Titan Petrochemicals Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1192)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

The board of directors (the "**Board**") of Titan Petrochemicals Group Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2016 with comparative figures for the year ended 31 December 2015, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2016

	Notes	**2016** **HK$'000**	2015 HK$'000 (Re-presented)
Revenue	4(i)	**760,921**	—
Cost of sales		**(759,466)**	—
Gross profit		**1,455**	—
Other income	4(ii)	**1,415**	81
Other gain or loss	5	**2,221,204**	65,947
General and administrative expenses		**(155,265)**	(140,752)
Finance costs	6	**(173,437)**	(168,412)
Profit/(Loss) before tax	7	**1,895,372**	(243,136)
Income tax (expense)/credit	8	**(5,553)**	1,355
PROFIT/(LOSS) FOR THE YEAR		**1,889,819**	(241,781)
Profit/(Loss) for the year attributable to:			
Owners of the Company		**1,889,840**	(241,781)
Non-controlling interests		**(21)**	—
		1,889,819	(241,781)
BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	9		
Basic per share *(cents)*		**HK$9.77**	(HK$3.09)
Diluted per share *(cents)*		**HK$9.57**	(HK$3.09)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000 (Re-presented)
Profit/(Loss) for the year		**1,889,819**	(241,781)
Other comprehensive (expenses)/income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(24,206)**	25,357
Other comprehensive (expenses)/income for the year, net of tax		**(24,206)**	25,357
Total comprehensive income/(expenses) for the year		**1,865,613**	(216,424)
Total comprehensive income/(expenses) attributable to:			
Owners of the Company		**1,865,631**	(216,424)
Non-controlling interests		**(18)**	—
		1,865,613	(216,424)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2016

	Notes	2016 HK$'000	2015 HK$'000 (Re-presented)
NON-CURRENT ASSETS			
Property, plant and equipment		**2,113,588**	2,301,554
Prepaid land/seabed lease payments		**281,650**	293,982
Investment property		**172,034**	156,154
Total non-current assets		**2,567,272**	2,751,690
CURRENT ASSETS			
Inventories		**39,363**	42,053
Trade receivables	10	**209,274**	—
Prepayments, deposits and other receivables		**94,633**	167,173
Restricted cash		—	26,547
Cash and cash equivalents		**257,712**	9,989
Total current assets		**600,982**	245,762
CURRENT LIABILITIES			
Interest-bearing bank and other loans		—	5,850
Trade payables	11	**183,352**	306,537
Other payables and accruals	12	**188,000**	1,138,009
Fixed rate guaranteed senior notes	13	—	882,329
Guaranteed senior convertible notes	14	—	441,753
Guaranteed senior payment-in-kind notes	15	—	88,657
Notes payable	16	—	202,896
Liability portion of convertible preferred shares	17	—	435,325
Tax payable		**930**	1,008
Amounts due to the ultimate holding company		**69,053**	1,092,386
Amount due to the immediate holding company		—	2,526
Loans from the immediate holding company		—	3,000
Loans from the ultimate holding company		**85,834**	—
Total current liabilities		**527,169**	4,600,276
NET CURRENT ASSETS/(LIABILITIES)		**73,813**	(4,354,514)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2016

	Notes	2016 HK$'000	2015 HK$'000 (Re-presented)
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,641,085**	(1,602,824)
NON-CURRENT LIABILITIES			
Loans from the ultimate holding company		**1,630,842**	1,936,367
Loans from the immediate holding company		**—**	140,240
Liability portion of convertible preferred shares	17	**379,509**	—
Other loans		**390,020**	250,333
Interest payables of other loans		**50,290**	29,288
Deferred tax liabilities		**93,195**	90,006
Total non-current liabilities		**2,543,856**	2,446,234
NET ASSETS/(LIABILITIES)		**97,229**	(4,049,058)
EQUITY			
Attributable to owners of the Company			
Share capital	18	**306,273**	78,206
Deficits		**(209,026)**	(4,127,264)
		97,247	(4,049,058)
Non-controlling interests		**(18)**	—
TOTAL EQUITY		**97,229**	(4,049,058)

1.1 BASIS OF PREPARATION

These consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also include applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). They have been prepared under the historical cost convention, except for the investment property, which has been measured at fair value. These consolidated financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following amended HKFRSs and HKASs issued by the HKICPA which became effective for accounting periods beginning on or after 1 January 2016.

a) Amendments to HKFRS 10, HKFRS 12 and HKAS 28 Investment Entities: Applying the Consolidation Exception

The amendments mainly clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with HKFRS 10. Given that the Company is not an investment entity and is a listed entity, the consolidation exception set out in the amendments will not be applicable to the Company and hence the application of these amendments has had no impact on the Group's consolidated financial statements.

b) Amendments to HKFRS 11 Accounting for Acquisitions of Interests in Joint Operations

The amendments provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in HKFRS 3 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards should be applied. The amendments also require that a joint operator to disclose the relevant information required by HKFRS 3 and other standards for business combinations. The amendments require prospective application; prospectively in annual periods beginning on or after 1 January 2016. The Group did not have any such transactions in the current year and hence the application of these amendments has had no impact on the Group's consolidated financial statements.

c) Amendments to HKAS 1 Disclosure Initiative

The amendments clarify that an entity need not provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material (even if the HKFRS contains a list of specific requirements or describes them as minimum requirements). The amendments also give guidance on the bases of aggregating and disaggregating information for disclosure purposes. The amendments emphasize that an entity should consider whether to provide additional disclosures when compliance with the specific requirements in HKFRSs is insufficient to enable users of financial statements to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance. Furthermore, the amendments require that an entity's share of the other comprehensive income of associates and joint ventures accounted for using the equity method should be presented separately from those arising from the Group, and should be separated into the share of items that, in accordance with other HKFRSs: (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

As required by the amendments, the share of other comprehensive income of associates and joint ventures had been separately presented and had been separated into (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met. Other than such a change in presentation, the application of these amendments has not resulted in any impact on the financial performance or financial position of the Group.

d) Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that revenue-based amortisation is not an appropriate basis for amortisation of an intangible asset. The amendments states that such a presumption can only be rebutted in the following two limited circumstances:

- when the intangible asset is expressed as a measure of revenue; or
- when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

With regard to the Group's property, plant and equipment and intangible assets, the Group did not use revenue-based depreciation method and hence the amendments have not have any impact on the Group's financial position and financial performance. Rather, the Group has been using the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively.

e) Amendments to HKAS 16 and HKAS 41 Agriculture: Bearer Plants

The amendments define a bearer plant that is a living plant that:

a) is used in the production or supply of agricultural produce;

b) is expected to bear produce for more than one period; and

c) has a remote likelihood of being sold as agricultural produce except for incidental scrap sales.

The amendments require that biological assets that meet the definition of a bearer plant should be accounted for as property, plant and equipment in accordance with HKAS 16, instead of HKAS 41. The produce growing on bearer plants continues to be accounted for in accordance with HKAS 41.

The application of these amendments has had no impact on the Group's consolidated financial statements as the Group is not engaged in agricultural activities.

f) Annual Improvements to HKFRSs 2012–2014 Cycle

The Annual Improvements to HKFRSs 2012–2014 Cycle include a number of amendments to various HKFRSs, which are summarized below.

Firstly, the amendments to HKFRS 5 introduce specific guidance for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in HKFRS 5 regarding the change of sale plan do not apply.

Secondly, the amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

Thirdly, the amendments to HKAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead. The Group did not have any defined benefit scheme.

The application of these amendments has had no effect on the Group's consolidated financial statements.

1.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not early applied the following new and revised HKFRSs and HKASs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15 and amendments to HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2017

The Directors do not anticipate that the application of these will have a material effect on the Group's consolidated financial statements.

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and are principally engaged in (a) shipbuilding and ship repairing; and (b) trading of oil products.

Management monitors the results of its operating segments separately for the purposes of making decisions about resources allocations and performance assessments. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income, other gains, finance costs, as well as head office and corporate expenses are excluded from such measurement.

The accounting policies of the operating segments are the same as the Group's accounting policies described in the Company's Annual Report for the year ended 31 December 2016.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices. There were no intersegment sales in the current year (2015: HK$Nil).

