Victory Stand and Wahan Investments have conditionally agreed to subscribe for 1,300 million and 1,800 million new Shares at the subscription price of HK\$0.10 per Share as well as 1,300 million and 1,800 million Warrants to be issued by the Company at no consideration, respectively.

	Victory Stand Subscription Agreement	Wahen Investments Subscription Agreement
Date of Agreement	27 March 2015	6 May 2015
Subscriber	Victory Stand	Wahen Investments
Subscription Shares	1,300 million (representing 4.6% of the total Shares in issue as enlarged by the Open Offer and the Share Subscriptions and the issue of new Shares pursuant to Creditors' Scheme, Shipyard Termination Agreement and Assumption Agreement assuming no exercise of the Share Options and other convertible securities of the Company)	1,800 million (representing 6.3% of the total Shares in issue as enlarged by the Open Offer and the Share Subscriptions and the issue of new Shares pursuant to Creditors' Scheme, Shipyard Termination Agreement and Assumption Agreement assuming no exercise of the Share Options and other convertible securities of the Company)
Subscription Amount	HK\$130 million	HK\$180 million
Warrants	1,300 million	1,800 million
Warrants Shares	1,300 million	1,800 million

Conditions to completion of the Share Subscriptions

Completion of each of the Share Subscription Agreements is subject to the following conditions:

- (i) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Subscription Shares and the Warrant Shares;
- (ii) the Stock Exchange having unconditionally or conditionally approved the resumption of trading of the Shares based on the resumption proposal to be submitted to the Stock Exchange (as may be supplemented or amended from time to time);
- (iii) the Debt Restructuring Proposal having been approved by the Bermuda Court together with all consents, approvals, sanctions and filing of documents necessary for the purpose of making the Debt Restructuring Proposal effective having been obtained and done in accordance with the applicable law;

- (iv) all consents and approvals necessary (whether from the courts, the Bermuda Monetary Authority, governmental or regulatory authorities in whatever jurisdictions) in connection with the Share Subscription, the allotment and issue of the Subscription Shares, the Warrants and the Warrant Shares and the transactions contemplated in the Share Subscription Agreements having been obtained and all applicable requirements under the Listing Rules and those requirements imposed under applicable laws and regulations or by the Stock Exchange, the SFC and/or the courts of Bermuda in relation to the Share Subscription Agreements and the transactions contemplated thereunder, including without limitation the approval by the independent shareholders (as defined in Chapter 14A of the Listing Rules) of the Company who are permitted to vote under the Listing Rules of the Share Subscription Agreements and the transactions contemplated in the Share Subscription Agreements, including the issue of the Subscription Shares, the Warrants and the Warrant Shares, at a special general meeting of the Company (if required under the Listing Rules), having been complied with;
- (v) each condition precedent (or such other condition) required to be satisfied pursuant to the terms of each other document in relation to the Creditors' Scheme and the Resumption Proposal (other than that all the conditions precedent of the Share Subscription Agreements having been fulfilled or waived) having been satisfied or waived for the purpose of making each document in relation to the Creditors' Scheme and the Resumption Proposal effective in accordance with its terms; and
- (vi) the Company having obtained the approval of the Independent Shareholders in general meeting in respect of the Whitewash Waiver; and
- (vii) the grant of Whitewash Waiver by the Executive.

None of the conditions set out above can be waived. As at the date of this announcement, the conditions (ii) and (iii) set out above have been satisfied. If the conditions are not fulfilled on or before 31 July 2015 (or such later date as may be agreed between the Subscribers and the Company in writing), the Share Subscription Agreements shall lapse and become null and void and the parties will be released from all obligations thereunder, save for any liability arising out of any antecedent breaches of the Share Subscription Agreements.

Subject to the fulfillment of the above conditions, completion of the Share Subscriptions shall take place on a business day as may be specified by the Company in writing not being less than two nor more than 15 business days next following the date of fulfillment of the condition last in time to be fulfilled (or such other date as the parties may agree in writing).

Principal terms of the Warrants

Exercise price:	HK\$0.12 per Warrant Share.
Adjustment to the exercise price:	The exercise price of the Warrants is subject to adjustment in the event of, among others: (a) consolidation, subdivision or reclassification of Shares; (b) capitalisation of profits or reserves; (c) dividend or distributions; (d) rights issue of other securities; and (e) other offers to Shareholders, provided that no adjustment will be made to the exercise price when Shares or other securities (including rights or options) are issued, offered or granted (i) to employees (including Directors) of the Company or any subsidiary of the Company pursuant to any employee share scheme (and which employee share scheme is in compliance with the Listing Rules or, if applicable, those of an alternative stock exchange on which the Shares are listed); (ii) pursuant to the Debt Restructuring and the transactions contemplated under the Resumption Proposal including but not limited to, the Open Offer, the Share Subscriptions, the Shipyard Termination Agreement and the Assumption Agreement; (iii) pursuant to the conversion of any Listco Preferred Shares; or (iv) pursuant to the exercise of any Warrants and FELS Warrants.
Exercise period:	Not earlier than the commencement of the third year but not later than the end of the third year after the issue of the Warrants (the “Exercise Period”).
Application for listing:	No listing of the Warrants will be sought on the Stock Exchange or other stock exchange.
Conversion:	Each one (1) Warrant carries the right to subscribe for one (1) Warrant Share

Transferability:

The Warrants to be issued to the Qualifying Shareholders under the Open Offer

The Warrants to be issued to the Qualifying Shareholders under the Open Offer are not transferable, except for transfer or transmission in the circumstances set out in subparagraphs (a) and (b) below.

- (a) In cases where the holder of the Warrants acts as a nominee of its beneficial owner(s) in holding interest in the Warrants, the subscription rights shall be allowed for a one-off transfer from such nominee to its beneficial owner(s) by instrument of transfer (in any usual or common form or such other form as may be approved by the Directors) during the period from the date of issue to the end of the Exercise Period.
- (b) If a holder of the Warrants dies, the survivor or survivors where the deceased was a joint holder, and his legal representatives where he was a sole or only surviving holder, will be the only person(s) recognised by the Company as having any title to interest of the holder of the Warrants in the Warrants. Subject to any applicable laws or regulations, any person becoming entitled to the Warrants in consequence of the death of a holder of the Warrants may, upon such evidence as to his title being produced as may be required by the Board, elect either to become the holder of the Warrants or to nominate his nominee or the estate executor to be registered as the transferee thereof. If he elects to become the holder he shall notify the Company in writing either at the principal place of business of the Company in Hong Kong to that effect. If he elects to have the relevant nominee registered he shall execute an instrument of transfer (in any usual or common form or such other form as may be approved by the Directors) of the Warrants in favour of that person during the period from the date of issue to the end of the Exercise Period.

The Warrants to be issued to the Subscribers

The Warrants to be issued to the Subscribers pursuant to the Share Subscriptions in any events are not transferable.

Rights to vote or dividend:	Holders of the Warrants will not have the right to vote or to consent or to receive notice as Shareholders in respect of any meeting of Shareholders, or to receive dividends.
Public float restriction:	If the Company considers that it would no longer satisfy the minimum public shareholding (i.e. 25% public float) requirement under Rule 8.08 of the Listing Rules immediately following an exercise of the subscription right under any Warrants, such exercise shall be postponed until such time as the Company is satisfied that such exercise will not result in any non-compliance of Rule 8.08 of the Listing Rules.

Subscription Shares and Warrant Shares

The subscription price of HK\$0.10 per Subscription Share represents (i) a discount of approximately 59.35% to the closing price of HK\$0.246 per Share on the Last Trading Day; and (ii) a premium of approximately HK\$0.59 over the audited net liability value per Share as at 31 December 2014.

The exercise price of HK\$0.12 per Warrant Share represents (i) a discount of approximately 51.22% to the closing price of HK\$0.246 per Share on the Last Trading Day; and (ii) a premium of approximately HK\$0.61 over the audited net liability value per Share as at 31 December 2014.

Specific mandate will be obtained from the Shareholders at the SGM for the issue of the Subscription Shares and the Warrant Shares.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares and the Warrant Shares to be allotted and issued pursuant to the Share Subscriptions and upon exercise of the subscription rights attaching to the Warrants, respectively.

The Subscription Shares and the Warrant Shares shall, upon allotment and issue, rank pari passu in all respects with the then existing Shares in issue on the date of allotment and issue of the Subscription Shares or the Warrant Shares (as the case may be).

The Warrant Shares, when issued, are freely transferrable and are not subject to any lock-up period.

Termination of the Share Subscription Agreements

Each of the Share Subscription Agreements shall terminate on the date when the relevant Subscriber issues a written notice to the Company upon the occurrence of any of the following events (unless the right to issue such notice upon the occurrence of such event has been waived by the relevant Subscriber in writing):

- (i) the powers and/or duties of the Provisional Liquidators of the Company appointed by the Bermuda Court on 18 October 2013 (Bermuda time) as set forth in an order of the Bermuda Court dated 14 February 2014 are extended or amended by the Bermuda Court;
- (ii) the appointment of one or more liquidators, receivers, administrators, administrative receivers or other similar officers (other than the Provisional Liquidators) for the liquidation of the Company in any jurisdiction (whether temporary or not) at any time after the dates of the relevant Share Subscription Agreements;
- (iii) the making of an order by a court of competent jurisdiction to restrict or limit the power of the Board to control the management of the Company's affairs;
- (iv) any member of the Board as at the dates of the relevant Share Subscription Agreements is dismissed or otherwise removed as a member of the Board without the prior consent of the relevant Subscriber;
- (v) the making of an order to wind up of the Company; or
- (vi) there is any breach of any of the warranties made by the Company in any material respect which has come to the knowledge of the relevant Subscriber or any event which has occurred or any matter which has arisen on or after the date of the relevant Share Subscription Agreements and prior to completion which if it had occurred or arisen before the date of the relevant Share Subscription Agreements would have rendered any of such warranties untrue, inaccurate or misleading in any material respect.

Upon termination of any of the Share Subscription Agreements, the obligations of the parties shall immediately cease and neither party shall have any claims against the other party in respect of any matter arising out of or in connection with the relevant Share Subscription Agreements, save for any antecedent breaches.

Information on the Subscribers

Wahen Investments is an investment holding company directly wholly-owned by Mr. Zhao who is the chairman, the chief executive and an executive Director as at the date of this announcement. Accordingly, Wahen Investments is a connected person of the Company. Prior to entering into the Wahen Investments Subscription Agreement, Wahen Investments and Mr. Zhao have not had any shareholding interests in the Company. Each of Wahen Investments and Mr. Zhao is independent of and not a party acting in concert (as defined in the Takeovers Code) with GZE.

Victory Stand is a company incorporated in Samoa and wholly-owned by Mr. Wang Jianqing. Mr. Wang Jianqing is the controlling shareholder of Yuan Heng Gas Holdings Limited, a company listed on the Stock Exchange (stock code: 332). To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Victory Stand and its ultimate beneficial owner are not connected persons of the Company and are third parties independent of GZE, Fame Dragon and parties acting in concert with any of them.

Reasons for the Share Subscriptions

The Share Subscriptions, if they proceed, will provide funding for the Debt Restructuring and the repayment of the outstanding indebtedness of the Group (other than those that will form part of the claims to be restructured under the Debt Restructuring).

The Wahan Investments Subscription Agreement demonstrates Mr. Zhao's support and commitment on the Company.

The Directors, excluding the members of the TC Independent Board Committee and the LR Independent Board Committee who will express their view after having considered the advice of the Independent Financial Adviser, consider that the terms of the Share Subscription Agreements, including the subscription price of the Subscription Shares and the exercise price of the Warrants, are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Previous fund raising exercise of the Company

The Company did not raise any funds by the issue of equity securities during the twelve months immediately preceding the date of this announcement.

Use of Proceeds of the Open Offer and Share Subscriptions

The aggregate gross proceeds from the Open Offer and the Share Subscriptions will amount to approximately HK\$701.0 million. The aggregate net proceeds from the Open Offer and Share Subscriptions (after deducting the costs and expenses) are estimated to be approximately HK\$655.8 million, representing the net price of approximately HK\$0.09 per Subscription Share or Offer Share. The aggregate net proceeds of approximately HK\$655.8 million are expected to be applied as to (i) a maximum of HK\$337.8 million for the Debt Restructuring and the repayment of the outstanding indebtedness of the Group (other than those that will form part of the claims to be restructured under the Debt Restructuring); (ii) approximately of HK\$200.4 million for the upgrade and modification of the Quanzhou Shipyard; and (iii) the remaining of approximately HK\$117.6 million for the working capital of the Group. The gross and net proceeds of approximately HK\$841.2 million and HK\$838.8 million respectively from the exercise of the subscription rights attaching to the Warrants, if it occurs, are expected to be utilized by the Company as general working capital.

SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has in issue (i) 7,820,554,682 Shares; (ii) outstanding Share Options entitling the holders thereof to subscribe for a total of 20,640,000 Shares; (iii) 555,000,000 outstanding Listco Preferred Shares entitling the holder thereof to convert those shares into 555,000,000 Shares based on the conversion ratio of 1:1; and (iv) the Listco Convertible Notes in the outstanding principal amount of US\$47,960,000 entitling holders thereof to convert those notes into 523,483,348 Shares based on the conversion rate of 10,915 Shares per US\$1,000.

Based on the best knowledge of the Directors, set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately upon completion of the Open Offer (assuming no exercise of the Share Options and the Warrants); (iii) immediately upon completion of the Open Offer (assuming no exercise of the Share Options and the Warrants) and Share Subscriptions (assuming no exercise of Warrants); (iv) immediately upon completion of the Open Offer (assuming no exercise of the Share Options and the Warrants), Share Subscriptions (assuming no exercise of Warrants) and debt settlement (including the issue of 9,382,164,000 new Shares under the Shipyard Termination Agreement, the issue of 1,926,810,834 new Shares to the holders of Existing Notes and the issue of 2,282,024,653 new Shares under the Assumption Agreement); (v) immediately upon completion of the Open Offer (assuming no exercise of the Share Options but all Warrants are exercised), Share Subscriptions (assuming all Warrant are exercised), debt settlement (including the issue of 9,382,164,000 new Shares under the Shipyard Termination Agreement, the issue of 1,926,810,834 new Shares to the holders of Existing Notes and the issue of 2,282,024,653 new Shares under the Assumption Agreement); (vi) immediately upon completion of the Open Offer (assuming no exercise of the Share Options and the Warrants), Share Subscriptions (assuming no exercise of Warrants), debt settlement (including the issue of 9,382,164,000 new Shares under the Shipyard Termination Agreement, the issue of 1,926,810,834 new Shares to the holders of Existing Notes and the issue of maximum number of Assumption Consideration Shares of 2,282,024,653 new Shares under the Assumption Agreement), and the exercise of the warrants granted to FELS under the Management Services Agreement; and (vii) immediately upon completion of the Open Offer (assuming no exercise of Share Options but all Warrants are exercised), Share Subscriptions (assuming all Warrants are exercised), debt settlement (including the issue of 9,382,164,000 new Shares under the Shipyard Termination Agreement, the issue of 1,926,810,834 new Shares to the holders of Existing Notes and the issue of 2,282,024,653 new Shares under the Assumption Agreement) and the exercise of the warrants granted to FELS under the Management Services Agreement; (viii) immediately upon completion of the Open Offer (assuming no exercise of Share Options and the Warrants), Share Subscriptions (assuming no exercise of Warrants), debt settlement (including the issue of 9,382,164,000 new Shares to GZE under the Shipyard Termination Agreement, the issue of 1,926,810,834 new Shares to the holders of Existing Notes and the issue of 2,282,024,653 new Shares to Fame Dragon under the Assumption Agreement), the exercise of the warrants granted to FELS under the Management Services Agreement and the conversion of the Listco Preferred Shares; and (ix) immediately upon completion of the Open Offer (assuming all Share Options are exercised and all Warrants are exercised), Share Subscription (assuming all Warrants are exercised), debt settlement (including the issue of 9,382,164,000 new Shares to GZE under the Shipyard Termination Agreement, the issue of 1,926,810,834 new Shares to the holders of Existing Notes and the issue of the maximum number of Assumption Consideration Shares of 3,595,420,415 new Shares to Fame Dragon under the Assumption Agreement), the conversion of the Listco Preferred Shares and the exercise of warrants granted to FELS under the Management Services Agreement.

Shareholders	(i) As at the date of this announcement			(ii) Immediately upon completion of the Open Offer (assuming no exercise of Share Options and the Warrants)			(iii) Immediately upon completion of the Open Offer (assuming no exercise of Share Options and the Warrants)		
	Number of Shares	Approximate %	Assuming no Shareholder take up the Offer Shares	Number of Shares	Approximate %	Assuming all Shareholders take up the Offer Shares	Number of Shares	Approximate %	Assuming all Shareholders take up the Offer Shares
Fame Dragon GZE	3,556,353,661	45.5	7,466,631,002	63.6	5,334,530,491	45.5	7,466,631,002	50.3	5,334,530,491
	-	-	-	-	-	-	-	-	-
GZE and parties acting in concert with it	3,556,353,661	45.5	7,466,631,002	63.6	5,334,530,491	45.5	7,466,631,002	50.3	5,334,530,491
Moral Base Investment Limited (Note 1)	1,000,000,000	12.8	1,000,000,000	8.5	1,500,000,000	12.8	1,000,000,000	6.7	1,500,000,000
Wahen Investments	-	-	-	-	-	-	1,800,000,000	12.1	1,800,000,000
Victory Stand	-	-	-	-	-	-	1,300,000,000	8.8	1,300,000,000
Share Option holders (Director)	-	-	-	-	-	-	-	-	-
Share Option holders (other employees)	-	-	-	-	-	-	-	-	-
FELS (Note 2)	-	-	-	-	-	-	-	-	-
Holders of Existing Notes (Note 3)	84,520,000	1.1	84,520,000	0.7	126,780,000	1.1	84,520,000	0.6	126,780,000
Others public Shareholders	3,179,681,021	40.7	3,179,681,021	27.1	4,769,521,532	40.7	3,179,681,021	21.4	4,769,521,532
Total	7,820,554,682	100.0	11,730,832,023	100.0	11,730,832,023	100.0	14,830,832,023	100.0	14,830,832,023

Shareholders	(iv) immediately upon completion of the Open Offer (assuming no exercise of Share Options and the Warrants), Share Subscriptions (assuming no exercise of Warrants) and debt settlement (including the issue of 9,382,164,000 new Shares to GZE under the Shipyard Termination Agreement, the issue of 1,926,810,834 new Shares to the holders of Existing Notes and the issue of 2,282,024,653 new Shares to Fame Dragon under the Assumption Agreement)				(v) immediately upon completion of the Open Offer (assuming no exercise of Share Options but all Warrants are exercised), Share Subscriptions (assuming all of Warrants are exercised) and debt settlement (including the issue of 9,382,164,000 new Shares to GZE under the Shipyard Termination Agreement, the issue of 1,926,810,834 new Shares to the holders of Existing Notes and the issue of 2,282,024,653 new Shares to Fame Dragon under the Assumption Agreement)			
	Assuming no Shareholder take up the Offer Shares		Assuming all Shareholders take up the Offer Shares		Assuming no Shareholder take up the Offer Shares		Assuming all Shareholders take up the Offer Shares	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Fame Dragon	9,748,655,655	34.3	7,616,555,144	26.8	13,658,932,996	38.5	9,394,731,974	26.5
GZE	9,382,164,000	33.0	9,382,164,000	33.0	9,382,164,000	26.5	9,382,164,000	26.5
GZE and parties acting in concert with it	19,130,819,655	67.3	16,998,719,144	59.8	23,041,096,996	65.0	18,776,895,974	53.0
Moral Base Investment Limited (Note 1)	1,000,000,000	3.5	1,500,000,000	5.3	1,000,000,000	2.8	2,000,000,000	5.6
Wahen Investments	1,800,000,000	6.3	1,800,000,000	6.3	3,600,000,000	10.2	3,600,000,000	10.2
Victory Stand	1,300,000,000	4.6	1,300,000,000	4.6	2,600,000,000	7.3	2,600,000,000	7.3
Share Option holders (Director)	–	–	–	–	–	–	–	–
Share Option holders (other employees)	–	–	–	–	–	–	–	–
FELS (Note 2)	–	–	–	–	–	–	–	–
Holders of Existing Notes (Note 3)	2,011,330,834	7.1	2,053,590,834	7.2	2,011,330,834	5.7	2,095,850,834	5.9
Others public Shareholders	3,179,681,021	11.2	4,769,521,532	16.8	3,179,681,021	9.0	6,359,362,043	17.9
Total	28,421,831,510	100.0	28,421,831,510	100.0	35,432,108,851	100.0	35,432,108,851	100.0

Shareholders	(vi) immediately upon completion of the Open Offer (assuming no exercise of Share Options and the Warrants), Share Subscription (assuming no exercise of Warrants), debt settlement (including the issue of 9,382,164,000 new Shares to GZE under the Shipyard Termination Agreement, the issue of 1,926,810,834 new Shares to the holders of Existing Notes and the issue of 2,282,024,653 new Shares to Fame Dragon under the Assumption Agreement) and the exercise of the warrants granted to FELS under the Management Services Agreement			(vii) immediately upon completion of the Open Offer (assuming no exercise of Share Options but all Warrants are exercised), Share Subscription (assuming all Warrants are exercised), debt settlement (including the issue of 9,382,164,000 new Shares to GZE under the Shipyard Termination Agreement, the issue of 1,926,810,834 new Shares to the holders of Existing Notes and the issue of 2,282,024,653 new Shares to Fame Dragon under the Assumption Agreement) and the exercise of the warrants granted to FELS under the Management Services Agreement				
	Assuming no Shareholder take up the Offer Shares	Assuming all Shareholders take up the Offer Shares	Assuming no Shareholder take up the Offer Shares	Assuming all Shareholders take up the Offer Shares	Assuming no Shareholder take up the Offer Shares	Assuming all Shareholders take up the Offer Shares		
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %		
Fame Dragon	9,748,655,655	30.9	7,616,555,144	24.1	13,658,932,996	35.4	9,394,731,974	24.4
GZE	9,382,164,000	29.7	9,382,164,000	29.7	9,382,164,000	24.3	9,382,164,000	24.3
GZE and parties acting in concert with it	19,130,819,655	60.6	16,998,719,144	53.8	23,041,096,996	59.7	18,776,895,974	48.7
Moral Base Investment Limited (Note 1)	1,000,000,000	3.2	1,500,000,000	4.8	1,000,000,000	2.6	2,000,000,000	5.2
Wahen Investments	1,800,000,000	5.7	1,800,000,000	5.7	3,600,000,000	9.3	3,600,000,000	9.3
Victory Stand	1,300,000,000	4.1	1,300,000,000	4.1	2,600,000,000	6.7	2,600,000,000	6.7
Share Option holders (Director)	-	-	-	-	-	-	-	-
Share Option holders (other employees)	-	-	-	-	-	-	-	-
FELS (Note 2)	3,122,931,542	9.9	3,122,931,542	9.9	3,122,931,542	8.1	3,122,931,542	8.1
Holders of Existing Notes (Note 3)	2,011,330,834	6.4	2,053,590,834	6.5	2,011,330,834	5.2	2,095,850,834	5.4
Others public Shareholders	3,179,681,021	10.1	4,769,521,532	15.1	3,179,681,021	8.2	6,359,362,042	16.5
Total	31,544,763,052	100.0	31,544,763,052	100.0	38,555,040,393	100.0	38,555,040,393	100.0

Shareholders	(viii) immediately upon completion of the Open Offer (assuming no exercise of Share Options and the Warrants), Share Subscriptions (assuming no exercise of Warrants), debt settlement (including the issue of 9,382,164,000 new Shares to GZE under the Shipyard Termination Agreement, the issue of 1,926,810,834 new Shares to the holders of Existing Notes and the issue of 2,282,024,653 new Shares to Fame Dragon under the Assumption Agreement), the exercise of the warrants granted to FELS under the Management Services Agreement and the conversion of the Listco Preferred Shares				(ix) immediately upon completion of the Open Offer (assuming all Share Options are exercised and all Warrants are exercised), Share Subscription (assuming all Warrants are exercised), debt settlement (including the issue of 9,382,164,000 new Shares to GZE under the Shipyard Termination Agreement, the issue of 1,926,810,834 new Shares to the holders of Existing Notes and the issue of the maximum number of Assumption Consideration Shares of 3,595,420,415 new Shares to Fame Dragon under the Assumption Agreement), the conversion of the Listco Preferred Shares and the exercise of warrants granted to FELS under the Management Services Agreement			
	Assuming no Shareholder take up the Offer Shares		Assuming all Shareholder take up the Offer Shares		Assuming no Shareholder take up the Offer Shares		Assuming all Shareholder take up the Offer Shares	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Fame Dragon	10,303,655,655	32.1	8,171,555,144	25.5	15,547,968,758	38.4	11,263,127,736	27.8
GZE	9,382,164,000	29.2	9,382,164,000	29.2	9,382,164,000	23.2	9,382,164,000	23.2
GZE and parties acting in concert with it	19,685,819,655	61.3	17,553,719,144	54.7	24,930,132,758	61.6	20,645,291,736	51.0
Moral Base Investment Limited (Note 1)	1,000,000,000	3.1	1,500,000,000	4.7	1,000,000,000	2.5	2,000,000,000	4.9
Wahen Investments	1,800,000,000	5.6	1,800,000,000	5.6	3,600,000,000	8.9	3,600,000,000	8.9
Victory Stand	1,300,000,000	4.0	1,300,000,000	4.0	2,600,000,000	6.4	2,600,000,000	6.4
Share Option holders (Director)	-	-	-	-	10,000,000	0.0	20,000,000	0.0
Share Option holders (other employees)	-	-	-	-	10,640,000	0.0	21,280,000	0.1
FELS (Note 2)	3,122,931,542	9.7	3,122,931,542	9.7	3,122,931,542	7.7	3,122,931,542	7.7
Holders of Existing Notes (Note 3)	2,011,330,834	6.3	2,053,590,834	6.4	2,011,330,834	5.0	2,095,850,834	5.2
Others public Shareholders	3,179,681,021	9.9	4,769,521,532	14.9	3,179,681,021	7.9	6,359,362,042	15.7
Total	32,099,763,052	100.0	32,099,763,052	100.0	40,464,716,155	100.0	40,464,716,155	100.0

