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Titan Petrochemicals Group Limited

(Provisional Liquidators appointed)
(Incorporated in Bermuda with limited liability)
(Stock Code: 1192)

UPDATE ON BUSINESS DEVELOPMENT

This announcement is made by Titan Petrochemicals Group Limited (the “**Company**”, collectively with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap.571).

UPDATE ON BUSINESS DEVELOPMENT

Reference is made to the announcements of the Company dated 11 November 2013, 6 March 2014 and 1 April 2014 in relation to, among other things, the management and operation of the shipyard in Quanzhou, the PRC (the “**Shipyard**”) owned by Titan Quanzhou Shipyard Co., Ltd. (the “**TQS**”), a wholly-owned subsidiary of the Company.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 9 April 2014, the Company, TQS and FELS Offshore Pte Ltd (“**FELS**”) entered into a management services agreement (the “**Management Services Agreement**”), pursuant to which FELS has conditionally agreed to provide management services for the operations of the Shipyard.

The Management Services Agreement

Date : 9 April 2014

Parties : (1) FELS is a subsidiary of Keppel Offshore & Marine Ltd., which in turn is a subsidiary of Keppel Corporation Limited (“**Keppel**”, collectively with its related corporation, the “**Keppel Group**”), a company listed on the Singapore Securities Exchange.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, FELS and its ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company.

(2) TQS

(3) the Company

Term : 30 years from the date on which the conditions precedent (as described below) are satisfied (or such other period as TQS and FELS may mutually agree in writing from time to time) (the “**Term**”)

Conditions precedent

1. the restructuring of the indebtedness of the Company by way of a scheme of arrangement on and subject to the terms and conditions set out in a scheme document to be issued by the Company (the “**Restructuring**”) having been completed and becoming unconditional and effective in accordance with its terms;
2. the trading of the shares of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) having resumed;
3. FELS having issued a written notice to TQS that it has inspected the Shipyard and the operation employees of the Shipyard (including any arrangements relating to the Shipyard and such employees) and that it is satisfied that the Shipyard is reasonably suitable for carrying on the business of a shipyard;
4. 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 Restructuring and on terms as described in the announcement of the Company dated 25 November 2013 (the “**Convertible Bonds**”) or the warrants to subscribe for 9.9% of the total issued share capital of the Company after completion of the 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 (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 Securities and Futures Commission (the “**SFC**”) and/or the Supreme Court of Bermuda (the “**Bermuda Court**”) in respect of the Convertible Bonds or the Warrants as so elected by FELS;
5. to the extent required by an relevant law, all regulatory requirements, registrations or formalities required for (a) the deed of undertaking to be executed by Guangdong Zhenrong Energy Co. Ltd (“**GZE**”), the controlling shareholder of the Company, in favor of the Keppel Group, pursuant to which GZE will provide certain undertakings and guarantees to and for the benefit of FELS and all members of the Keppel Group; and (b) the Management Services Agreement having been complied with or obtained;
6. TQS and FELS having agreed to the terms of the improvement plan of the Shipyard with respect to the first two years of the Term; and
7. 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 are not satisfied or waived by FELS on or before 31 December 2014, or such other date as FELS and TQS may mutually agree in writing from time to time, either FELS and TQS may terminate the Management Services Agreement by giving the other parties not less than 30 days' written notice, in which case no party shall be under any further obligation to the other parties.

In relation to condition 4 above, the Company will make further announcement once all the terms of the Convertible Bonds or Warrants are determined and the Convertible Bonds or Warrants are issued.

Scope of management services to be provided by FELS

Pursuant to the Management Services Agreement:

- a) FELS has agreed that, for the duration of the Term, it will make available certain employees of FELS or any member of the Keppel Group to TQS to supervise and manage the operations of the Shipyard in connection with the Relevant Business (as defined below); and
- b) TQS has agreed that, for the duration of the Term, it will use the Shipyard to carry on the business of (i) construction, repair, conversion and upgrading of mobile offshore drilling units (which are used for offshore oil drilling operations); (ii) repair, conversion and upgrading of vessels into FPSO, FSO, FSRU and FLNG vessels (which are oil and gas production vessels); and (iii) construction, repair, conversion and upgrading of vessels (the “**Relevant Business**”) in accordance with the terms of the Management Services Agreement.

Reasons for and the benefit of entering into the Management Services Agreement

The Company intends to enhance its presence in the offshore and marine business, and is optimistic about the growth potential of China's offshore and marine industry. The management of the Company is of the view that entering into the Management Services Agreement is a strategic move such that the Company will be able to benefit from the established goodwill, reputation, technical knowhow and expertise of the Keppel Group and its business contacts in the field of manufacturing mobile offshore drilling units as the Company seeks to re-build its business after completion of the Restructuring.

The Directors (including all the independent non-executive Directors) consider that the terms of the Management Services Agreement are in the best interests of the shareholders of the Company as a whole.

It should be noted that the Management Services Agreement is subject to various conditions as set out in the section headed “Conditions precedent” above, which may or may not be fulfilled. The Management Services Agreement will only come into effect if such conditions are satisfied.

Further announcement(s) will be made in relation to the grant of the Convertible Bonds or Warrants as and when appropriate and the Company will comply with the relevant requirements under the Listing Rules where applicable.

CONTINUED SUSPENSION OF TRADING

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

By Order of the Board
Titan Petrochemicals Group Limited
TANG Chao Zhang
Executive Director

Hong Kong, 11 April 2014

As at the date of this announcement, the executive Directors are Mr. Zhao Xu Guang (Chairman), 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. Cheung Hok Fung, Alexander.