Year ended 31 December 2016

	Trading of oil products *HK$'000*	Shipbuilding and ship repairing *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Segment revenue				
— Revenue from external customers	760,921	—	—	760,921
Segment results	5,510	(37,071)	—	(31,561)
Adjusted for:				
— interest income	—	—	80	80
— other income	—	—	8,168	8,168
— other loss	—	—	(45,737)	(45,737)
— other expenses	—	—	(66,537)	(66,537)
	5,510	(37,071)	(104,026)	(135,587)
Add: depreciation and amortisation	171	51,157	721	52,049
Operating profit/(loss) before interest, tax, depreciation and amortisation	5,681	14,086	(103,305)	(83,538)
Gain arising on change in fair value of investment property	—	—	27,159	27,159
Gain arising on change in fair value of preferred shares	—	—	70,424	70,424
Gain on restructuring	—	—	1,542,091	1,542,091
Gain on settlement of amount due to a deconsolidated subsidiary	—	—	324,209	324,209
Derecognition of amount due to deconsolidated subsidiaries	—	—	141,560	141,560
Derecognition of amount due to a deconsolidated jointly-controlled entity	—	—	98,953	98,953
Profit before interest, tax, depreciation and amortisation	5,681	14,086	2,101,091	2,120,858
Depreciation and amortisation	(171)	(51,157)	(721)	(52,049)
Finance costs	—	(150,266)	(23,171)	(173,437)
Profit/(loss) before tax	5,510	(187,337)	2,077,199	1,895,372

Year ended 31 December 2015

	Trading of oil products *HK$'000*	Shipbuilding *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Segment revenue				
— Revenue from external customers	—	—	—	—
Segment results	(69)	(65,524)	—	(65,593)
Adjusted for:				
— interest income	—	—	28	28
— other income	—	—	33	33
— other gain	—	—	54,910	54,910
— other expenses	—	—	(63,597)	(63,597)
	(69)	(65,524)	(8,626)	(74,219)
Add: depreciation and amortisation	—	55,838	982	56,820
Operating loss before interest, tax, depreciation and amortisation ("LBITDA")	(69)	(9,686)	(7,644)	(17,399)
Loss arising on change in fair value of investment property	—	—	(505)	(505)
LBITDA	(69)	(9,686)	(8,149)	(17,904)
Depreciation and amortisation	—	(55,838)	(982)	(56,820)
Finance costs	—	(145,501)	(22,911)	(168,412)
Loss before tax	(69)	(211,025)	(32,042)	(243,136)

Geographical information

	Mainland China		**Other Asia Pacific countries**		**Consolidated**	
	2016	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
a) Revenue						
Revenue from external customers	**—**	—	**760,921**	—	**760,921**	—
b) Other information						
Segment assets	**2,688,694**	2,816,998	**479,560**	180,454	**3,168,254**	2,997,452
Segment liabilities	**2,435,837**	3,192,033	**635,188**	3,854,477	**3,071,055**	7,046,510
Capital expenditures	**817**	—	**14**	54	**831**	54

The revenue information above is based on the location of the customers. The other information is based on the location of the assets and where the impairment of assets were recorded/reversed.

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group are as follows:

	2016	2015
	HK$'000	*HK$'000*
		(Re-presented)
Customer A	**479,479**	—
Customer B	**281,442**	—

3. REPRESENTATION OF COMPARATIVE FIGURES

a) Shipbuilding — Titan Quanzhou Shipyard Co., Ltd. ("Titan Quanzhou Shipyard" or "TQS")

On 11 December 2010, the Company entered into a sale and purchase agreement with Grand China Logistics Holding (Group) Company Limited ("Grand China Logistics") (the "GCL Sale and Purchase Agreement") in relation to the disposal of its 95% equity interest in Titan Quanzhou Shipyard at a consideration of RMB1,865,670,000 (equivalent to approximately HK$2,097,769,000) or a maximum reduced consideration of RMB1,465,670,000 (equivalent to approximately HK$1,648,007,000) if Titan Quanzhou Shipyard's profit targets for the two years ending 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$1,872,888,000).

However, only RMB740,000,000 was received from Grand China Logistics in connection with the GCL Sale and Purchase Agreement and, accordingly the equity interests in Titan Quanzhou Shipyard have not yet been transferred to Grand China Logistics.

On 30 May 2012, Grand China Logistics commenced legal proceedings against the Company, Titan TQSL Holding Company Ltd ("Titan TQSL" or "TQSL Holding") and Titan Petrochemicals (Fujian) Ltd ("Titan Fujian") seeking, among other things, the termination of the GCL Sale and Purchase Agreement and repayment of the aggregate amount of RMB740,000,000 (equivalent to approximately HK$832,060,000) paid in accordance with the GCL Sale and Purchase Agreement.

On 10 June 2013, the Company received a notification that Grand China Logistics had assigned all of its interests, rights and obligations in respect of the sale and purchase of the 95% equity interest in Titan Quanzhou Shipyard to GZE and on 26 December 2013 上海市第一中級人民法院 (Shanghai No.1 Intermediate People's Court) (the "Shanghai Intermediate Court") ordered the discontinuation of proceedings.

On 5 May 2014, the Company, Titan Fujian and TQSL Holding entered into an agreement (as supplemented and amended by the supplemental agreements on 27 February 2015, 28 May 2015, 30 July 2015, 16 October 2015 and 29 April 2016) (the "Shipyard Termination Agreement") with GZE, pursuant to which the parties conditionally agreed that the GCL Sale and Purchase Agreement be terminated and that, in lieu of the repayment of the RMB740,000,000 originally paid by Grand China Logistics to Titan Fujian and TQSL Holding, the Company would issue 9,382,164,000 new ordinary shares of the Company (the "Shares") at the issue price of HK$0.10 to GZE.

The Shipyard Termination Agreement will only be effective upon the satisfaction of certain conditions.

As disclosed in the Company's announcements dated 28 May 2015, 7 August 2015 and 5 November 2015, on 28 May 2015, 30 July 2015, 16 October 2015 and 29 April 2016, the Company, Titan Fujian and Titan TQSL entered into supplemental agreements, pursuant to which the parties agreed to extend the long stop date of the Shipyard Termination Agreement to 31 July 2015, 31 August 2015, 30 April 2016 and 31 August 2016 respectively.

The Shipyard Termination Agreement became effective on 24 June 2016. After completion of the Restructuring, the Group will use Titan Quanzhou Shipyard as base for re-building its business. It will re-activate the shipbuilding and ship repair business it carried on before the Suspension and at the same time, expand into the business of offshore and marine engineering services, which primarily involves the construction, repair, conversion and upgrading of oil rigs used in connection with offshore oil and gas drilling operations as well as FPSO, FSO, FSRU and FLNG, which are support vessels used in those operations. Therefore the business was reclassified as "continuing operation" from "discontinued operation" after completion of the Restructuring during the year.

In accordance with the requirement set out in HKFRS 5, the carrying amount of non-current assets that ceased to be classified as held for sale have been adjusted and reallocated to the corresponding line items presented in the consolidated statement of financial position of the Group accordingly.

As at 31 December 2016, since the shipbuilding business was reclassified as "continuing operations", the assets and liabilities related to the shipbuilding and building of ship repair facilities, have been consolidated and presented in the consolidated statement of financial position. The results related to the shipbuilding and building of ship repair facilities for the year ended 31 December 2016 are consolidated and presented in the consolidated statement of profit or loss.

4. REVENUE AND OTHER INCOME

(i) Revenue:

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

	2016	2015
	HK$'000	*HK$'000*
		(Re-presented)
Sales of goods	**760,921**	—

(ii) Other income:

	2016	2015
	HK$'000	*HK$'000*
		(Re-presented)
Rental income	**1,182**	—
Bank interest income	**80**	28
Sundry income	**153**	53
	1,415	81

5. OTHER GAIN OR LOSS

	2016	2015
	HK$'000	*HK$'000*
		(Re-presented)
Gain on restructuring *(note (a))*	**1,542,091**	—
Gain on settlement of amount due to a deconsolidated subsidiary *(note (b))*	**324,209**	—
Gain on fair value change of preferred shares *(note 17)*	**70,424**	—
Fair value change of investment property	**27,159**	(505)
Derecognition of amount due to deconsolidation subsidiaries *(note (c))*	**141,560**	—
Derecognition of amount due to a deconsolidated jointly-controlled entity *(note (d))*	**98,953**	—
Derecognition of other payables and accruals	**39,145**	—
Reversal of overprovision of legal fee	**23,400**	—
Exchange difference	**(45,737)**	66,452
	2,221,204	65,947

Note:

(a) Gain on restructuring include the following:

	2016	2015
	HK$'000	*HK$'000*
Gain on settlement of fixed rate guaranteed senior notes, guaranteed senior convertible notes, guaranteed senior payment-in-kind notes *(note (i))*	**1,020,839**	—
Gain on settlement of notes payable *(note (ii))*	**182,606**	—
Gain on settlement of non-note creditors *(note (iii))*	**338,646**	—
Gain on restructuring	**1,542,091**	—

(i) The Senior Notes Due 2012 (note 13), guaranteed senior convertible notes (note 14) (the "Convertible Notes Due 2015") and guaranteed senior payment-in-kind notes (note 15) (the "PIK Notes Due 2015") are collectively defined as "Notes".