Notes:

1. Moral Base Investment Limited, which is beneficially owned as to 50% by Mr. Wong Chi Leung and 50% by Ms. Wong Kwok Ying, the spouse of Mr. Wong Chi Leung, (save for their shareholding in the Company, Mr. Wong Chi Leung and Ms. Wong Kwok Ying are Independent Third Parties) will be regarded as public Shareholders if its shareholding is less than 10% of the issued share capital of the Company.
2. It is one of the conditions precedent of the Management Services Agreement that the Company having granted FELS (or such other person as FELS may specify) the convertible bonds which are convertible, at the option of the holder of such bonds, into 9.9% of the total issued share capital of the Company after completion of the Debt Restructuring and on terms as described in the announcement of the Company dated 25 November 2013 or the warrants to subscribe for 9.9% of the total issued share capital of the Company after completion of the Debt Restructuring at an indicative initial subscription price of HK\$0.12 at any time during a period of four years from the issue of the warrants, as elected by FELS in its absolute discretion, and having complied with all applicable requirements under the Listing Rules or those requirements imposed by the Stock Exchange, the SFC and/or the Bermuda Court in respect of the convertible bonds or the warrants as so elected by FELS. FELS has since elected to be granted the FELS Warrants.
3. The aggregate outstanding amount and the accrued interests of the Existing Notes under the Creditors' Scheme are amounted to approximately US\$181.1 million (equivalent to approximately HK\$1,412.7 million). Based on the Creditors' Scheme, the aggregate number of Shares for the Creditors' Scheme will be 1,926,810,834.
4. The percentages shown are rounded to the nearest 1 decimal place. Numbers may not add up to 100% due to rounding.

Save as disclosed above and (i) the existing shareholding of GZE and its subsidiaries in the Company; (ii) the certain arrangements, including but not limited to instrument of transfer and power of attorney executed by Saturn Petrochemical in favour of DBIL, between Saturn Petrochemical and DBIL on 10 October 2013 whereby DBIL became entitled to the benefit of all interests arising under or in connection with the Listco Preferred Shares; and (iii) the holding of the benefit of all interests arising under or in connection to the Listco Preferred Shares by GZE's subsidiary, as at the date of this announcement:

- a. GZE or any person acting in concert with it does not own, control or have direction over any voting rights or rights over the Shares or convertible securities, options, warrants of the Company;
- b. GZE or any person acting in concert with it has no dealing in the securities of the Company for the 6 months before the suspension of trading of Shares on 19 June 2012 and up to the date of this announcement;
- c. neither GZE nor any person acting in concert with it has received any irrevocable commitment to vote for or against the Whitewash Wavier and/or the Special Deal or to take up the Shares to be provisionally allotted under the Open Offer;

- d. neither GZE nor any person acting in concert with it has entered into any outstanding derivative in respect of any relevant securities (as defined in note 4 to Rule 22 of the Takeovers Code) of the Company;
- e. save for the Underwriting Agreement, Shipyard Termination Agreement, Share Subscription Agreements, the Assumption Agreement, the grant of FELS Warrants to FELS under the Management Services Agreement, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares or the shares of GZE which might be material to the Open Offer, the Underwriting Agreement, the Shipyard Termination Agreement, the Assumption Agreement and/or the Whitewash Waiver;
- f. the Open Offer, the Underwriting Agreement and the Whitewash Waiver and the Special Deal are subject to the satisfaction or waiver of (where applicable) the relevant conditions set out under the paragraph headed “Conditions of the Underwriting Agreement” above, which includes, among other things, the Stock Exchange having unconditionally or conditionally approved the resumption of trading of Shares and the proposal for the Debt Restructuring having been approved by the courts of Bermuda (which has been approved) (collectively the “Restructuring and Resumption Conditions”). Such Restructuring and Resumption Conditions may also be subject to, among other things, the terms of the Underwriting Agreement, the Shipyard Termination Agreement, the Share Subscription Agreements, the Debt Rescheduling Agreements, the Management Services Agreement, the GZE Excess Liabilities Undertaking, the GZE Interim Financing Agreements; the GZE Purchase Order MOU and the FTSD Purchase Order Framework Agreement, the Assumption Agreement, the Working Capital Loan Agreement, the Loan Rescheduling Agreement, the Listco Preferred Shares Modification Deed. Save for the aforesaid, there is no agreement or arrangement to which GZE is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Open Offer, the Underwriting Agreement, the Shipyard Termination Agreement, the Assumption Agreement and/or the Whitewash Waiver; and
- g. neither GZE nor any person acting in concert with it has borrowed or lent any relevant securities (as defined in note 4 to Rule 22 of the Takeovers Code) in the Company.

INFORMATION ON THE GROUP

Before the Suspension, the Group was engaged in the operation of onshore and offshore oil storage facilities, transportation, supply and distribution of oil and chemical products, and shipbuilding and ship repair.

As disclosed in the annual report of the Company for the year ended 31 December 2014, the Group did not earn any revenue for the year ended 31 December 2014.

Onshore and offshore oil storage business

The Group previously conducted its onshore oil storage business through one of its direct wholly-owned subsidiaries, TOSIL.

On 18 June 2012, Saturn Storage, a company incorporated in BVI, served notices to exercise its redemption rights under the TGIL Preferred Shares and the TGIL Convertible Notes, the redemption monies of which were due (in the case of the TGIL Preferred Shares) within 90 days and (in the case of the TGIL Convertible Notes) immediately after the date of the redemption notice. On the same day, Saturn Storage filed an application to the BVI Court to liquidate TGIL and a winding up order against TGIL was made on 17 July 2012 and liquidators were appointed to TGIL on the same day.

Upon the liquidation of TGIL, the assets of the onshore oil storage business, comprising the oil storage facilities located in Nansha in Guangdong Province, Quanzhou in Fujian Province, Yangshan in Shanghai and Yantai in Shandong Province in the PRC, were sold by the liquidators of TGIL to an entity owned by Warburg Pincus LLC and Southernpec Corporation. That entity subsequently entered into an agreement with a subsidiary of GZE on 12 October 2012, pursuant to which the assets of the onshore oil storage business have been further transferred to GZE. Completion of that agreement took place in October 2013 and the onshore oil storage assets are now owned by GZE.

The floating storage units that the Group used for its offshore oil storage business were chartered by the Group. The owners have re-posessed those storage units.

Transportation, supply and distribution business

The Group conducted its business of transportation, supply and distribution of oil and chemical products through various subsidiaries in Singapore. Since the Suspension, the Group has placed a number of those subsidiaries into liquidation.

The tankers that the Group used for its transportation, supply and distribution business were chartered by the Group. The owners have re-posessed those tankers.

Shipbuilding and ship repair business

Due to the fierce competition and the adverse market condition of the shipbuilding industry since 2008 and TQS has been in prolonged litigation in 2012, the shipbuilding business recorded losses and the operation of TQS was suspended. TQS's repair business was not yet fully developed so that the ship repair business was not able to generate profit to offset the loss in shipbuilding business.

On 11 December 2010, the Company, TPFL and TQSL Holding entered into Shipyard Sale and Purchase Agreement with Grand China Logistics in relation to the disposal of its 95% equity interest in TQS at a consideration of RMB1,865,670,000 (equivalent to approximately HK\$2,365,408,366) or a maximum reduced consideration of RMB1,465,670,000 (equivalent to approximately HK\$1,858,264,366) if TQS's net profit targets for the two years ended 31 December 2012 were not met. Pursuant to a supplemental agreement signed in 2011, such net profit targets were cancelled and the consideration for the proposed disposal was fixed at RMB1,665,670,000 (equivalent to approximately HK\$2,111,836,366). While the requisite regulatory and shareholder's approvals for the first two stage payments totalling RMB800,000,000 were obtained, only RMB740,000,000 has been received to date and the equity interests in TQS have not yet been transferred to Grand China Logistics.

On 30 May 2012, Grand China Logistics commenced legal proceedings against the Company, TPFL and TQSL Holding to seek an order for, among other things, the termination of the Shipyard Sale and Purchase Agreement and repayment of the amount of RMB740,000,000 that was paid by Grand China Logistics together with accrued interest or for the Company to fulfill its obligation under its guarantee to repay such amount. On 23 August 2012, TPFL filed a counterclaim against Grand China Logistics to seek, among other remedies, specific performance by Grand China Logistics of the Shipyard Sale and Purchase Agreement.

On 10 June 2013, the Company received a notification dated 7 June 2013 from Grand China Logistics informing the Company that it had entered into an assignment with GZE pursuant to which it would assign all of its interests, rights and obligations in respect of the Shipyard Sale and Purchase Agreement to GZE.

In December 2013, the Shanghai Intermediate Court approved the withdrawal of the legal proceedings brought by Grand China Logistics and ordered the discontinuation of the counterclaim proceedings brought by TPFL.

UPDATE ON BUSINESS STRATEGIES AND DEVELOPMENT

In order to provide sustainable revenue and cashflow to the Group and sustain the business operation of the Group, the Directors have proposed the followings business strategies and entered into various agreements in order to facilitate the business strategies accordingly.

Re-activate our shipbuilding and ship repair business

The Group started to engage in shipbuilding and ship repair operations in 2007. Prior to Suspension, the Group had successfully completed and delivered a total of 16 tankers of various types and models.

The Directors believe that based on the Group's past track record, the best option for the Group to rebuild its business would be to re-activate its shipbuilding and ship repair business by utilising TQS and the qualified and experienced work force that it has retained there. Thus, on 5 May 2014, the Company, TPFL and TQSL Holding entered into the Shipyard Termination Agreement with GZE, pursuant to which the parties conditionally agreed that the Shipyard Sale and Purchase Agreement be terminated.

Shipyard Termination Agreement

On 5 May 2014, the Company, TPFL and TQSL Holding entered into the Shipyard Termination Agreement with GZE, pursuant to which the parties conditionally agreed that the Shipyard Sale and Purchase Agreement be terminated and with respect to the amount of RMB740,000,000 (equivalent to approximately HK\$938,216,400) that was originally paid by Grand China Logistics to TPFL and TQSL Holding the rights to which were subsequently assigned to GZE, the Company will issue 9,382,164,000 new Shares at the issue price of HK\$0.10 to GZE in lieu of repayment of such amount.

The Shipyard Termination Agreement will only be effective upon the satisfaction of the following conditions:

- (a) the Company having complied with all applicable requirements under the Listing Rules and those requirements imposed under applicable laws and regulations or by the Stock Exchange, the SFC, the Bermuda Court and/or any other governmental or regulatory authority of competent jurisdiction in relation to the Shipyard Termination Agreement and the transactions contemplated thereunder;
- (b) the Debt Restructuring having become effective;
- (c) a resumption of trading in the Shares having been unconditionally or conditionally approved by the Stock Exchange;
- (d) each condition precedent (or such other condition) required to be satisfied pursuant to the terms of each other document in relation to the Creditors' Scheme and the Resumption Proposal (other than that all the conditions precedent of the Shipyard Termination Agreement having been fulfilled or waived) having been satisfied or waived for the purpose of making each document in relation to the Creditors' Scheme and the Resumption Proposal effective in accordance with its terms;
- (e) the Company having obtained the approval of the Independent Shareholders in general meeting in respect of the Whitewash Waiver; and
- (f) the grant of the Whitewash Waiver by the Executive.

None of the above conditions can be waived. As at the date of this announcement, the conditions (b) and (c) set out above have been satisfied. If the above conditions are not fulfilled on or before 31 May 2015 (or such later date as may be agreed among the parties in writing), the Shipyard Termination Agreement shall thereupon lapse and become null and void and the parties will be released from all obligations hereunder, save for any liability arising out of any antecedent breaches thereof. The Company is in the negotiation with the counterparties to the Shipyard Termination Agreement to extend the long stop date of the Shipyard Termination Agreement to 31 July 2015. Further announcement(s) will be issued by the Company as when appropriate.

Subject to the fulfillment of the conditions, completion of the issue of Shipyard Termination Shares to GZE shall take place on a business day as may be specified by the Company in writing not being less than two nor more than 15 business days next following the date of fulfillment of the condition last in time to be fulfilled (or such other date as the parties may agree in writing).