Pursuant to a Bermuda scheme of arrangement (the "Scheme of Arrangement"), all liabilities of the Company owed in respect of the Notes will be compromised and discharged in exchange for the payment of Scheme Consideration in the form of, for every US$1.00 of the amount of accepted liability or accepted portion of claims arising under the Existing Notes:

i) US$0.10 in cash and US$0.30 in new Shares to be issued by the Company; or

ii) US$0.20 in cash and US$0.10 in new Shares to be issued by the Company.

On 14 August 2014, the Company and certain beneficial owners of the Notes constituting the informal creditors' committee entered into an agreement, pursuant to which those creditors agreed that their claims under the Notes would be compromised under the terms of the Creditors' Scheme. Further details in respect of the above are included in the Company's announcement dated 1 September 2014.

On 22 October 2014, separate meetings of Notes Creditors and of Non-Note Creditors (as defined in the Creditors' Scheme) (the "Scheme Meetings") were held to consider and approve the Creditors' Scheme. At both Scheme Meetings, a majority in number of all creditors of the Company bound by Creditors' Scheme (the "Creditors' Scheme") 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), voted in favour of the Creditors' Scheme. Accordingly, the Creditors' Scheme was duly approved at the Scheme Meetings. Further details in respect of the above are included in the Company's announcement dated 22 October 2014.

On 5 November 2014 (Bermuda time), the Creditors' Scheme was sanctioned by the Bermuda Court. The Creditors' Scheme became effective and binding on the Company and all Scheme Creditors on the same date, 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 Bermuda Companies Act 1981 (the "Act"). Further details in respect of the above are included in the Company's announcement dated 6 November 2014.

Pursuant to the terms of the Creditors' Scheme, on 12 November 2014, the Company gave notice to all Scheme Creditors that the Bar Time (as defined in the Creditors' Scheme) shall be 5:00 p.m. (Hong Kong time) on 5 February 2015; any Scheme Creditors who failed to submit an account holder letter (for each Existing Notes Creditor) or notice of claim (for each Non-Note Creditor) prior to that time would have no entitlement to scheme consideration under the Creditors' Scheme, yet would have their claims against the Company compromised and discharged in accordance with the terms of the Creditors' Scheme. Further details in respect of the above are included in the Company's announcement dated 12 November 2014.

At the hearings on 6 March 2015 (Bermuda time), 29 July 2015 (Bermuda time), 14 August 2015 (Bermuda time), 9 October 2015 (Bermuda time), 20 November 2015 (Bermuda time), 8 January 2016 (Bermuda time), 11 March 2016 (Bermuda time) and 1 April 2016 (Bermuda time), the Bermuda Court agreed to extend the long stop date for completion of the Creditors' Scheme (as set out in the Creditors' Scheme) to 31 July 2015, 31 August 2015, 30 September 2015, 20 November 2015, 8 January 2016, 11 March 2016, 1 April 2016 and then 15 July 2016, respectively. Further details in respect of above are included in the Company's announcements on 9 March 2015, 30 July 2015, 17 August 2015, 8 December 2015, 18 January 2016, 16 March 2016 and 6 April 2016.

All the terms under the "GZE Excess Liabilities Undertaking", the "Working Capital Loan Agreement", the "Debt Rescheduling Agreements", the "Interim Financing Agreements", the "Loan Rescheduling Agreements" and the "GZE Purchase Order MOU" in relation to the debt restructuring have become effective on 24 June 2016. The details in respect of above contracts are included in its Circular on 13 May 2016. The Notes was fully settled at the same date. The Company has recognised a gain on restructuring of approximately HK$1,020,839,000 for the year ended 31 December 2016.

(ii) On 17 April 2014, Kawasaki Kisen Kaisha, Ltd ("K-Line"), Titan Shipyard Holdings Limited ("Shipyard Holdings") 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 Due 2013 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$0.1 in cash in respect of every US$1.00 of the principal outstanding under the K-Line Notes Due 2013 and interest as at 9 July 2012.

All the terms under the GZE Excess Liabilities Undertaking, the Working Capital Loan Agreement, the Debt Rescheduling Agreements, the Interim Financing Agreements, the Loan Rescheduling Agreements and the GZE Purchase Order MOU in relation to the debt restructuring have become effective on 24 June 2016. The K-Line Notes Due 2013 was fully settled at the same date. The Company has recognised a gain on settlement of HK$182,606,000 for the year ended 31 December 2016.

(iii) Pursuant to the creditors' scheme, the non-note creditors will be compromised and released on the release date in exchange for the receipt of scheme consideration in the form of US$0.1 in cash for every US$1 of the amount of their accepted claim. The non-note creditors was fully settled at 24 June 2016. The Company has recognised a gain on settlement of HK$338,646,000 for the year ended 31 December 2016.

(b) The sanctioned scheme of arrangement entered into between a subsidiary of the Company and the scheme creditors pursuant to section 179A of the BVI Business Companies Act, 2004 was completed during the year and a gain of approximately HK$324,209,000 was recognised for the year ended 31 December 2016.

(c) The deconsolidated subsidiaries were placed in liquidation and no requisition of settlement of the liabilities were given by any of the deconsolidated subsidiaries.

(d) The deconsolidated jointly-controlled entity was placed in liquidation and no requisition of settlement of the liabilities were given by the deconsolidated jointly-controlled entity.

6. FINANCE COSTS

	2016 *HK$'000*	2015 *HK$'000* (Re-presented)
Interest on:		
Bank and other loans	**24,021**	25,159
Loans from the immediate holding company	**1,750**	1,983
Loans from the ultimate holding company	**133,058**	126,662
Dividends on the Titan preferred shares	**14,608**	14,608
Total interest expense	**173,437**	168,412

7. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after (crediting)/charging:

	2016 *HK$'000*	2015 *HK$'000* (Re-presented)
Employee benefits expenses (excluding directors' remuneration):		
Wages and salaries	**14,104**	13,779
Pension scheme contributions	**3,907**	1,896
	18,011	15,675
Depreciation	**45,080**	49,708
Amortisation of prepaid land/seabed lease payment	**6,969**	7,112
Minimum lease payments under operating leases: leasehold buildings	**5,282**	4,721
Auditors' remuneration	**878**	1,192
Foreign exchange differences, net	**45,737**	(66,452)
Impairment of prepayments, deposits and other receivables	**30,724**	—
Bank interest income	**(80)**	(28)

8. INCOME TAX (EXPENSE)/CREDIT

Taxes on profits have been calculated at the rates of tax prevailing in the jurisdictions where the Group operates.

The prevailing tax rates in the jurisdictions where the subsidiaries are domiciled are as follows:

	2016	2015
Hong Kong	**16.5%**	16.5%
Singapore	**17.0%**	17.0%
Mainland China	**25.0%**	25.0%

Hong Kong

No provision for Hong Kong profits tax has been made as the Group's subsidiaries operated in Hong Kong did not generate any assessable profits in Hong Kong for the year ended 31 December 2016 and 2015.

Singapore

No provision for taxation has been made as the subsidiaries in Singapore did not generate any assessable profit for the year ended 31 December 2016 and 2015.

Mainland China

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Regulation in the Implementation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

	2016	2015
	HK$'000	*HK$'000*
		(Re-presented)
Current tax:		
Overprovision in prior periods — Hong Kong	**7**	—
Deferred taxation	**(5,560)**	1,355
	(5,553)	1,355

9. BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic and diluted earnings/(loss) per Share attributable to owners of the Company is based on the following data:

	2016	2015
	HK$'000	*HK$'000*
		(Re-presented)
Earnings/(Loss)		
Earnings/(Loss) for the purpose of basic earnings/(loss) per share		
Earnings/(Loss) for the year attributable to owners of the Company	**1,889,840**	(241,781)
Effect of diluted potential ordinary shares:		
Dividends on Titan preferred shares *(Note)*	**14,608**	—
Earnings/(Loss) for the purpose of diluted earnings/(loss) per share	**1,904,448**	(241,781)

	Number of shares	
	2016	2015
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**19,348,548,183**	7,820,554,682
Effective of dilutive potential ordinary shares:		
Titan preferred shares *(Note)*	**555,000,000**	—
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	**19,903,548,183**	7,820,554,682

Note:

No adjustment have been made to the basic loss per Share amounts presented for the year ended 31 December 2015 as the Titan preferred shares outstanding had an anti-dilutive effect on the basic loss per Share amounts presented.

The denominators used are the same as those detailed above for both basic and diluted earnings/(loss) per share for the year ended 31 December 2015.

10. TRADE RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
		(Re-presented)
Trade receivables	**210,879**	1,616
Accumulated impairment losses	**(1,605)**	(1,616)
	209,274	—

The Group normally allows credit terms to well-established customers ranging from 30 to 90 days. Efforts are made to maintain strict control over outstanding receivables and overdue balances are reviewed regularly by senior management. On this basis and the fact that the Group's trade receivables relate to a large number of diversified customers, there are no significant concentrations of credit risk. Trade receivables are non-interest-bearing.

	2016	2015
	HK$'000	*HK$'000*
		(Re-presented)
Aging		
0–90 days	**209,274**	—

Included in the above impairment of trade receivables is a provision for individually impaired trade receivables of HK$1,605,000 (2015: HK$1,616,000) with a carrying amount before provision of HK$210,879,000 (2015: HK$1,616,000). The Group does not hold any collateral or other credit enhancements over these balances.

As at 31 December 2016, trade receivables of approximately HK$209,274,000 were neither past due nor impaired relate to a number of diversified customers for whom there has been no recent history of default and expected to be recovered in full.

11. TRADE PAYABLES

The Group normally obtains credit terms ranging from 30 to 90 days from its suppliers.

An aged analysis of the trade payables as at the end of the reporting period, based on the date of receipt of goods purchased, is as follows:

	2016	2015
	HK$'000	*HK$'000*
		(Re-presented)
0–90 days	**183,291**	703
91–180 days	**61**	360
181–365 days	**—**	2,739
Over one year	**—**	302,735
	183,352	306,537

12. OTHER PAYABLES AND ACCRUALS

	2016	2015
	HK$'000	*HK$'000*
		(Re-presented)
Amounts due to deconsolidated subsidiaries	—	489,178
Amounts due to a deconsolidated jointly-controlled entity	**59,735**	164,606
Financial guarantee contracts	—	113,155
Receipt in advance	**86,074**	30,711
Provision and accrual of expenses	**2,372**	21,542
Others	**39,819**	318,817
	188,000	1,138,009

13. FIXED RATE GUARANTEED SENIOR NOTES (THE "SENIOR NOTES DUE 2012")

Pursuant to an indenture dated 17 March 2005 entered into by the Company, together with certain subsidiaries of the Company, which guarantee the issue of the Senior Notes Due 2012 (the "Subsidiary Guarantors") with Deutsche Bank Trust Company Americas as the original trustee and the trustee subsequently changed to the Bank of New York Mellon in 2010, the Company issued the Senior Notes Due 2012 in the aggregate principal amount of US$400,000,000 (equivalent to approximately HK$3,120,000,000) with directly attributable transaction costs of HK$90,709,000. The Senior Notes Due 2012 were due on 18 March 2012 with a lump sum repayment, unless redeemed earlier pursuant to specified terms. The Senior Notes Due 2012 bear interest at the rate of 8.5% per annum, payable semi-annually in arrears on 18 March and 18 September each year, commencing on 18 September 2005, and are listed on the Singapore Exchange Securities Trading Limited.

The obligations of the Company under the Senior Notes Due 2012 are guaranteed by the Subsidiary Guarantors and the pledge of shares of certain Subsidiary Guarantors. The list of subsidiaries comprising the Subsidiary Guarantors and the shares pledged are more fully described in the Company's announcement dated 11 March 2005 together with details of the principal terms of the Senior Notes Due 2012.

On the maturity date, 19 March 2012, the Company was unable to repay overdue principal and interest on the Senior Note Due 2012 in the amount of US$105,870,000 (equivalent to approximately HK$825,786,000) and US$4,499,000 (equivalent to approximately HK$35,092,000) respectively.

As a result of the above, a cross default was triggered in respect of a bilateral loan with a financial institution in an outstanding principal amount of US$750,000 (equivalent to approximately HK$5,850,000). An early redemption event was also triggered in respect of the Titan preferred shares and the TGIL convertible preferred shares (the "TGIL preferred shares") and caused the TGIL warrants issued to Saturn Storage Limited ("SSL") to become exercisable.

Pursuant to the Creditors' Scheme, all liabilities of the Company owed in respect of the Existing Notes will be compromised and discharged in exchange for payment of scheme consideration, detail of which were disclosed in note 5.

14. GUARANTEED SENIOR CONVERTIBLE NOTES (THE "CONVERTIBLE NOTES DUE 2015")

The Company issued US$78,728,000 (equivalent to approximately HK$614,078,000) aggregate principal amount of the Convertible Notes Due 2015 on 28 July 2010 (27 July 2010, New York City Time) in exchange for tendered the Senior Notes Due 2012. The Convertible Notes Due 2015 were due on 13 July 2015 with a single repayment at 151.621% of their principal amount, unless earlier redeemed, repurchased or purchased by the Company or converted. The Convertible Notes Due 2015 bear no interest, and are listed on the Singapore Exchange Securities Trading Limited. Holders of the Convertible Notes Due 2015 are entitled to convert their Convertible Notes Due 2015 with a minimum principal amount of US$1,000 or integral multiples of US$500 in excess thereof based on an initial conversion rate of 10,915 conversion shares per US$1,000 in principal amount of the Convertible Notes Due

2015, subject to adjustments. This implies an initial conversion price (subject to adjustments) of US$0.0916 (equivalent to approximately HK$0.7145) per conversion share. Conversion may occur on any day prior to (and including) the seventh business day prior to the maturity date of the Convertible Notes Due 2015.

Pursuant to the terms of the Convertible Notes Due 2015 indenture, the obligations of the Company under the Convertible Notes Due 2015 are guaranteed by certain Subsidiary Guarantors and a pledge of the Subsidiary Guarantors shares. Details of the principal terms of the Convertible Notes Due 2015 are more fully described in the Company's announcement dated 9 June 2010.

On 6 September 2012, an event of default occurred under the Convertible Notes Due 2015 upon the winding up petition against the Company remained undismissed or unstayed for a period of 60 consecutive days.

Pursuant to the Creditors' Scheme, all liabilities of the Company owed in respect of the Existing Notes will be compromised and discharged in exchange for payment of scheme consideration, detail of which were disclosed in note 5.

15. GUARANTEED SENIOR PAYMENT-IN-KIND NOTES (THE "PIK NOTES DUE 2015")

The Company issued US$14,193,000 (equivalent to approximately HK$110,705,000) aggregate principal amount of the PIK Notes Due 2015 on 28 July 2010 (27 July 2010, New York City Time) in exchange for tendered the Senior Notes Due 2012. The PIK Notes Due 2015 were due on 13 July 2015 with a single repayment of the principal, unless earlier repurchase pursuant to the terms of the PIK Notes Due 2015 indenture. The PIK Notes Due 2015 bear interest at the rate of 8.50% per annum payable semi-annually in arrears commencing on 13 January 2011 either by cash or in the form of additional PIK Notes Due 2015, and are listed on the Singapore Exchange Securities Trading Limited.

Pursuant to the terms of the PIK Notes Due 2015 indenture, the obligations of the Company under the PIK Notes Due 2015 are guaranteed by certain Subsidiary Guarantors and a pledge of the Subsidiary Guarantors shares. Details of the principal terms of the PIK Notes Due 2015 are more fully described in the Company's announcement dated 9 June 2010.

On 6 September 2012, an event of default under the terms of the PIK Notes Due 2015 occurred upon the winding up petition against the Company remained undismissed or unstayed for a period of 60 consecutive days.

Pursuant to the Creditors' Scheme, all liabilities of the Company owed in respect of the Existing Notes will be compromised and discharged in exchange for payment of scheme consideration, detail of which were disclosed in note 5.

16. NOTES PAYABLE (THE "K-LINE NOTES DUE 2013")

On 5 August 2008, the Group signed an agreement with Kawasaki Kisen Kaisha Ltd ("K-Line") for K-Line to purchase notes for US$25,000,000 (equivalent to approximately HK$195,000,000) with an interest rate of 1% per annum. Prior to 31 March 2013, at the sole option of the Company, the notes were exchangeable for up to 5% of the issued share capital of one of its subsidiaries, Titan TQSL, which holds Titan Quanzhou Shipyard in Mainland China.