The Shipyard Termination Agreement shall terminate upon the occurrence of each of the following:

- (i) the powers and/or duties of the Provisional Liquidators appointed by the Bermuda Court on 18 October 2013 (Bermuda time) as set forth in an order of the Bermuda Court dated 14 February 2014 are materially extended or amended by the Bermuda Court;
- (ii) the making of an order to wind up the Company;
- (iii) there is any breach of any of the warranties made by the Company in any material respect which has come to the knowledge of GZE or any event which has occurred or any matter which has arisen on or after the date of the Shipyard Termination Agreement which if it had occurred or arisen before the date thereof would have rendered any of such warranties untrue, inaccurate or misleading in any material respect; or
- (iv) the Shipyard Termination Agreement is terminated by applicable laws or regulations.

If the Shipyard Termination Agreement is terminated pursuant to the above, no party may raise any claim against any other party with respect to the costs, damages, indemnity or other issues under the agreement, unless such claim arises because of any violation to the agreement before such termination.

Reasons for and benefits of the Shipyard Termination Agreement

The amount of RMB740 million currently owed by TPFL and TQSL Holding to GZE arose from the aborted sale by TPFL and TQSL Holding of an aggregate of 95% equity interest in TQS to Grand China Logistics pursuant to the Shipyard Sale and Purchase Agreement, the interests, rights and obligations of which were assigned by Grand China Logistics, an Independent Third Party, to GZE. The Directors consider that the arrangement to settle such indebtedness of the Group by way of issue of new Shares to GZE could reduce the cash outlay of the Group, which would be beneficial to the Group's financial condition and development.

The terms for the Shipyard Termination Agreement were arrived at based on arm's length negotiations amongst the Company, TPFL, TQSL Holding and GZE. The Directors, excluding the members of the TC Independent Board Committee and LR Independent Board Committee who will express their views after having considered the advice of the Independent Financial Adviser, are of the opinion that the terms of the Shipyard Termination Agreement are fair and reasonable and the transactions contemplated under the Shipyard Termination Agreement are in the interest of the Company and the Shareholders as a whole.

GZE Purchase Order MOU and FTSD Purchase Order Framework Agreement

The Group will seek both to re-establish connections with past customers as well as to actively pursue new business opportunities, including potential referrals from the business contacts of GZE and FEG. To demonstrate their commitment to the Group and to provide their full support to enable the Group to start re-building its business. On 5 May 2014, the Company entered into the FTSD Purchase Order Framework Agreement with FTSD, a subsidiary of FEG, and the GZE Purchase Order MOU with GZE. As at the date of this announcement, FTSD and FEG have no shareholding in the Company.

FTSD Purchase Order Framework Agreement

Pursuant to the FTSD Purchase Order Framework Agreement, which is legally-binding, FTSD has agreed that it will, and will procure purchase orders to be placed with TQS for the construction of one semi-submersible and two jack ups within one year from the effective date of the FTSD Purchase Order Framework Agreement, at prices to be determined by arm's length negotiations based on prevailing market price, subject to the FTSD Purchase Order Framework Agreement becoming effective upon the satisfaction of the following conditions:

- (a) the Company having complied with all applicable requirements under the Listing Rules and those requirements imposed under applicable laws and regulations or by the Stock Exchange, the SFC, the Bermuda Court and/or any other governmental or regulatory authority of competent jurisdiction in relation to the FTSD Purchase Order Framework Agreement and the transactions contemplated hereunder;
- (b) the Debt Restructuring having become effective;

- (c) trading in the Shares having resumed on the Stock Exchange; and
- (d) the Management Services Agreement having become effective in accordance with its terms.

In each case on or before 31 July 2015 (or such later date as the parties may agree in writing).

As at the date of this announcement, the condition (b) set out above has been satisfied.

GZE Purchase Order MOU

Pursuant to the GZE Purchase Order MOU, which is non-legally binding, GZE has agreed in principle that subject to:

- (a) the Debt Restructuring having become effective;
- (b) resumption of trading in the Shares having been unconditionally or conditionally approved by the Stock Exchange;
- (c) each condition precedent (or such other condition) required to be satisfied pursuant to the terms of each other document in relation to the Creditors' Scheme and the Resumption Proposal (other than that all the conditions precedent of the GZE Purchase Order MOU having been fulfilled or waived) having been satisfied or waived for the purpose of making each document in relation to the Creditors' Scheme and the Resumption Proposal effective in accordance with its terms;
- (d) the Company having obtained the approval of the Independent Shareholders in general meeting in respect of the Whitewash Waiver;
- (e) the grant of the Whitewash Waiver by the Executive; and
- (f) the Shipyard being reasonably suitable for carrying on the business of the construction, repair, conversion and upgrading of mobile offshore drilling units and FPSO, FSO, FSRU and FLNG units.

in each case on or before 31 May 2015 (or such later date as the parties may agree in writing), it will or will procure purchase orders to be placed with TQS for the construction of two semi-submersibles, four jack ups and two FSRU at prices to be determined by arm's length negotiations based on prevailing market price.

If the conditions above are not satisfied on or before 31 May 2015 (or such other date as the parties hereto may agree in writing), either party hereto may terminate the GZE Purchase Order MOU by giving the other party hereto not less than 30 days' written notice and, upon termination of the GZE Purchase Order MOU, all obligations of the parties shall immediately cease and neither party shall have any claim against the other party in respect of any matter arising out of or in connection with the GZE Purchase Order MOU. As at the date of this announcement, the conditions (a) and (b) set out above have been satisfied. The Company is in the negotiation with GZE to extend the long stop date of the GZE Purchase Order MOU to 31 July 2015. Further announcement(s) will be issued by the Company as when appropriate.

Working Capital Loan Agreement

As set out in the announcement of the Company dated 14 April 2014, in consideration of FELS entering into the Management Services Agreement, GZE entered into the deed of undertaking in favour of FELS pursuant to which GZE shall, after the signing of the deed of undertaking, procure the Company to provide to TQS working capital and, if the Company fails to do so, GZE shall provide (whether directly or indirectly) to TQS working capital. In light of the above, GZE entered into the Working Capital Loan Agreement with TQS pursuant to which GZE has agreed to provide a loan of not less than RMB60 million to TQS for its working capital. The interest rate of the Working Capital Loan Agreement is calculated based on the PBOC lending rate and accrued from the drawdown date. The principal amount (including the accrued interest) should be repaid three years from the drawdown date. The repayment is subject to the satisfaction of the following conditions by 31 May 2015:

- (a) the Company having complied with all applicable requirements under the Listing Rules and those requirements imposed under applicable laws and regulations or by the Stock Exchange, the SFC, the Bermuda Court and/or any other governmental or regulatory authority of competent jurisdiction in relation to the Working Capital Loan Agreement and the transactions contemplated hereunder;
- (b) the Debt Restructuring having become effective;
- (c) a resumption of trading in the Shares having been unconditionally or conditionally approved by the Stock Exchange;
- (d) each condition precedent (or such other condition) required to be satisfied pursuant to the terms of each other document in relation to the Creditors' Scheme and the Resumption Proposal (other than that all the conditions precedent of the Working Capital Loan Agreement having been fulfilled or waived) having been satisfied or waived for the purpose of making each document in relation to the Creditors' Scheme and the Resumption Proposal effective in accordance with its terms;
- (e) the Company having obtained the approval of the Independent Shareholders in general meeting in respect of the Whitewash Waiver; and

(f) the grant of the Whitewash Waiver by the Executive.

As at the date of this announcement, the condition (b) and (c) set out above have been satisfied.

The Directors are of the opinion that the terms of the Working Capital Loan Agreement are fair and reasonable and the transactions contemplated under the Working Capital Loan Agreement are in the interest of the Company and the Shareholders as a whole.

If the conditions set out above are not satisfied on or before 31 May 2015 (or such other date as the parties may agree), (i) the loans under the Working Capital Loan Agreement are immediately due and payable; and (ii) either party hereto may terminate the Working Capital Loan Agreement by giving the other party hereto not less than 30 days' written notice and, upon termination of the Working Capital Loan Agreement, all obligations of the parties shall immediately cease and neither party shall have any claim against the other party in respect of any matter arising out of or in connection with the Working Capital Loan Agreement. The Company is in the negotiation with the counterparties to extend the long stop date of the Working Capital Loan Agreement to 31 July 2015. Further announcement(s) will be issued by the Company as and when appropriate.

Modification and Upgrading of Quanzhou Shipyard

The Group will need to carry out certain modification and upgrading works to its production facilities at the Quanzhou Shipyard in order for them to be utilised for the construction, repair, conversion and upgrading of oil rigs, FPSO, FSO, FSRU and FLNG units. These works primarily involve adjusting the lay-out and increasing the load capacity of certain of the Group's production facilities and equipment, which the Group has already commenced. TQS has commenced a series of preliminary works of modification and upgrading on the Quanzhou Shipyard, including but not limited to (i) inspect and upgrade the existing equipments (including equipments of workshops and plants); (ii) perform total stock count, update the inventory list and top up material; (iii) inspect, maintain and upgrade the existing infrastructure; and (iv) renovate the staff living facilities and office buildings, including access roads, dormitories and canteens. The Group targets to substantially complete those works by the end of 2015 so as to be able to commence production at or around the fourth quarter of 2015.

Expand into the offshore and marine engineering business

The Directors believe that this is an opportune time for the Group to expand into the offshore and marine engineering business as this sector has undergone rapid growth in recent years as a result of favourable market conditions and the Directors believe that there remains significant potential for further growth in this sector in the near term. The opportunity to cooperate with the Keppel Group and the management and technical support that the Group will be able to access will, the Directors believe, provide the Group with a strong foundation and strong competitive advantages to enter into the offshore and marine engineering business.

To help strengthen the Group's position in connection with its expansion into the offshore and marine engineering sector, the Group has entered in a long-term cooperation arrangement with FELS, an independent third party, pursuant to the Management Services Agreement signed on 9 April 2014.

Management Services Agreement

A summary of the principal terms of the Management Services Agreement is set out below:

Conditions

The term of the Management Services Agreement will commence on the day on which the following conditions, among others, are satisfied (or waived by FELS):

- (a) the Debt Restructuring having been completed and becoming unconditional and effective in accordance with its terms;
- (b) the trading in the Shares on the Stock Exchange having resumed;
- (c) FELS having issued a written notice to TQS that it has inspected the Quanzhou Shipyard and the employees of TQS (including any arrangements relating to the Quanzhou Shipyard and such employees) and that it is satisfied that the Quanzhou Shipyard is reasonably suitable for carrying on the business of a shipyard;
- (d) the Company having granted FELS (or such other person as FELS may specify) the FELS CBs or the FELS Warrants, as elected by FELS at its absolute discretion, and having complied with all applicable requirements under the Listing Rules or those requirements imposed by the Stock Exchange, the SFC and/or the Bermuda Court in respect of the FELS CBs or the FELS Warrants;
- (e) to the extent required by any relevant law and regulation, (i) all regulatory requirements, registrations or formalities required to ensure that the undertaking and obligations set out in the Deed of Undertaking are valid, binding and enforceable against GZE in any relevant jurisdiction having been duly complied with; and (ii) all regulatory approvals or registrations required for the Management Services Agreement and the performance of the obligations hereunder by the parties to the Management Services Agreement have been obtained and/or made, as the case may be;
- (f) TQS and FELS having agreed to the terms of the improvement plan for the Quanzhou Shipyard with respect to the first two years of the term of the Management Services Agreement;

- (g) the Company having complied with all applicable requirements under the Listing Rules and those requirements imposed by the Stock Exchange, the SFC and/or the Bermuda Court in relation to the Management Services Agreement and the transactions contemplated thereunder.

If the conditions set out above are not satisfied or waived by FELS on or before 31 May 2015 (or such other date as FELS and TQS may mutually agree in writing), either FELS or TQS may terminate the Management Services Agreement by giving the other parties to the agreement not less than 30 days' written notice. The Company is in the negotiation with FELS to extend the long stop date of the Management Services Agreement to 31 July 2015. Further announcement(s) will be issued by the Company as and when appropriate.

Obligations of FELS

FELS will, during the term of the Management Services Agreement, make available employees of FELS and its related corporations to hold various management positions at TQS and to undertake the following duties:

- (i) to supervise and manage the employees of TQS deployed at the Quanzhou Shipyard;
- (ii) to represent TQS in negotiating the terms of contracts to be entered into with any customer, supplier and service provider, contracts relating to the maintenance and improvement of the Quanzhou Shipyard, insurance contracts for the Quanzhou Shipyard and employment contracts with the employees of TQS, provided that no such contract shall be entered into for and on behalf of TQS without the prior written approval of the board of directors of TQS; and
- (iii) to submit to the board of directors of TQS for consideration and approval plans for the maintenance and improvement of the Quanzhou Shipyard with respect to each year after the second year of the term of the Management Services Agreement.