At maturity, the notes are required to be repaid in full in cash equal to the greater of (i) 110% of the principal amount plus all accrued but unpaid interest; and (ii) the fair market value of 5.5% of the issued share capital of Titan TQSL on a fully diluted basis (the "Applicable Redemption Amount"). The Group had the right to redeem the notes in full prior to maturity date at the Applicable Redemption Amount, while K-Line had a right of early redemption at the Applicable Redemption Amount in the event of a change of control.

The K-Line Notes Due 2013 comprised a financial liability at amortised cost and an embedded derivative. As at 31 December 2015, the fair value of the embedded derivatives asset was HK$Nil.

On 31 March 2013, the Company did not redeem the K-Line Notes Due 2013 in full at cash at the Applicable Redemption Amount.

On 17 April 2014, K-Line, Titan Shipyard Holdings Limited and the Company entered into a support agreement, pursuant to which K-Line agreed to support the Restructuring and the Creditors' Scheme and agreed to effect the compromise of its claims in respect of the K-Line Notes Due 2013 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 Due 2013 and interest as at 9 July 2012.

All the terms under the GZE Excess Liabilities Undertaking, the Working Capital Loan Agreement, the Debt Rescheduling Agreements, the Interim Financing Agreements, the Loan Rescheduling Agreements and the GZE Purchase Order MOU in relation to the debt restructuring have become effective on 24 June 2016. The K-Line Notes Due 2013 was fully settled at the same date.

17. CONVERTIBLE PREFERRED SHARES

	Equity portion *HK$'000*	**Liability portion** *HK$'000*
Titan preferred shares		
At 1 January 2015	—	420,717
Add: dividends on Titan preferred shares (classified as financial liabilities)	—	14,608
At 31 December 2015 and 1 January 2016	—	435,325
Add: dividends on Titan preferred shares (classified as financial liabilities)	—	14,608
Gain arising on change in fair value of preferred shares	—	(70,424)
At 31 December 2016	—	379,509

In 2007, the Company issued 555,000,000 Titan preferred shares at the stated value of HK$0.56 per share. The fair values of the liability portion of the Titan preferred shares was estimated at the issuance date.

On 4 July 2012, the Company received from SPHL a notice to redeem all of the outstanding 555,000,000 Titan preferred shares held by it at a redemption amount equal to the notional value of the Titan preferred shares (being HK$310,800,000) together with any accrued and unpaid dividends.

On 10 October 2013, SPHL entered into certain arrangements, including the execution of an instrument of transfer, a declaration of trust and an irrevocable power of attorney by SPHL in favour of Docile Bright Investments Limited ("DBIL"), a wholly owned subsidiary of GZE whereby DBIL became entitled to the benefit of all interests arising under or in connection with the Titan preferred shares.

The Company and DBIL (as the lawful attorney of SPHL) subsequently entered into a deed dated 22 August 2014 (as supplemented and amended on 27 February 2015, 28 May 2015, 30 July 2015 and 16 October 2015) (the "Listco Preferred Shares Modification Deed") in relation to, among others, the extension of the redemption period of the Titan Preferred Shares and the restriction of the conversion of the Titan Preferred Shares. The Listco Preferred Shares Modification Deed will be conditional upon the fulfillment of certain conditions.

As disclosed in the Company's announcements dated 28 May 2015, 7 August 2015 and 5 November 2015, on 28 May 2015, 30 July 2015 and 16 October 2015, the Company and DBIL entered into supplemental agreements, pursuant to which the parties agreed to extend the long stop date for the satisfaction of the conditions under the Listco Preferred Shares Modification Deed to 31 July 2015, 31 August 2015, 30 April 2016 and 31 August 2016 respectively.

The Listco Preferred Shares Modification Deed became effective on 24 June 2016. And a gain on fair value change of approximately HK$70,424,000 were recognised for the year ended 31 December 2016.

18. SHARE CAPITAL

	2016		2015	
	Number of shares	**Nominal value of shares**	Number of shares	Nominal value of shares
		HK$'000		*HK$'000*
Authorised:				
Ordinary shares of HK$0.01 each at 31 December *(Note a)*	**80,000,000,000**	**800,000**	80,000,000,000	800,000
Convertible preferred shares of HK$0.01 each at 31 December	**555,000,000**	**5,550**	555,000,000	5,550
Issued and fully paid:				
Ordinary shares of HK$0.01 each				
As at 1 January 2016/2015	**7,820,554,682**	**78,206**	7,820,554,682	78,206
Open offer	**2,606,851,560**	**26,068**	—	—
Placing	**2,600,000,000**	**26,000**	—	—
Consideration issue	**14,000,000**	**140**	—	—
Shipyard Termination Shares	**9,382,164,000**	**93,822**	—	—
Assumption Consideration Shares	**3,595,420,415**	**35,954**	—	—
New Shares under the Creditors' Scheme	**1,920,886,282**	**19,209**	—	—
New Shares under Debt Rescheduling Agreement; the Interim Financing Agreement and the Working Capital Loan Agreement	**2,687,410,831**	**26,874**	—	—
As at 31 December	**30,627,287,770**	**306,273**	7,820,554,682	78,206
Convertible preferred shares of HK$0.01 each at 31 December	**555,000,000**	**5,550**	555,000,000	5,550

Notes:

a) By an ordinary resolution passed at the special general meeting held on 22 June 2015, the Company's authorised ordinary share capital was increased to HK$800,000,000 by the creation of an additional 65,555,000,000 ordinary shares of HK$0.01 each, ranking pari passu with the existing Shares in all respects.

b) During the years ended 31 December 2016 and 2015, none of the Convertible Notes Due 2015 were converted into ordinary shares.

c) All ordinary shares rank pari passu in all respects.

19. DIVIDENDS

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2016 (2015: Nil).

20. CONTINGENT LIABILITIES

Proceeding in BVI

On 18 June 2012, the Company received from SSL two notices to exercise its redemption rights under the TGIL preferred shares and TGIL convertible unsecured notes (the "TGIL Notes Due 2014"), and SSL applied for an order to appoint joint and several liquidators for, and to liquidate TGIL.

On 17 July 2012 (BVI time), the Eastern Caribbean Supreme Court (the "BVI Court") ordered (the "Order") the liquidation of TGIL and that Russell Crumpler of KPMG (BVI) Limited together with, 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), Titan Oil Storage Investment Limited ("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 (the "BVI Court of Appeal") against the above order and applied for a stay of execution thereof pending the determination of the appeal. The stay application was subsequently withdrawn. Further details in respect of the above are included in the Company's announcement dated 20 July 2012.

The BVI Court of Appeal was stayed until 20 March 2013 (BVI time) by consent of TOSIL as appellant and SSL and TGIL as respondents. It is intended that the Appeal will be withdrawn as part of the settlement of all litigation relating to the Group pursuant to the settlement deed.

A numbers of distributions to creditors of TGIL is still in progress until the liquidators of TGIL released from all obligation under the Order.

Proceedings in Hong Kong

(i) On 31 December 2015, Mr. Wong Siu Hung Patrick (the "Plaintiff") filed a claim in the Labour Tribunal in Hong Kong against TRML for the sum of HK$1,046,551.15 allegedly due to the termination of the employment contract between the Plaintiff and the TRML (the "Claim"). The Plaintiff was a former executive director of the Company. He resigned as an executive director of the Company and also ceased to act as the Company's authorised representative and the directors of the wholly-owned subsidiaries of the Company on 30 September 2015. The Claim was subsequently transferred to the Hong Kong High Court and the Company was joined as second defendant. Pursuant to the directions of Hong Kong High Court dated 13 April 2016, the Plaintiff filed and served the Statement of Claim on 25 April 2016, in which the Claim amount was revised to HK$1,069,251.28. On 17 June 2016, TRML and the Company filed and served the Defense to Hong Kong High Court. The case is under progress of exchanging all the relevant documents to the High Court by the Plaintiff and the Defendants.

(ii) On 7 December 2016, A. Plus Financial Press Limited, filed a claim in the High Court against the Company for the sum of HK$1,117,018.15 due to the dispute of printer's fees from September 2015 to July 2016. The company has filed and served the Defense on 9 March 2017.

Proceeding in the PRC

Titan Quanzhou Shipyard Co., Ltd ("TQS"), as the second defendant, was claimed by Shanghai Pudong Development Bank Fuzhou Branch ("SPDB") in Xiamen Maritime Court for overdue bank loan by Guangdong Zhenrong Energy Limited. The legal counsel of TQS attend the Court hearing and defended that TQS was not the appropriate defendant for this claim by SPDB against GZE. The final judgment is awaited from the Court.