Obligations of TQS

TQS has agreed that, for the effective term of the Management Services Agreement, it will use the Quanzhou Shipyard to carry on the business of (1) construction, repair, conversion and upgrading of mobile offshore drilling units; (2) repair, conversion and upgrading of vessels into FPSO, FSO, FSRU and FLNG vessels; and (3) construction, repair, conversion and upgrading of vessels in accordance with the terms of the Management Services Agreement.

Steering Committee

Pursuant to the Management Services Agreement, a steering committee, comprising of not more than four members appointed by FELS or otherwise agreed by the parties to the Management Services Agreement, will be established to consider customer contracts to be entered into by TQS and to make recommendations to the board of directors of TQS on the following matters:

- (a) whether TQS should enter into any such customer contract;
- (b) the marketing approach to be adopted in relation to such customer contract;
- (c) the terms of such customer contract;
- (d) the terms of the license agreement (if any) to be entered into between TQS and FELS or any of its related corporations for the use of any design and specification of rigs, drillships and specialised vessels owned by, and/or any name, mark, service mark or logo of, FELS or any of its related corporations for such customer contract; and
- (e) the scope of work under such customer contract to be sub-contracted to FELS or any of its related corporations and the terms of such sub-contract.

TQS has agreed that it will not enter into any customer contract unless the contract is recommended by the steering committee and the other recommendations of the steering committee with respect to such contract will be adhered to.

Sub-contracting

TQS has also agreed that with respect to any customer contract to be entered into by TQS, any work falling within the designated work scope described below will be sub-contracted to FELS or any of its related corporations. The designated work scope includes:

- (i) (where the customer contract relates to a rig, drillship, or specialised vessel) the design, engineering, procurement scope, project management, testing and commissioning involved in or relating to, and the construction of the legs and chords of, such rig, drillship or specialised vessel (as the case may be); or
- (ii) (where the customer contract relates to the conversion of a FPSO, FSO, FSRU or FLNG vessel) the engineering, procurement, project management, testing and commissioning involved in or relating to, and the construction of the modules of such vessel.

As those designated works require high quality of standard and different technical skill sets as TQS possesses, which it is also the industry practice to outsource certain works to third parties, TQS has to subcontract those designated works to third parties. In order to ensure the quality of the products and deliver them on time, and in turn, build up and maintain the reputation of TQS in the market, the Directors consider it is beneficial to the Group to subcontract those designated works to FELS as stipulated in the Management Services Agreement. Besides, by subcontracting the designated work scope, TQS can focus on the rest of the work scope in order to maximize its productivity therefore optimizing revenue and save the research and develop cost.

Management fee and reimbursements

TQS will pay FELS the following fees each year during the term of the Management Services Agreement:

- (i) a fixed annual fee of US\$2,000,000 (or pro rata if less than twelve calendar months); and
- (ii) a variable fee, being 3% (or such other percentage as FELS and TQS may mutually agree in writing from time to time) of the revenue of TQS for such year as shown in its audited financial statements in respect of such year less the aggregate amount of any fees paid by TQS during such year to FELS or any of its related corporations for carrying out sub-contracted work under any customer contract and for the use of any design and specialisation, any name, mark, service mark or logo of FELS or any of its related corporations.

The variable fee with respect to any year will only be payable by TQS to FELS if the earnings before interest, taxes, depreciation and amortisation of TQS as shown in its audited financial statement in respect of that year reaches an agreed threshold as stated in the Management Services Agreement. The threshold amount with respect to any year shall be sum equal to US\$20,000,000 (or pro rata if less than twelve calendar months).

In addition, TQS will reimburse FELS all manpower costs and related expenses arising from or in connection with the employees of FELS or any of its related corporations being made available to TQS under the Management Services Agreement which are incurred by FELS (and where applicable, the relevant related corporation of FELS).

Term and termination

The term of the Management Services Agreement is 30 years from the date when the various conditions to which it is subject to have been satisfied (or waived by FELS), or such other period as TQS and FELS may mutually agree in writing from time to time.

No party to the Management Services Agreement may terminate the Management Services Agreement unless upon the occurrence of any of the following events with respect to TQS or FELS, in which case, FELS or TQS (as the case may be) will have the right to terminate the Management Services Agreement immediately by giving written notice to the other parties:

- (i) winding up, dissolution or appointment of liquidator or judicial manager of TQS or FELS (as the case may be), or the appointment of any receiver over the whole or any part of the assets of TQS or FELS (as the case may be) save for the purpose of or following an amalgamation or reconstruction;
- (ii) material breach of the Management Services Agreement by TQS or FELS (as the case may be); or
- (iii) illegality or legal prohibitions on any transaction under the Management Services Agreement with respect to TQS or FELS (as the case may be).

If FELS terminates the Management Services Agreement pursuant to (i) or (ii) above, TQS shall pay FELS a termination fee of US\$20,000,000.

Issue of the FELS CBs or FELS Warrants

The Company has agreed, as one of the conditions to the Management Services Agreement becoming effective, to issue to FELS (or such other person as it may specify), at its election, either the FELS CBs which are convertible into Shares or the FELS Warrants which will entitle the holder to subscribe in cash for Shares, that in both cases, will represent 9.9% of the total issued share capital of the Company after completion of the Restructuring, provided always that if the Company considers that it would no longer satisfy the minimum public shareholding (i.e. 25% public float) requirement under Rule 8.08 of the Listing Rules immediately following an exercise of the subscription right under any FELS Warrants, such exercise shall be postponed until such time as the Company is satisfied that such exercise will not result in any non-compliance of Rule 8.08 of the Listing Rules.

The FELS CBs will be five-year, zero coupon, unlisted convertible bonds which will be convertible into Shares at an initial conversion price of HK\$0.10 per Share, subject to customary adjustments for subsequent dilutive issues and for consolidation and sub-division. The FELS CBs will be issued on the terms of convertible bonds as described in the announcement of the Company dated 25 November 2013.

The FELS Warrants will be issued by the Company at an indicative initial subscription price of HK\$0.12 (subject to customary adjustments for subsequent dilutive issues and for consolidate and sub-division) and exercisable by the holder at any time during a period of four years from the date of issue. The Shares to be issued upon the exercise of the FELS Warrants will be subject to a restriction on transfer for a period of two years after the date on which they are issued.

FELS has since elected to be granted the FELS Warrants.

INFORMATION ON GZE

GZE is an enterprise incorporated under the laws of the PRC which carries on the business of bulk commodities, energy and resource trading and is principally involved in the trading of petroleum products, non-ferrous metals, coal, chemical products amongst other products or services. GZE is also in the business of onshore and offshore investments in petroleum refinery and warehousing and logistics terminal in relation to petroleum. GZE is owned as to 44.3% by Zhuhai Zhen Rong Company (a PRC state-owned enterprise managed by the State-owned Assets Supervision and Administration Commission of the State Council), as to 35% by Hainan Li Jin Investment Co., Ltd (which is owned by Xia Ying Yan, He Xiao Qun and Liang Wei), as to 15% by Beijing Mo Ya Xun Technology Co Ltd (which is owned by Li Tong Nan and Liu Ge), and as to 5.7% by Beijing Ding Da Investment Co. Ltd. (which is owned by Shanghai Yafeng Investment Management Co. Ltd. (上海亞峰投資管理有限公司), Gao Yong Qing and Gao Wei).

INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the authorised share capital of the Company is HK\$150,000,000 divided into 14,445,000,000 ordinary shares of HK\$0.01 each and 555,000,000 convertible preference shares of HK\$0.01 each. In order to accommodate the issue of new Shares currently proposed as part of the Debt Restructuring and under the Shipyard Termination Agreement, the Open Offer, the Share Subscriptions, the Assumption Agreement as well as the Warrant Shares and FELS Warrant Shares, the Board proposes to increase the authorised share capital of the Company to HK\$805,550,000 divided into 80,000,000,000 ordinary shares of HK\$0.01 each and 555,000,000 convertible preferred shares of HK\$0.01 each by the creation of an additional 65,555,000,000 ordinary shares of HK\$0.01 each. The increase in the authorised share capital of the Company will be conditional upon the approval of the Shareholders by way of an ordinary resolution at the SGM.

IMPLICATION UNDER THE LISTING RULES

GZE and its wholly-owned subsidiary Fame Dragon, by virtue of their holding of voting rights of 3,556,353,661 Shares (representing approximately 45.5% of the total Shares in issue as at the date of this announcement) and through DBIL (a wholly-owned subsidiary of GZE) holding of the benefit of all interests arising under or in connection with the Listco Preferred Shares, are the controlling Shareholders and, hence, connected persons of the Company.

Shipyard Debt Rescheduling Agreement

Since the TQS Debt to which the Shipyard Debt Rescheduling Agreement relates is secured by, among other things, the assets of TQS, the Shipyard Debt Rescheduling Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company. As one or more of the Percentage Ratios exceeds 5%, the Shipyard Debt Rescheduling Agreement is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Shipyard Termination Agreement

The transactions contemplated under the Shipyard Termination Agreement, including the issue of the Shipyard Termination Shares, constitute a connected transaction of the Company. As one or more of the Percentage Ratios exceeds 5%, the Shipyard Termination Agreement (including the issue of the Shipyard Termination Shares) is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

TPG Debt Rescheduling Agreement, Haixin Debt Rescheduling Agreement, First Loan Agreement, Second Loan Agreement, Supplemental Second Loan Agreement, Working Capital Loan Agreement and 2015 Loan Agreement

The transaction contemplated under the TPG Debt Rescheduling Agreement, Haixin Debt Rescheduling Agreement, First Loan Agreement, Second Loan Agreement, Supplemental Second Loan Agreement, Working Capital Loan Agreement and 2015 Loan Agreement constitute connected transactions of the Company. As the transaction contemplated under the TPG Debt Rescheduling Agreement, Haixin Debt Rescheduling Agreement, First Loan Agreement, Second Loan Agreement, Supplemental Second Loan Agreement, Working Capital Loan Agreement and 2015 Loan Agreement are conducted on normal commercial terms and not secured by assets of the Group, pursuant to Rule 14A.90 of the Listing Rules, it is exempt from the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Assumption Agreement

The transactions contemplated under the Assumption Agreement constitute a connected transaction of the Company. As one or more of the Percentage Ratios exceed 5%, the Assumption Agreement (including the issue of the Assumption Consideration Shares) is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Listco Preferred Shares Modification Deed

In respect of the change of terms of the Listco Preferred Shares under the Listco Preferred Shares Modification Deed, the Company requires to comply with the relevant connected transaction requirements. As one or more of the Percentage Ratios exceed 5%, the Listco Preferred Shares Modification Deed is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Open Offer

As the Open Offer will increase the issued share capital of the Company by more than 50% within the 12-month period immediately preceding the date of this announcement, the Open Offer is subject to the approval by the Shareholders in accordance with the requirements under Rule 7.24(5)(a) of the Listing Rules in which Fame Dragon and its associates (as such term is defined in the Listing Rules) shall abstain from voting in favour.

The underwriting of the Open Offer by the Underwriter pursuant to the Underwriting Agreement constitutes a connected transaction of the Company but is, pursuant to Rule 14A.92(2)(b) of the Listing Rules, exempt from the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Wahen Investments Subscription

Wahen Investments, wholly-owned by Mr. Zhao (who is the Chairman, chief executive and an executive Director), is a connected person of the Company and, thus, the Wahen Investments Subscription contemplated under the Wahen Investments Subscription Agreement constitutes a connected transaction of the Company. As one or more of the Percentage Ratios exceeds 5%, the Wahen Investments Subscription is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Specific Mandate

The Company will seek the specific mandate from the Independent Shareholders for the allotment and issue of the new Shares to be issued under the Creditors' Scheme, Offer Shares, Subscription Shares, Warrant Shares, Assumption Consideration Shares and the Shipyard Termination Shares.

IMPLICATION UNDER TAKEOVERS CODE

Whitewash Waiver

In the event that (i) Fame Dragon, being the underwriter of the Open Offer, is called upon to subscribe or procure subscription for all or any part of the Offer Shares pursuant to its underwriting obligations under the Underwriting Agreement (assuming none of the Qualifying Shareholders accept their respective provisional allotment of the Offer Shares and no exercise of the Share Options); (ii) the Company will issue 9,382,164,000 new Shares to GZE pursuant to the Shipyard Termination Agreement; and (iii) the Company will issue the Assumption Consideration Shares in the maximum number of Shares of 2,282,024,653 Shares to Fame Dragon upon resumption of trading of the Shares on the Stock Exchange pursuant to the Assumption Agreement, the aggregate shareholding of GZE and the parties acting in concert with it will be increased from approximately 45.5% of the voting rights in the total Shares in issue as at the date of this announcement to a maximum of approximately 67.3% of the voting rights in the total Shares in issue as enlarged by the Open Offer, Share Subscriptions, the Debt Restructuring, the issue of Shipyard Termination Shares under the Shipyard Termination Agreement and issue of 2,282,024,653 Assumption Consideration Shares under the Assumption Agreement.