Amounts due to deconsolidated subsidiaries/jointly-controlled entity

In prior years, the Group had several liabilities due to the deconsolidated subsidiaries and jointly-controlled entity in which they were placed in liquidation. During the year ended 31 December 2016, a creditor scheme in respect of an amount due to one of the deconsolidated subsidiaries of approximately HK$333 million was successfully completed. Nevertheless, the liquidation for the remaining deconsolidated subsidiaries and jointly-controlled entity of approximately HK$141,560,000 and HK$98,953,000 due to them respectively are still in process. Derecognition of such contingent liabilities are subject to the completion of liquidation of the deconsolidated subsidiaries and the jointly-controlled entity or completion of the relevant creditors scheme if any. In the opinion of the directors, the liquidation for the jointly-controlled entity is expected to be completed in 2017.

21. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current year presentation. In the opinion of the Directors, such reclassifications provide a more appropriate presentation on the consolidated financial statements.

22. EVENTS AFTER THE REPORTING PERIOD

(a) On 10 January 2017 and 15 February 2017, the Group had entered into the Framework Agreement and the Amended Framework Agreement, respectively, pursuant to which the Company has conditionally agreed to acquire 46% indirect interest in Zhoushan Yatai Shipbuilding Engineering Co., Ltd at the consideration of RMB100,000,000 (equivalent to approximately HK$112,927,997.10), which shall be satisfied by the allotment and issue of 1,411,599,964 consideration shares at the issue price of HK$0.08 per share by the Company under the Amended Framework Agreement upon completion.

(b) On 19 January 2017, the Company and the several joint venture parties have formed and registered a sinoforeign joint stock limited company, Sinozing Shipyard Stock Limited Company* (the "JV Company"), with the Shanghai Administration for Industry and Commerce. The JV Company was jointly initiated by Titan Oil Storage Investment Limited ("TOSIL"), a wholly-owned subsidiary of the Company with three independent third parties in the PRC.

(c) On 28 March 2017, the Company had entered into a non-legally binding memorandum of understanding (the "MOU") with EMS Energy Limited ("EMS") in relation to a total of SG$10 million potential investment (the "Proposed Investment") by subscribing the convertible notes to be issued by EMS (the "Convertible Notes"), to enable for the completion of construction of a shipyard of EMS which is located at 12 Tuas South Street 15, Singapore with an area of 23,237.88 square meters and 106 meters waterfront boundary length (the "Shipyard").

AUDITORS' OPINION

The auditors' opinion as extracted from the Group's financial statements for the year ended 31 December 2016 as set out below:

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

1. Scope limitation in connection with the transactions in current year

(a) Scope limitation — written off of prepayments, deposits and other receivables

During the year ended 31 December 2016, the Group has written off the amounts of approximately HK$30,724,000 in relation to the prepayments, deposits and other receivables recorded in Titan Quanzhou Shipyard Co., Limited (the "Receivables"). As the best knowledge of the directors, the Receivables have been recorded in the books of Titan Shipyard since 2011. As represented by the directors, the Group has actively identified and negotiated with the debtors of the Receivables individually to confirm the nature and balances during the year ended 31 December 2016. However, approximately HK$30,724,000 of prepayments, deposits and other receivables were unidentified. Accordingly, the Group wrote off the Receivables and charged to the consolidated profit or loss for the year ended 31 December 2016 based on the consideration that such Receivables were recorded for a long period of time and the existence and the recoverability of the Receivables were in doubts.

We were unable to obtain sufficient appropriate audit evidence regarding the written off of Receivables because (i) there was inadequate documentary evidence available for us to verify the validity, existence, completeness and accuracy for the balance of the Receivables; (ii) we were unable to carry out any effective confirmation procedures for the purpose of confirming the balance of the Receivables; (iii) there was no alternative audit procedures that we could perform to satisfy ourselves as to whether the timing and the treatment to write off the Receivables were appropriate; and (iv) we were unable to obtain appropriate audit evidence regarding whether any related party transactions were involved in the Receivables and appropriateness of the related disclosure thereof.

(b) Scope limitation — other gain arising from the derecognition of liabilities

As disclosed in note 5, the Group recognised income of approximately HK$141,560,000, HK$98,953,000 and HK$39,145,000 in relation to the derecognition of liabilities arising from (i) an amount due to deconsolidated subsidiaries (the "Deconsolidated Subsidiaries"); (ii) an amount due to a deconsolidated jointly-controlled entity (the "JC Entity"); and (iii) other payables and accruals respectively.

(i) Derecognition of liabilities for amount due to Deconsolidated Subsidiaries

The Deconsolidated Subsidiaries were deconsolidated from the Group since 2013 because the Deconsolidated Subsidiaries were placed in liquidation and the directors considered that the Group's control over the Deconsolidated Subsidiaries had been lost. As a result, amounts of approximately HK$141,560,000 due to the Deconsolidated Subsidiaries were recorded in the Group's consolidated statement of financial position since then.

During the year ended 31 December 2016, the directors are in the opinion that the Group had no obligation to settle the liabilities because the liquidation of the Deconsolidated Subsidiaries were in progress and there was no demand notice given by any of the Deconsolidated Subsidiaries to the Group since deconsolidation for the requisition of settlement of the liabilities. Accordingly, the Group derecognised such liabilities and credited to other income for the derecognition of liabilities of approximately HK$141,560,000 in the profit or loss for the year ended 31 December 2016.

(ii) Derecognition of liabilities for amount due to JC Entity

The JC Entity is currently under liquidation and a liquidator has been appointed by the creditors (the "Liquidator") to liquidate the JC Entity. In the statement of assets and liabilities issued by the Liquidator, there was no balance showing the amounts of liabilities due to the JC Entity by the Group and there was no demand notice given by the Liquidator of the JC Entity to the Group for the requisition of settlement of the liabilities.

In this regard, the directors are in the opinion that the Group has no obligation to settle the liabilities and therefore derecognised the liabilities and credited to other income for the derecognition of liabilities of approximately HK$98,953,000 in the profit or loss for the year ended 31 December 2016.

(iii) Derecognition of liabilities for other payables and accruals

During the year ended 31 December 2016, the Group derecognised an amount of approximately HK$39,145,000 in relation to other payables and accruals recorded in Titan Quanzhou Shipyard Co., Limited (the "Titan Shipyard") (the "Payables"). As the best knowledge of the directors, the Payables were recorded in the books of Titan Shipyard since 2011. As represented by the directors, the Group has actively identified and negotiated with the creditors of the Payables individually to confirm the nature and balances during the year ended 31 December 2016. However, as at 31 December 2016, approximately HK$39,145,000 of other payables and accruals were unidentified. Accordingly, the Group derecognised the Payables and credited as income in the consolidated profit or loss for the year ended 31 December 2016 based on the consideration that (i) the Payables were due for a long period of time; and (ii) there was no demand notice given by any of the creditors of the Payables for the settlement of the such liabilities.

For the purpose of our audit, we were unable to obtain sufficient appropriate audit evidence for the above mentioned derecognition of liabilities because (i) there was inadequate documentary evidence available for us to verify the validity, existence, completeness and accuracy for the balances of the above mentioned liabilities; (ii) we were unable to carry out any effective confirmation procedures for the purpose of (a) confirming the balances of the above mentioned liabilities; (b) confirming the appropriateness for the discharge of the liabilities and whether it was appropriate to decognise in financial year ended 31 December 2016; and (iii) there was no alternative audit procedures that we could perform to satisfy ourselves as to whether the appropriateness of accounting treatment for the derecognition of liabilities and credited as income was appropriate.

Any adjustments that might have been found necessary from any of the above matters may have a significant effect on the Group's financial position as at 31 December 2016 and of its financial performance and cash flows for the years ended 31 December 2016, and the related disclosures in the respective consolidated financial statements.