Under Rule 26 of the Takeovers Code, the acquisition of voting rights by GZE and the parties acting in concert with it under the above circumstances will result in GZE and the parties acting in concert with it being obliged to make a mandatory general offer for all the issued Shares not already owned or agreed to be acquired by GZE and the parties acting in concert with it. An application will be made by GZE to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. If the Whitewash Waiver is not approved by the Independent Shareholders in a general meeting or granted by the Executive before 31 May 2015 (or such later date as the parties may agree), the restructuring agreements in relation to the Creditors Scheme and the Resumption Proposal will not be completed and each respective party will terminate the aforementioned agreement(s). The Court modified the long stop date to the Creditors' Scheme to ensure the Creditors' Scheme remain valid and binding until 31 July 2015. The Company is in negotiation with the relevant parties to extend the long stop date of the agreements contemplated under the Resumption Proposal to 31 July 2015 (save for the FTSD Purchase Order Framework Agreement, in respect of which FEG has confirmed its agreement in writing to an extension of the long stop date to 31 July 2015, and the Share Subscription Agreements, which are already binding until the long stop date on 31 July 2015). Further announcement(s) will be issued by the Company as and when appropriate. For the avoidance of doubt, the Whitewash Waiver will not cover any Assumption Consideration Shares to be issued in five years after the issue of the maximum of 2,282,024,653 Assumption Consideration Shares upon resumption of trading of Shares.

Special Deal

The repayment of the outstanding indebtedness of the Group to the Scheme Creditors (among which Morgan Stanley & Co. International Plc, Mill Reef Investment S.A. and Mr. Ni Song Hua are existing Shareholders, which holds approximately 0.004%, 0.82% and 0.26% of the total issued shares of the Company as at the date of this announcement and had debt amount due from the Company of US\$5.0 million, US\$2.3 million and US\$17.9 million respectively) out of the proceeds from the Open Offer and the Share Subscriptions, which is not extended to all the other Shareholders, constitutes a special deal under Note 5 to Rule 25 of the Takeovers Code. The Special Deal requires consent from the Executive under Rule 25 of the Takeovers Code, and such consent, if granted, shall be conditional upon the approval of the Independent Shareholders by way of a poll at the SGM and the Independent Financial Adviser to the TC Independent Board Committee publicly stating in its opinion that the terms of the Special Deal are fair and reasonable. The Company will apply to the Executive for its consent to the Special Deal under Rule 25 of the Takeovers Code. Since the Special Deal consent by the Executive and the approval by the Independent Shareholders are a conditional precedent to the Open Offer, and since the restructuring agreements are inter-conditional, if the Special Deal consent is not approved by the Independent Shareholders or the Special Deal consent is not given by the Executive by 31 May 2015 (or such later date as the parties may agree), the restructuring agreements in relation to the Creditors' Scheme and the Resumption Proposal will not be completed and each respective party will terminate the aforementioned agreement(s). The Court modified the long stop date to the Creditors' Scheme to ensure the Creditors' Scheme remain valid and binding until 31 July 2015. The Company is in negotiation with the relevant parties to extend the long stop date of the agreements contemplated under the Resumption Proposal to 31 Jul 2015 (save for the FTSD Purchase Order Framework Agreement, in respect of which FEG has confirmed its agreement in writing to an extension of the long-stop date to 31 July 2015, and the Share Subscription Agreements, which are already binding until the long stop date on 31 Jul 2015).

Voting

GZE and the parties acting in concert with it and their respective associates will abstain from voting on the resolutions to approve the Open Offer, the Shipyard Debt Rescheduling Agreement, the Shipyard Termination Agreement, the Share Subscription Agreements, the Assumption Agreement, the Listco Preferred Shares Modification Deed, Special Deal and the Whitewash Waiver at the SGM.

Mr. Zhao and its associates will abstain from voting on the resolution to approve the Wahan Investments Subscription contemplated under the Wahan Investments Subscription Agreement at the SGM.

Morgan Stanley & Co. International Plc, Mill Reef Investment S.A. and Mr. Ni Song Hua who have interests in the Special Deal will abstain from voting on the resolutions approving the Open Offer, the Shipyard Debt Rescheduling Agreements, the Shipyard Termination Agreement, the Share Subscription Agreements, the Assumption Agreement, the Listco Preferred Shares Modification Deed, the Special Deal and the Whitewash Waiver at the SGM.

GENERAL

The LR Independent Board Committee comprising Mr. Foo Meng Kee, Mr. Lau Fai Lawrence and Mr. Lau Yiu Kit, being all the independent non-executive Directors, has been formed to advise the Independent Shareholders on the Open Offer, the Shipyard Debt Rescheduling Agreement, the Shipyard Termination Agreement, the Assumption Agreement, the Listco Preferred Shares Modification Deed, and the Wahan Investments Subscription Agreement.

The TC Independent Board Committee comprising Mr. Hu Zhong Shan, Mr. Foo Meng Kee, Mr. Lau Fai Lawrence and Mr. Lau Yiu Kit, being all the non-executive Directors who have no direct or indirect interest in the Open Offer, the Shipyard Debt Rescheduling Agreement, the Shipyard Termination Agreement, the Wahan Investments Subscription Agreement, the Assumption Agreement, the Listco Preferred Shares Modification Deed, the Whitewash Waiver and Special Deal, has been formed to advise the Independent Shareholders on the aforesaid transactions. Mr. Fan Qinghua, a non-executive Director, who is a director and a deputy general manager of GZE and a director of Fame Dragon and thus, may have conflict of interest in the Whitewash Waiver and is not a member of the TC Independent Board Committee.

The Company is required to despatch to the Shareholders a circular containing further information on, among other things, (i) the Open Offer; (ii) the Shipyard Debt Rescheduling Agreements; (iii) the Shipyard Termination Agreement; (iv) the Share Subscription Agreements; (v) the Assumption Agreement; (vi) the Listco Preferred Shares Modification Deed; (vii) the Whitewash Waiver; (viii) the Special Deal; (ix) the proposed increase in authorised share capital of the Company; (x) a letter from the LR Independent Board Committee in relation to the Open Offer, the Shipyard Debt Rescheduling Agreement, the Shipyard Termination Agreement, the Assumption Agreement, the Listco Preferred Shares Modification Deed and the Wahan Investments Subscription Agreement; (xi) a letter from the TC Independent Board Committee in relation to the Open Offer, the Shipyard Debt Rescheduling Agreement, the Shipyard Termination Agreement, the Wahan Investments Subscription Agreement, the Assumption Agreement, the Listco Preferred Shares Modification Deed, the Whitewash Waiver and the Special Deal; (xii) a letter of advice from the Independent Financial Adviser to the Independent Shareholders as well as the LR Independent Board Committee and the TC Independent Board Committee in relation to the Open Offer, the Shipyard Debt Rescheduling Agreement, the Shipyard Termination Agreement, the Wahan

Investments Subscription Agreement, the Assumption Agreement, the Listco Preferred Shares Modification Deed, the Whitewash Waiver and the Special Deal; and (xiii) a notice of the SGM. The Company is also required to despatch the Open Offer Documents to the Qualifying Shareholders and the Open Offer Prospectus to the Non-Qualifying Shareholders. Pursuant to Rule 8.2 of the Takeovers Code, the Company should send the circular in respect of the Whitewash Waiver to the Shareholders within 21 days after the date of this announcement.

Please note that the Open Offer, the FTSD Purchase Order Framework Agreement, the GZE Purchase Order MOU, the Management Services Agreement, Debt Rescheduling Agreements, the GZE Excess Liabilities Undertaking, the Shipyard Termination Agreement, the Underwriting Agreement, the Assumption Agreement, the Listco Preferred Shares Modification Deed, the Working Capital Loan Agreement, the Loan Rescheduling Agreement and the Share Subscription Agreements are subject to a number of conditions, which may or may not be fulfilled. **There is no assurance that the Open Offer and/or the transactions contemplated under the FTSD Purchase Order Framework Agreement, the GZE Purchase Order MOU, the Management Services Agreement, the Debt Rescheduling Agreements, the GZE Excess Liabilities Undertaking, the Shipyard Termination Agreement, the Assumption Agreement, the Listco Preferred Shares Modification Deed, the Working Capital Loan Agreement, the Loan Rescheduling Agreements and the Share Subscription Agreements will proceed or be consummated.**

APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER

Asian Capital (Corporate Finance) Limited has been appointed as the Independent Financial Adviser to advise the Independent Shareholders as well as the LR Independent Board Committee and the TC Independent Board Committee on, among other things, the Open Offer, the Shipyard Debt Rescheduling Agreement, the Shipyard Termination Agreement, the Wahan Investments Subscription Agreement, the Assumption Agreement, the Listco Preferred Shares Modification Deed, the Whitewash Waiver and the Special Deal. The appointment of Asian Capital (Corporate Finance) Limited as the Independent Financial Adviser has been approved by the TC Independent Board Committee.

CONTINUED SUSPENSION OF TRADING

Trading in the Shares was suspended with effect from 9:00 a.m. on 19 June 2012 and will remain suspended until further notice.

DEFINITIONS

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

“2012 Senior Notes”	8.5% fixed rate guaranteed senior notes due 2012 issued by the Company
“2015 Loan Agreement”	the loan agreement entered into between the Company and Fame Dragon on 27 February 2015 in relation to the provision of an unsecured loan of US\$10 million by Fame Dragon to the Company
“Act”	the Bermuda Companies Act 1981
“Application Form”	the application form to be used by the Qualifying Shareholders to apply for the Offer Shares
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Assumed Indebtedness”	the debts payable by TQS assumed by Fame Dragon under the Assumption Agreement
“Assumption Agreement”	the assumption agreement dated 20 August 2014 entered into amongst Fame Dragon, the Company and TQS (as supplemented and amended on 15 September 2014 and 27 February 2015 respectively) pursuant to which Fame Dragon agrees to assume certain debts payable by TQS in consideration for the Company agreeing to allot and issue new Shares to Fame Dragon, subject to the compliance with any applicable requirements under the Listing Rules, at the issue price of HK\$0.1 per Share
“Assumption Consideration Shares”	the Shares (subject to adjustment on any consolidation or sub-division of Shares) to be issued to Fame Dragon on the Assumption Date or within five (5) years thereafter in consideration of the assumption of the indebtedness to be assumed by Fame Dragon under the Assumption Agreement

“Assumption Date”	the business day immediately following the satisfaction of the conditions precedent of the Assumption Agreement
“Bermuda Court”	the Supreme Court of Bermuda
“Bermuda Proceedings”	the liquidation proceeding commenced pursuant to the winding up petition issued on 9 July 2012 by Saturn Petrochemical against the Company in Bermuda
“Board”	the board of Directors
“BVI”	British Virgin Islands
“BVI Court”	Eastern Caribbean Supreme Court in the High Court of Justice, BVI
“Bye-Laws”	the Bye-Laws of the Company
“Camden”	KTL Camden Inc., a company incorporated in the Republic of Liberia
“CGL Resources”	CGL Resources Ltd., a company incorporated with limited liability in Labuan, Malaysia and an indirect wholly-owned subsidiary of FEG
“CGL Resources Subscription”	the subscription by CGL Resources of 500,000,000 Shares and 500,000,000 Warrants to be issued by the Company pursuant to the CGL Resources Subscription Agreement
“CGL Resources Subscription Agreement”	the subscription agreement dated 5 May 2014 entered into by the Company and CGL Resources in relation to the CGL Resources Subscription
“Clearing Systems”	any or all of The Depository Trust Company, Euroclear Bank, S.A./N.V. and Clearstream Banking, société anonyme as the case may be, and each of their respective nominees and successors, and any other system designed for similar or analogous purposes as appropriate

“Company”	Titan Petrochemicals Group Limited (Provisional Liquidators appointed), a company incorporated with limited liability in Bermuda whose shares are listed on the Main Board of the Stock Exchange (stock code: 1192)
“Companies Ordinance”	the Companies Ordinance (Cap 622) of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Creditors’ Scheme”	the scheme of arrangement under section 99 of the Act entered into between the Company and the Scheme Creditors
“DBIL”	Docile Bright Investments Limited, a wholly-owned subsidiary of GZE and became entitle to the benefit of all interests arising under or in connection with the Listco Preferred Shares
“Deed of Undertaking”	the deed of undertaking executed by GZE in favour of FELS and all members of FELS and all of its related corporations, pursuant to which GZE, inter alia, provides certain undertaking and guarantees to and for the benefit of FELS and all members of FELS and all of its related corporations
“Debt Rescheduling Agreements”	collectively, (i) the Shipyard Debt Rescheduling Agreement; (ii) TPG Debt Rescheduling Agreement; and (iii) Haixin Debt Rescheduling Agreement
“Debt Restructuring”	the restructuring of the indebtedness of the Company by way of one or more schemes of arrangement on and subject to the terms and conditions set out in a scheme document issued by the Company
“Debt Restructuring Proposal”	the proposal being put forward by the Company to restructure the Scheme Claims of the Scheme Creditors by way of the Creditors’ Scheme
“Director(s)”	director(s) of the Company from time to time