2. Scope limitation — Opening balances and corresponding figures

The auditors' report dated 29 March 2016 in respect of the audit of the consolidated financial statements of the Group for the year ended 31 December 2015 was disclaimed as a result of scope limitation (i) Assets and liabilities of a disposal group classified as held for sale; (ii) Amounts due from/to holding companies of a deconsolidated jointly-controlled entity; (iii) Amounts due from/to deconsolidated subsidiaries; (iv) Financial guarantee contracts and commitments; (v) Events after the reporting period; and (vi) Related party transactions. As a result, we were unable to obtain sufficient appropriate audit evidence regarding the opening balances and corresponding figures and there were no alternative audit procedures to satisfy ourselves as to whether the opening balances and corresponding figures were free from material misstatement. Any adjustments that might have been found necessary may have an effect on the Group's assets and liabilities as at 31 December 2015 and 2016 and its results for the years ended 31 December 2015 and 2016, and the presentation and disclosure thereof in the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Overview

Revenue of the Group for the year ended 31 December 2016 was approximately HK$760.9 million, which was mainly attributable to the income from the trading of bulk commodities business, including petroleum, petrochemical and other related products which was reactivated during the second half of the year under review. As disclosed in the annual report of the Company for the year ended 31 December 2015, the Group did not earn any revenue in this segment for the year ended 31 December 2015.

The Group recorded a profit attributable to owners of the Company of approximately HK$1,889.8 million for the year ended 31 December 2016, as compared to the loss attributable to shareholders of approximately HK$241.8 million for the year ended 31 December 2015. The turnaround from loss to profit was mainly due to the significant increase in other gain of approximately HK$2,155.3 million for the year under review as compared with that for the year ended 31 December 2015, which was mainly attributable to the non-cash gains of approximately HK$1,542.1 million arising from the completion of the debts restructuring of the Group, gain on settlement of amount due to a deconsolidated subsidiaries of approximately HK$324.2 million, derecognition of amount due to deconsolidated subsidiaries of approximately HK$141.6 million, and derecognition of amount due to a deconsolidated jointly-controlled entity of approximately HK$99.0 million, during the year under review.

Business Review

Shipbuilding and ship repair business

After resumption of trading of the Group on 15 July 2016, the Group was in the process of re-activate its shipbuilding and ship repair businesses by utilizing the Quanzhou shipyard and the qualified and experienced work force that it has retained there to rebuild the business of the Group. The business was reclassified as “continuing operation” during the year under review from “discontinued operation” during the year 2015 after completion of the restructuring. During the year, there is no revenue generated under this segment yet.

The Group has been preparing to commence the ship repair business in the first quarter of 2017.

Bulk commodities trading business

During the six months ended 31 December 2016, the Group has re-activated its trading business of various bulk commodities products including petroleum, petrochemical and other related products which achieved sales of approximately HK$760.9 million and gross profit of approximately HK$1.5 million.

In 2017, the Company had entered into a co-operation agreement and a memorandum of understanding with different parties in order to expand the volume of business orders of the Group.

Outlook

Looking forward in 2017, the China’s shipbuilding industry is still facing the overcapacity, price-competitiveness and fierce competition and the most challenge is the new orders remain lackluster to sustain the operation. Accordingly, some shipbuilding enterprises with excellent operation performance are expected to ultimately survive and some of them focusing on market segments and specializing in characteristic production will also survive. It is expected that China’s shipbuilding industry will accelerate its transformation and will generally enter into an industrial structure adjustment stage.

Following the implementation of the national continuing strategies of "One Belt, One Road", "Made in China 2025" and "The thirteen five year plan", the Group would be taking advantages and embracing new opportunities to continually optimized the business structure of the Company, in order to grasp the opportunities when the upturn of the China's shipbuilding market eventually comes.

The Group will continue adopt diversified business strategies to cope with the risks of the China's domestic economy downturn, and allocate resources flexibly to seize any possible investment opportunities. The Group believes that our business will continue to expand and generate greater return to our investors. Ultimately, the Group will continue to strengthen its overall financial position in preparation for any possible changes in the industry, and to grasp any feasible and profitable investment opportunities.

Liquidity and Financial Resources

As at 31 December 2016, the Group's net assets amounted to approximately HK$97.2 million, compared to net liabilities of HK$4,049.1 million as at 31 December 2015.

The Group financed its operations mainly through the loans from the immediate holding company, the ultimate holding company, the banks and other independent third parties in Hong Kong, Mainland China and Singapore. As at 31 December 2016,

a) The Group had:

- Cash and bank balances of HK$257.7 million (31 December 2015: HK$10.0 million), restricted cash of HK$Nil (31 December 2015: HK$26.5 million). These balances were comprised of:

  – an equivalent of HK$121.0 million (31 December 2015: HK$28.5 million) denominated in US dollars ("USD")

  – an equivalent of HK$0.2 million (31 December 2015: HK$0.1 million) denominated in Singapore dollars ("SG$")

  – an equivalent of HK$91.7 million (31 December 2015: HK$1.0 million) denominated in Renminbi ("RMB")

  – HK$44.8 million (31 December 2015: HK$6.9 million) in Hong Kong dollars ("HK$")

- Interest-bearing bank and other loans of HK$390.0 million (31 December 2015: HK$256.1 million), of floating rate loans denominated in USD amounted to HK$Nil (31 December 2015: HK$5.9 million). The Group's bank and other loans having maturities within one year amounted to HK$Nil (31 December 2015: HK$5.9 million)

- Loans from the ultimate holding company of HK$1,716.7 million (31 December 2015: HK$1,936.3 million), of which HK$1,630.8 million (31 December 2015: HK$1,936.3 million) having maturities over one year

- Loans from the immediate holding company of HK$Nil (31 December 2015: HK$143 million).

b) The Group had:

- Current assets of HK$601.0 million (31 December 2015: HK$245.8 million) and total assets of HK$3,168.3 million (31 December 2015: HK$2,997.5 million)
- Total bank and other loans of HK$390.0 million (31 December 2015: HK$256.1 million)
- The Senior Notes Due 2012 of HK$Nil (31 December 2015: HK$882.3 million)
- The Convertible Notes Due 2015 of HK$Nil (31 December 2015: HK$441.8 million)
- The PIK Notes Due 2015 of HK$Nil (31 December 2015: HK$88.6 million)
- Convertible preferred shares issued by the Company (the "Titan preferred shares") with a liability portion of HK$379.5 million (31 December 2015: HK$435.3 million)
- Loans from the ultimate holding company of HK$1,716.7 million (31 December 2015: HK$1,936.4 million)
- Loans from the immediate holding company of HK$Nil (31 December 2015: HK$143.2 million).

Charges on Assets

The Group's banking and other facilities, were secured or guaranteed by:

- Construction in progress with an aggregate carrying value of HK$735.1 million (31 December 2015: HK$785.3 million)
- Machinery with an aggregate net carrying value of HK$52.8 million (31 December 2015: HK$83.5 million)
- Buildings with an aggregate net carrying value of HK$393.2 million (31 December 2015: HK$435.2 million)
- Prepaid land/seabed lease payments with an aggregate net carrying value of HK$244.1 million (31 December 2015: HK$254.8 million)
- Investment property with an aggregate net carrying value of HK$172.0 million (31 December 2015: HK$156.2 million)
- Corporate guarantees executed by the Company and its subsidiaries
- Corporate guarantees executed by the subsidiaries of the ultimate holding company
- Personal guarantees executed by a related party and a former director of the Company
- Certain Company shares owned by related parties of the Company.

Gearing

The Group's current ratio was 1.14 (31 December 2015: 0.05). The gearing of the Group, calculated as the total bank and other loans, the Senior Notes Due 2012, the Convertible Notes Due 2015, the K-Line Notes Due 2013, the PIK Notes Due 2015, loans from the ultimate holding company and loans from the immediate holding company to total assets decreased to 0.66 (31 December 2015: 1.32).

Contingent Liabilities

The details are disclosed in note 20 to the consolidated financial statement in this announcement.

Material Acquisitions, Disposals and Significant Investment

The Group was not involved in any material acquisitions, disposals and significant investment during the year ended 31 December 2016.

Foreign Exchange Exposure

The Group operated in Mainland China, Hong Kong and Singapore and primarily used RMB and USD for the business in Mainland China, HKD and USD in Hong Kong and USD and SGD in Singapore. The Group exposed to foreign exchange risk based on fluctuations between HKD, USD and RMB arising from its core operation in the Mainland China and Hong Kong. The Group does not undertake any derivatives financial instruments or hedging instruments for speculative purposes. The Group will constantly review the economic situation and its foreign currency risk profile, continue to actively monitor foreign exchange exposure to minimize the impact of any adverse currency movement.

Employees and Remuneration Policies

As at 31 December 2016, the Group had 117 employees (31 December 2015: 173), of which 96 employees (31 December 2015: 151) worked in Mainland China, all of which were from Titan Quanzhou Shipyard, and 20 employees and 1 employee (31 December 2015: 20 and 2) were based in Hong Kong and Singapore, respectively. Remuneration packages including basic salaries, bonuses and benefits-in-kind, were structured by reference to market terms and individual merit and are reviewed on an annual basis based on performance appraisals. No share options were granted to employees of the Group during the year ended 31 December 2016.