“EAF”	the excess application forms for the Qualifying Shareholders to apply for additional Offer Shares in accordance with the terms of the Open Offer
“Edinburgh”	Edinburgh Navigation S.A., a company incorporated in the Republic of Liberia
“Events of Default (i) Deadline”	the deadline of fulfilling one of the events of default of the Second Loan Agreement (i.e. the scheme documents in form substantially agreed with the joint provisional liquidators and the informal creditors’ committee or evidence satisfactory to binding agreements pursuant to which they have agreed to support the Company’s debt restructuring plan)
“Events of Default (m) Deadline”	the deadline of fulfilling one of the events of default of the Second Loan Agreement (i.e. receiving directions from the Bermuda Court to convene the meeting(s) of the Scheme Creditors for the purpose of approving the proposed scheme of arrangement)
“Excess Liabilities”	the amount of the total indebtedness of the Restructured Group as at 31 January 2015 exceeds the amount set forth in the Indebtedness Statement of the Restructured Group as at 31 January 2015 and fall within the scope of limitations listed in the auditors’ opinions on the financial statements of the Group for the year ended 31 December 2013
“Excluded Liability Threshold”	US\$25,000 or its equivalent in any other currency in which the relevant claim or liability arises converted at the scheme rate
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Existing Notes”	collectively, (i) the guaranteed senior payment-in-kind notes due 2015 issued by the Company; (ii) 2012 Senior Notes; and (iii) the Listco Convertible Notes
“Existing Notes Creditors”	persons with a beneficial interest as principal in the Existing Notes held in global form through the Clearing System of 17 October 2014

“Fame Dragon”	Fame Dragon International Investment Limited, the controlling Shareholder and a company incorporated in Hong Kong with limited liability which Fame Dragon has confirmed it is wholly-owned by Guangdong Zhenrong (Hong Kong) Company Limited which in turn is wholly-owned by GZE
“FEG”	Falcon Energy Group Limited, a company incorporated with limited liability in Singapore whose shares are listed on Singapore Exchange
“FELS”	FELS Offshore Pte Ltd, a company incorporated with limited liability in Singapore, a subsidiary of Keppel and the party to the Management Services Agreement
“FELS CBs”	convertible bonds offered by the Company to FELS in accordance with the terms of the Management Services Agreement to which FELS did not elect to be granted
“FELS Warrants”	warrants to subscribe for 9.9% of the total issued share capital of the Company after the completion of the Restructuring to be issued by the Company
“FELS Warrant Shares”	the new Shares to be allotted and issued by the Company upon the exercise of the subscription rights attaching to the FELS Warrants
“First Loan Agreement”	the loan agreement entered into between the Company and Fame Dragon on 12 March 2013 in relation to the provision of an interim financing of up to approximately HK\$62.24 million by Fame Dragon to the Company
“First Wahan Investments Subscription Agreement”	the subscription agreement dated 5 May 2014 entered into by the Company and Wahan Investments in relation to the subscription by Wahan Investments of 1,800,000,000 Shares and 1,800,000,000 Warrants to be issued by the Company. The First Wahan Investments Subscription Agreement was superseded by the Wahan Investments Subscription Agreement
“FLNG”	floating liquefied natural gas
“FPSO”	floating production, storage and offloading

“Frontline Settlement Agreement”	the agreement dated 2 May 2014 entered into among the Company, TSL (both as obligors) and Camden, Edinburgh and Mayfair (all as creditors) (as supplemented and amended on 29 October 2014)
“FSO”	floating, storage and offloading
“FSRU”	floating, storage, regasification unit
“FTSD”	FTS Derricks Pte. Ltd., a company incorporated in Singapore and a subsidiary of FEG
“FTSD Purchase Order Framework Agreement”	the framework agreement dated 5 May 2014 entered into between the Company and FTSD in relation to the purchase orders FTSD conditionally agreed that it will or will procure to place with TQS
“Fujian Wonderful”	福建旺得福能源有限公司 (Fujian Wonderful Energy Co., Ltd*), an Independent Third Party
“GCL Subscription Agreement”	the subscription agreement dated 11 December 2010 and entered into between the Company and Grand China Logistics in relation to the subscription by Grand China Logistics in cash of 500 million new Shares at the issue price of HK\$0.61 per Share
“Grand China Logistics”	大新華物流控股 (集團) 有限公司 (Grand China Logistics Holding (Group) Company Limited*), a company incorporated under the laws of PRC with limited liability
“Group”	the Company and its subsidiaries
“GZE”	廣東振戎能源有限公司 (Guangdong Zhenrong Energy Co., Ltd*), a company incorporated in the PRC and the controlling Shareholder
“GZE Excess Liabilities Undertaking”	the deed poll dated 5 May 2014 executed by GZE in favour of the Company (as supplemented and amended by the supplemental agreement on 27 February 2015)

“GZE Interim Financing Agreements”	the loan agreements entered into between the Company and Fame Dragon (i) dated 12 March 2013 in relation to the loan amount of up to HK\$62.24 million provided by Fame Dragon to the Company; and (ii) dated 13 March 2014 (as amended by amendment agreement dated 10 July 2014) in relation to the loan amount of up to HK\$62.24 million provided by Fame Dragon to the Company
“GZE Purchase Order MOU”	the memorandum of understanding dated 5 May 2014 (as supplemented and amended on 27 February 2015) entered into between the Company and GZE in relation to the purchase order GZE conditionally agreed that it will or will procure to place with TQS
“Haixin Debt”	the total amount of debt obligations under the Haixin Debt Rescheduling Agreement
“Haixin Debt Rescheduling Agreement”	the debt rescheduling agreement dated 5 May 2014 entered into between Shengsi Haixin and GZE (as amended by supplemental agreement on 22 August 2014 and 27 February 2015)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong High Court”	the High Court of the Hong Kong
“Indebtedness Statement”	the indebtedness statement of the Restructured Group to be set out in the circular to Shareholders to be issued by the Company in connection with matters under the Resumption Proposal that require approval by the Shareholders
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons

“Independent Financial Adviser”	Asian Capital (Corporate Finance) Limited, a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, the independent financial adviser appointed to advise the Independent Shareholders as well as the LR Independent Board Committee and the TC Independent Board Committee on, among other things, the Shipyard Debt Rescheduling Agreement, the Shipyard Termination Agreement, the Wahren Investments Subscription Agreement, the Open Offer, the Assumption Agreement, the Listco Preferred Shares Modification Deed, the Whitewash Waiver and the Special Deal
“Independent Shareholders”	Shareholders other than (i) GZE and parties acting in concert with it; (ii) the Scheme Creditors; (iii) the Subscribers and their respective associates; and (iv) those who are interested in, or involved in, the Shipyard Debt Rescheduling Agreement, the Shipyard Termination Agreement, the Assumption Agreement, the Listco Preferred Shares Modification Deed, the Wahren Investments Subscription Agreement, the Underwriting Agreement, the Whitewash Waiver or the Special Deal
“Information Agent”	Lynchpin Bondholder Management of Room 402, Wellington Plaza, 56-58 Wellington Street, Central, Hong Kong
“Keppel”	Keppel Corporation Limited, a company incorporated with limited liability in Singapore and whose shares are listed on the Singapore Exchange
“Keppel Group”	Keppel and its subsidiaries
“K-Line”	Kawasaki Kisen Kaisha, Ltd., a company incorporated in Japan
“K-Line Notes”	the guaranteed exchangeable notes due 2013, issued by TSHL and guaranteed by the Company

“Last Trading Day”	18 June 2012, being the last trading day of the Shares prior to its suspension on 19 June 2012
“Listco Convertible Notes”	the guaranteed senior convertible notes due 2015 issued by the Company
“Listco Preferred Shares”	the 555,000,000 convertible redeemable preferred shares of HK\$0.01 each issued by the Company
“Listco Preferred Shares Modification Deed”	the deed dated 22 August 2014 entered into between the Company and DBIL, a subsidiary of GZE, (as supplemented and amended on 27 February 2015) in relation to, among others, the extension of the redemption period of the Listco Preferred Shares
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Rescheduling Agreements”	the loan rescheduling agreements dated 24 July 2014 (as supplemented and amended on 6 May 2015) and 21 August 2014 (as supplemented and amended on 6 May 2015) entered into between TQS and Fujian Wonderful pursuant to which Fujian Wonderful agreed to reschedule certain bank loans of the Group assigned to it so that the first repayment date of the bank loans will be postponed until 3 years from the date of the respective Loan Rescheduling Agreements
“LR Independent Board Committee”	the independent committee of the Board comprising Mr. Foo Meng Kee, Mr. Lau Fai Lawrence and Mr. Lau Yiu Kit, being all the independent non-executive Directors, formed to advise the Independent Shareholders on, among other matters, the Shipyard Debt Rescheduling Agreement, the Open Offer, the Shipyard Termination Agreement and the Wahan Investments Subscription Agreement, the Assumption Agreement and the Listco Preferred Shares Modification Deed

“Management Services Agreement”	the management services agreement dated 9 April 2014 entered into among FELS, TQS and the Company (as supplemented and amended on 30 December 2014) pursuant to which FELS has conditionally agreed to provide management services for the operations of the shipyard in Quanzhou, the PRC owned by TQS. Details of the Management Services Agreement are set out in the announcements of the Company dated 11 April 2014 and 5 January 2015
“Mayfair”	KTL Mayfair Inc., a company incorporated in the Republic of Liberia
“Mr. Zhao”	Mr. Zhao Xu Guang, who is the chairman, the chief executive and an executive Director
“New Berkeley”	New Berkeley Corporation, a company incorporated with limited liability in the BVI and is owned as to 50% by each of Tan Pong Tyea and Cai Wenxing who are both directors and shareholders of FEG
“New Berkeley Subscription”	the subscription by New Berkeley of 800,000,000 Shares and 800,000,000 Warrants to be issued by the Company pursuant to the New Berkeley Subscription Agreement
“New Berkeley Subscription Agreement”	the subscription agreement dated 5 May 2014 entered into by the Company and New Berkeley in relation to the New Berkeley Subscription
“Non-Note Creditor”	any Scheme Creditor who is not Existing Notes Creditor and whose claim arises in respect of non-note debt which is in excess of the Excluded Liability Threshold
“Non-Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company on the Record Date and whose addresses as shown on such register are outside Hong Kong where the Directors, based on the legal opinions to be provided by legal advisers, consider it necessary or expedient not to offer the Offer Shares to such Shareholders on account either of legal restrictions under the laws of the relevant place or requirements of the relevant regulatory body or stock exchange in that place

“Offer Shares”	the new Shares to be allotted and issued under the Open Offer
“Open Offer”	the open offer proposed to be put forward by the Company on the basis of one Offer Share for every two existing Shares held by the Qualifying Shareholders on the Record Date with issuance of the Warrants on the same terms as those being offered to the Subscribers for no additional consideration to the Qualifying Shareholders who take up the Offer Shares on the basis of one Warrant for one Offer Share taken up as further described in the section headed “Proposed Open Offer”
“Open Offer Documents”	the Open Offer Prospectus, the Application Form and the EAF
“Open Offer Prospectus”	the prospectus to be issued by the Company to the Shareholders containing details of the Open Offer
“PBOC”	The People’s Bank of China
“Percentage Ratios”	the percentage ratios set out in Rule 14.07 of the Listing Rules
“Petition Date”	9 July 2012, being the date that Saturn Petrochemical presented a winding-up petition against the Company in Bermuda
“Posting Date”	the date as agreed between the Company and the Underwriter for the despatch of the Open Offer Documents
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan)
“Provisional Liquidators”	Mr. Garth Calow and Ms. Alison Tomb, both of PricewaterhouseCoopers, the joint provisional liquidators of the Company