Debts Restructuring

On 25 November 2013, the Company announced, among other things, to restructure the scheme claims of all creditors of the Company bound by a Bermuda Scheme of arrangement (the "Scheme Creditors") (the "Creditors' Scheme").

On 22 October 2014, separate meetings of Existing Notes Creditors 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. 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 date.

On 11 March 2016 (Bermuda time), the Bermuda Court ordered to extend the long stop date of the Creditors' Scheme of the Company to 1 April 2016 (Bermuda time). On 1 April 2016 (Bermuda time), the Bermuda Court ordered to extend the long stop date of the Creditors' Scheme of the Company to 15 July 2016 (Bermuda time).

The details of the debt restructuring and remaining indebtedness arrangements were disclosed in the circular dated 13 May, 2016.

Upon completion of the debt restructuring during 2016, the liabilities of Guaranteed Senior Convertible Notes (Convertible Notes due 2015"), Guaranteed Senior Payment-in-kind notes ("PIK Notes due 2015"), and Notes Payable (The K-line Notes due 2013) are all fully released. Their balances at 31 December 2016 are all zero.

In 2007, the Company issued preferred shares at the stated value of HK$0.56 per share ("Titan Preferred Shares"). The Group has entered into a deed and subsequent amendments regarding the extension of the redemption period of the Titan Preferred shares and the restriction of the conversion of the Titan Preferred Shares. The Modification Deed will be conditional upon the fulfillment of certain conditions. The Company further entered into supplemental agreements, pursuant to which the parties agreed to extend the long stop date for the satisfaction of the conditions under the Modification Deeds. The Modification Deed became effective on 24 June 2016. As at 31 December, 2016, the Titan Preferred Shares are recorded at fair value of approximately HK$379.5 million.

All the terms and conditions under the GZE Excess Liabilities Undertaking, the Working Capital Loan Agreement, the Debt Rescheduling Agreements, the Interim Financing Agreements, the Loan Rescheduling Agreements and the GZE Purchase Order MOU in relation to the debt restructuring have become effective on 24 June 2016.

In relation to the amount due to the deconsolidated subsidiaries of approximately HK$333.3 million, the Group proposed to restructure its debts by negotiating with the liquidators of the deconsolidated subsidiaries to compromise debts by any payments to be made to Titan Resources Management (S) Pte. Ltd. (in liquidation), a company incorporated in Singapore, or any party amounted to approximately HK$9.1 million. The Group has fully settled the amount during the year under review. So the remaining balance of approximately HK$324.2 million was recognized as gain on debt restructuring.

Resumption of Trading

Trading in the ordinary shares of the Company on The Stock Exchange of Hong Kong Limited ("the Stock Exchange") was suspended with effect from 9:00 a.m. on 19 June 2012. As all the conditions on the resumption proposal of the Company have been fulfilled and the winding up petition was withdrawn. The joint and several provisional liquidators of the Company were discharged at midnight on 14 July 2016 (Hong Kong time). Trading in the shares of the Company on the Stock Exchange was resumed with effect from 9:00 a.m. on Friday, 15 July 2016.

Details were disclosed in the announcements of the Company dated 2 February 2016, 16 March 2016, 18 March 2016, 5 May 2016, 14 July 2016 and 15 July 2016 and the circular of the Company dated 13 May 2016.

Open Offer and Subscription of New Shares

During the year ended 31 December 2016, 2,606,851,560 open offer shares and 2,600,000,000 subscription shares were allotted and issued to the qualifying shareholders and the subscriber respectively on 30 June 2016.

The Company has raised approximately HK$260,685,000 and HK$260,000,000 through the open offer and subscription of shares respectively which took place on 30 June 2016. After deducting share issuance expense and professional fee regarding to the open offer and subscription of new shares, the net proceeds amounted to approximately HK$519,183,000. The proceeds raised has been used for repayment to Existing Notes Creditors and the Non-Note Creditors and creditors of approximately HK$264,631,000, approximately HK$17,071,000 for the settlement of certain debts under the Remaining Indebtedness Arrangements and general working capital of approximately HK$42,529,000. The remaining balance of the net proceeds was placed in bank accounts. The Group will apply the remaining net proceeds in the manner set out in the Circular of the Company dated 13 May 2016.

Events after Reporting Period

Formation of a joint venture company

The Company have through an indirect-wholly subsidiary company, Titan Oil Storage Investment Limited formed a joint venture company, namely 振戎重工股份有限公司 (Sinozing Shipyard Stock Limited Company*) ("JV Company") with the independent third parties in People's Republic of China on 19 January 2017.

The JV Company is located in the North Bund Area of Hongkou District, Shanghai, China ("North Bund"), where was entitled of "shipping Headquarter Base" in 2012 by the Ministry of Transport, the PRC. Many famous international and Chinese shipping companies registered their China headquarters in this area. The JV Company is proposed to reply on the policy and geographical advantages of the North Bund, to offer the integrated service of ship repair, shipbuilding, ship conversation, maritime construction and maritime services business starting from China market. The JV Company aims to build up a leading comprehensive service company of ship industry in Asia.

Acquisition of Zhoushan Yatai Shipbuilding Engineering Co., Ltd. ("Zhoushan Yatai")

The Group had entered into the Framework Agreement and the Amended Framework Agreement on January and February 2017 respectively, pursuant to which the Company has conditionally agreed to acquire 46% indirect interest in Zhoushan Yatai at the consideration of RMB100,000,000 (equivalent to approximately HK$112,927,997.10), which shall be satisfied by the allotment and issue of 1,411,599,964 consideration shares to the guarantor and vendor under the general mandate at the issue price of HK$0.08 per share by the Company under the Amended Framework Agreement upon completion. The long stop date regarding the completion at the Amended Framework Agreement has been extended to 31 March 2017.

Upon completion of the acquisition, Zhoushan Yatai will become an associated company of the Group, and the Group's indirect interest in Zhoushan Yatai through VIE structure will still be 46%. Zhoushan Yatai is principally engaged in the business of repair and reconstruction of marine and offshore drilling platforms, marine engineering equipment and facilities. Zhoushan Yatai is located in the center of East China shipping line and on adjacent area of Shanghai, Zhoushan and Ningbo ports. It has deepwater coastlines and hinterland resources and there is no time and tide limit for the vessels entering and leaving the dockyard. Thus it is an ideal location for shipyard repairing.

Proposed Investment in a Singapore Company

On 28 March 2017, the Company had entered into a non-legally binding memorandum of understanding with EMS Energy Limited ("EMS") in relation to a total of SG$10 million potential investment by subscribing the convertible notes to be issued by EMS, to enable for the completion of construction of a shipyard of EMS which is located at 12 Tuas South Street 15, Singapore with an area of 23,237.88 square meters and 106 meters waterfront boundary length.

AUDITORS

On 20 February 2017, Elite Partners CPA Limited was appointed as auditors of the Company to fill the casual vacancy upon the resignation of HLB Hodgson Impey Cheng Limited. A resolution for re-appointment of Elite Partners CPA Limited as auditors of the Company will be proposed at the forthcoming annual general meeting.

DIVIDEND

The Board of the Company does not recommend the payment of any dividend for the year ended 31 December 2016 (31 December 2015: HK$Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There were no purchases, sales or redemptions by the Company, or any of its subsidiaries, of the Company's listed securities during the year.

CORPORATE GOVERNANCE PRACTICE

The Company has complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") during the year ended 31 December 2016.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 to the Listing Rules as the Company's code of conduct regarding director securities transactions. Having made specific enquiries of the relevant directors during the year, all the relevant directors confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2016.

REVIEW OF FINANCIAL STATEMENTS

The Company has established an audit committee for the purposes of reviewing and providing supervision over the financial reporting process and internal controls of the Group. The audit committee comprises all three independent non-executive directors of the Company.

The audit committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2016 and discussed the same with management and the external auditors and, as a result, is of the opinion that such statements comply with the applicable accounting standards, the Listing Rules and other reporting requirements, and that adequate disclosures have been made.

By order of the Board
Titan Petrochemicals Group Limited
Zhang Weibing
Executive Director

Hong Kong, 31 March 2017

As at the date of this announcement, the executive directors are Dr. Zhang Weibing, Mr. Tang Chao Zhang, Mr. Hu Hongwei and Dr. Liu Liming; and the independent non-executive directors are Mr. Lau Fai Lawrence, Ms. Xiang Siying and Dr. Han Jun.

* *for identification only*