“Qualifying Shareholders”	Shareholders, other than the Non-Qualifying Shareholders, whose names appear on the register of members of the Company at the close of business on the Record Date
“Quanzhou Shipyard”	a multi-functional shipbuilding and ship repair yard located in Quanzhou, Fujian Province, PRC and owned by TQS
“Record Date”	the date by reference to which entitlements to the Open Offer are to be determined
“Release Date”	Subject to Clause 7.6 of the Scheme, the earlier of: (i) the date on which scheme consideration is actually received by a Scheme Creditor; and (ii) the date 10 Business Days after the distribution date, provided that the relevant Scheme Creditor has not given notice to the Scheme Company in writing within that period of time (in accordance with Clause 21 of the Creditors’ Scheme) to advise that scheme consideration has not been received by that Scheme Creditor
“Remaining Indebtedness Arrangements”	the arrangements proposed to be adopted by the Company with respect to the outstanding indebtedness of the Group other than those that form part of the Scheme Claims to be restructured under the Creditors’ Scheme as further described in the paragraph headed “Remaining Indebtedness Arrangements”
“Restructured Group”	the Company and its subsidiaries that will constitute the restructured group immediately after completion of the Debt Restructuring
“Restructuring” or “Resumption Proposal”	the resumption proposal of the Company submitted to the Stock Exchange under the Practice Note 17 of the Listing Rules, in relation to the restructuring of the Company involving, among others, a restructuring of the debts at the level of the Company by a scheme of arrangement with the Company’s creditors, an Open Offer of new Shares and Warrants to be made by the Company to its Shareholders, the subscription by certain investors of new Shares and Warrants issued by the Company and the issue of new Shares to the Company’s controlling Shareholder to settle certain debts

“Restructuring Documents”	all documents, agreements and instruments necessary and/or desirable to implement and consummate the Restructuring in accordance with its terms, including, without limitation, the composite scheme of arrangement document setting out the terms of the Creditors’ Scheme (including the explanatory statement in respect of the Creditors’ Scheme)
“RMB”	Renminbi, the lawful currency of the PRC
“Saturn Petrochemical”	Saturn Petrochemical Holdings Limited, a company incorporated in BVI and the registered holder of the 555,000,000 Listco Preferred Shares as at the date of this announcement
“Saturn Storage”	Saturn Storage Limited, a company incorporated in BVI
“Scheme Claim”	all indebtedness arising out of the Existing Notes (including principal and accrued interest) and the Unsecured Claims, which are proposed to be recognized under the Creditors’ Scheme
“Scheme Creditors”	creditors of the Company under the Creditors’ Scheme
“Scheme Liabilities”	Any liability (other than an excluded liability) or right in respect of the indebtedness or any other liability of the Company to any person arising directly or indirectly out of, in relation to or in connection with: (a) the note documentation and/or the Existing Notes; and/or (b) the non-note debt which exceeds the Excluded Liability Threshold

including any claim against the Company in respect of any loss or damage suffered or incurred as a result of, or in connection with, such liability, whether arising before, at or after the Petition Date by reason of a liability of the Company incurred on or before that time, and including, for the avoidance of doubt, any and all interest, default interest, premium, principal, additional amounts, make whole amounts, fees and commissions accruing on, or payable in respect of, or any other accretions whatsoever arising in respect of, such claims or rights up to the Petition Date

“Second Loan Agreement”

the loan agreement entered into between the Company and Fame Dragon on 13 March 2014 (as amended by Supplemental Second Loan Agreement) in relation to the provision of an unsecured loan of HK\$62.24 million by Fame Dragon to the Company

“Settlement Date”

the second business day following the date for application and payment for the Offer Shares under the Open Offer as the Underwriter may agree in writing with the Company (or such other date as the Underwriter and the Company may agree in writing)

“SFC”

the Securities and Futures Commission of Hong Kong

“SFO”

the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“SGM”

a special general meeting of the Company to be convened to approve, among other things, the Shipyard Debt Rescheduling Agreement, the Shipyard Termination Agreement, the Share Subscription Agreements (including the issue of the Warrants, the Subscription Shares and/or the Warrant Shares), the Assumption Agreement, the Listco Preferred Shares Modification Deed, the Whitewash Waiver, the Special Deal, the proposed increase in authorised share capital of the Company and the specific mandate to issue Shares

“Share(s)”

ordinary shares of nominal value HK\$0.01 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Shares in issue
“Share Options”	the share options granted under the share option scheme adopted by the Company dated 31 May 2002 (as amended on 24 June 2010)
“Share Subscription Agreements”	collectively, the Wahan Investments Subscription Agreement and the Victory Stand Subscription Agreement
“Share Subscriptions”	the Wahan Investments Subscription and the Victory Stand Subscription
“Shengsi Haixin”	嵊泗海鑫石油有限公司(Shengsi Haixin Petroleum Co., Ltd*), a company incorporated with limited liability in the PRC and an indirect wholly-owned subsidiary of the Company
“Shipyard Debt Rescheduling Agreement”	the debt rescheduling agreement dated 5 May 2014 entered into between TQS and GZE (as amended and supplemented on 22 August 2014 and 27 February 2015 respectively)
“Shipyard Sale and Purchase Agreement”	the sale and purchase agreement dated 11 December 2010 entered into among TPFL, TQSL Holding and Grand China Logistics (as amended by supplemental agreements) in relation to the sale by TPFL and TQSL Holding of, in aggregate, a 95% equity interest in TQS to Grand China Logistics
“Shipyard Termination Agreement”	the agreement dated 5 May 2014 entered into among GZE, the Company, TQSL Holding and TPFL (as supplemented and amended by the supplemental agreement on 27 February 2015) in relation to, among other things, the termination of the Shipyard Sale and Purchase Agreement
“Shipyard Termination Shares”	9,382,164,000 Shares to be issued to GZE at the issue price of HK\$0.10 in lieu of repayment of RMB740 million under the Shipyard Termination Agreement
“Singapore”	the Republic of Singapore
“Singapore Exchange”	Singapore Exchange Securities Trading Limited

“Special Deal”	the repayment of the outstanding indebtedness of the Group to the Scheme Creditors (among which Morgan Stanley & Co. International Plc, Mill Reef Investment S.A. and Mr. Ni Song Hua are existing Shareholders) out of the proceeds from the Open Offer and Share Subscriptions, which constitutes a special deal under Note 5 to Rule 25 of the Takeovers Code
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	collectively, Wahren Investments and Victory Stand
“Subscription Shares”	the new Shares to be subscribed for by the Subscribers pursuant to the Share Subscriptions
“Supplemental Second Loan Agreement”	the agreement entered into between the Company and Fame Dragon on 10 July 2014 to amend and supplement certain terms of the Second Loan Agreement
“Suspension”	the suspension of trading of the Shares on the Stock Exchange since 19 June 2012
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“TC Independent Board Committee”	the independent committee of the Board comprising Mr. Hu Zhong Shan, Mr. Foo Meng Kee, Mr. Lau Fai Lawrence and Mr. Lau Yiu Kit, being all the non-executive Directors who have no direct or indirect interest in the relevant transaction, formed to advise the Independent Shareholders on the Open Offer, the Shipyard Debt Rescheduling Agreement, the Shipyard Termination Agreement, the Wahren Investments Subscription Agreement, the Assumption Agreements, the Listco Preferred Shares Modification Deed, the Whitewash Waiver and the Special Deal
“TGIL”	Titan Group Investment Limited (in liquidation), a company incorporated with limited liability in the BVI and is a former jointly controlled entity of the Company

“TGIL Convertible Notes”	the convertible unsecured notes due 2014 issued by TGIL pursuant to the option agreement dated 14 July 2009 and entered into between the Company, TOSIL, Saturn Storage and TGIL
“TGIL Preferred Shares”	the convertible redeemable preferred shares issued by TGIL on 22 June 2007 convertible into the shares of TGIL
“Titan Petrochemical (Guangzhou)”	廣州泰山石化有限公司 (Guangzhou Titan Petrochemicals Co., Ltd.*), a company incorporated with limited liability in the PRC and an indirect wholly-owned subsidiary of the Company
“TOSIL”	Titan Oil Storage Investment Limited, a company incorporated with limited liability in the BVI and a direct wholly-owned subsidiary of the Company
“TPFL”	泰山石化 (福建) 有限公司 (Titan Petrochemicals (Fujian) Ltd*), a company incorporated with limited liability in the PRC and a direct wholly-owned subsidiary of the Company
“TPG Debt”	the total amount of debt obligations under the TPG Debt Rescheduling Agreement
“TPG Debt Rescheduling Agreement”	the debt rescheduling agreement dated 5 May 2014 (as amended by supplemental agreements dated 22 August 2014 and 27 February 2015) and entered into among Titan Petrochemical (Guangzhou), TQS and GZE
“TQS”	泉州船舶工業有限公司 (Titan Quanzhou Shipyard Co. Ltd.*), a sino-foreign equity joint venture established in the PRC and an indirect wholly-owned subsidiary of the Company
“TQS Debt”	the total amount of debt obligations under the Shipyard Debt Rescheduling Agreement
“TQSL Holding”	Titan TQSL Holding Company Limited, a company incorporated with limited liability in the BVI and an indirect wholly-owned subsidiary of the Company

“TRML”	Titan Resources Management Limited, a company incorporated with limited liability in the BVI and an indirect wholly-owned subsidiary of the Company
“TSHL”	Titan Shipyard Holdings Limited, a company incorporated with limited liability in the BVI and an indirect wholly-owned subsidiary of the Company
“TSL”	Titan Storage Limited, a company incorporated in the BVI and a former subsidiary of the Company which has been put into liquidation and deconsolidated in April 2014
“TSL Creditors”	collectively Camden, Edinburgh and Mayfair
“Underwriting Agreement”	the underwriting agreement dated 5 May 2014 entered into between the Company and Fame Dragon (as supplemented and amended by the supplemental agreement dated 27 February 2015) in relation to the underwriting of the Open Offer
“Underwriter”	Fame Dragon or its wholly-owned subsidiary
“Unsecured Claim”	any debt exceeding an amount to be agreed between the Company, the Existing Notes Creditors, the Unsecured Creditors and the Provisional Liquidators payable by, and all claims against, the Company (including the Guarantee Liabilities) including the various trade payables owed by the Company (present or future, actual or contingent, due or to become due, ascertained or sounding only in damages) being debts or claims which occurred on or before the Record Date
“Unsecured Creditors”	person with a beneficial interest in the Unsecured Claims at the Record Date
“US\$”	United States dollars, the lawful currency of the United States of America
“Victory Stand”	Victory Stand Limited, a company incorporated in Samoa

“Victory Stand Subscription”	the subscription by Victory Stand of 1,300,000,000 Shares and 1,300,000,000 Warrants to be issued by the Company pursuant to the Victory Stand Subscription Agreement
“Victory Stand Subscription Agreement”	the subscription agreement dated 27 March 2015 entered into by the Company and Victory Stand in relation to the Victory Stand Subscription
“Wahen Investments”	Wahen Investments Limited, a company incorporated with limited liability in the BVI and is wholly-owned by Mr. Zhao
“Wahen Investments Subscription”	the subscription by Wahen Investments of 1,800,000,000 Shares and 1,800,000,000 Warrants to be issued by the Company pursuant to the Wahen Investments Subscription Agreement
“Wahen Investments Subscription Agreement”	the subscription agreement dated 6 May 2015 entered into by the Company and Wahen Investments in relation to the Wahen Investments Subscription
“Warrants”	the warrants to be issued by the Company under the Open Offer and Share Subscriptions conferring the rights to subscribe for Shares at the exercise price of HK\$0.12 per Share. Each one (1) Warrant carries the right to subscribe for one (1) Warrant Share
“Warrant Shares”	the new Shares to be allotted and issued by the Company upon the exercise of the subscription rights attaching to the Warrants
“Whitewash Waiver”	a waiver in respect of the obligation of GZE and Fame Dragon to make a mandatory offer to other holders of the Shares in respect of those Shares as a result of the underwriting of the Offer Shares under the Underwriting Agreement by Fame Dragon, the subscription of a maximum 2,282,024,653 Shares under the Assumption Agreement by Fame Dragon and the subscription of 9,382,164,000 Shares under Shipyard Termination Agreement by GZE upon the resumption of trading of the Shares on the Stock Exchange, in accordance with Note 1 on dispensations from Rule 26 of the Takeovers Code

“Working Capital Loan Agreement”

the loan agreement dated 22 August 2014 entered into between TQS and GZE (as supplemented and amended by supplemental agreement on 27 February 2015) in relation to the provision of the loan of not less than RMB60 million by GZE to TQS for its working capital

“%”

per cent.

By Order of the Board
Titan Petrochemicals Group Limited
Zhao Xu Guang
Chairman and Chief Executive

Hong Kong, 19 May 2015

As at the date of this announcement, the executive Directors are Mr. Zhao Xu Guang (chairman and chief executive), Mr. Tang Chao Zhang, Mr. Wong Siu Hung Patrick and Mr. Fu Yong Yuan; the non-executive Directors are Mr. Fan Qinghua and Mr. Hu Zhong Shan; and the independent non-executive Directors are Mr. Foo Meng Kee, Mr. Lau Fai Lawrence and Mr. Lau Yiu Kit.

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.

Unless otherwise specified in this announcement, conversion of RMB into HK\$ is calculated at the approximate exchange rate of RMB1 to HK\$1.26786, conversion of US\$ into HK\$ is calculated at the approximately exchange rate of US\$1 to HK\$7.8 and conversion of S\$ into HK\$ is calculated at the approximately exchange rate of S\$1 into HK\$6.1203.

* for identification purposes only