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Titan Petrochemicals Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1192)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 2017 with comparative figures for the year ended 31 December 2016, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Revenue	3(i)	**1,024,146**	760,921
Cost of sales		**(1,008,673)**	(759,466)
Gross profit		**15,473**	1,455
Other income	3(ii)	**3,863**	1,415
Other gain or loss	4	**40,590**	2,221,204
Share results of associate companies		**(1,878)**	—
General and administrative expenses		**(126,252)**	(155,265)
Finance costs	5	**(190,796)**	(173,437)
(Loss)/Profit before tax	6	**(259,000)**	1,895,372
Income tax expense	7	**(6,346)**	(5,553)
(LOSS)/PROFIT FOR THE YEAR		**(265,346)**	1,889,819
(Loss)/Profit for the year attributable to:			
Owners of the Company		**(263,630)**	1,889,840
Non-controlling interests		**(1,716)**	(21)
		(265,346)	1,889,819
BASIC AND DILUTED (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	8		
Basic per share *(cents)*		**(1.16)**	9.77
Diluted per share *(cents)*		**(1.16)**	9.57

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2017

	Notes	**2017**	2016
		HK$'000	*HK$'000*
(Loss)/Profit for the year		**(265,346)**	1,889,819
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**1,448**	(24,206)
Other comprehensive income/(loss) for the year, net of tax		**1,448**	(24,206)
Total comprehensive (loss)/income for the year		**(263,898)**	1,865,613
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(262,182)**	1,865,631
Non-controlling interests		**(1,716)**	(18)
		(263,898)	1,865,613

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**2,593,434**	2,113,588
Prepaid land lease payments		**337,101**	281,650
Investment properties		**224,419**	172,034
Goodwill		**138,595**	—
Interest in associate companies		**55,426**	—
Available-for-sale financial assets		**190,160**	—
Total non-current assets		**3,539,135**	2,567,272
CURRENT ASSETS			
Inventories		**24,430**	39,363
Trade receivables	*9*	**309,714**	209,274
Prepayments, deposits and other receivables		**177,504**	94,633
Tax recoverable		**784**	—
Available-for-sale financial assets		**8,356**	—
Cash and cash equivalents		**83,385**	257,712
Total current assets		**604,173**	600,982
CURRENT LIABILITIES			
Trade payables	*10*	**179,194**	183,352
Other payables and accruals		**456,554**	188,000
Bank and other loans		**221,991**	—
Interest payable of bank and other loans		**77,449**	—
Convertible bonds		**81,853**	—
Tax payable		**—**	930
Amounts due to associate companies		**46,465**	—
Amount due to the ultimate holding company		**405,948**	154,887
Total current liabilities		**1,469,454**	527,169
NET CURRENT (LIABILITIES)/ASSETS		**(865,281)**	73,813

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,673,854**	2,641,085
NON-CURRENT LIABILITIES			
Interest payables of other loans		**261**	50,290
Other loans		**265,315**	390,020
Amount due to the ultimate holding company		**1,640,251**	1,630,842
Liability portion of convertible preferred shares	*11*	**394,116**	379,509
Deferred tax liabilities		**127,247**	93,195
Total non-current liabilities		**2,427,190**	2,543,856
NET ASSETS		**246,664**	97,229
EQUITY			
Attributable to owners of the Company			
Share capital	*12*	**393,645**	306,273
Deficits		**(162,541)**	(209,026)
		231,104	97,247
Non-controlling interests		**15,560**	(18)
TOTAL EQUITY		**246,664**	97,229

1.1 BASIS OF PREPARATION

These consolidated financial statements 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.

The Group incurred a net loss of approximately HK$265,346,000 for the year ended 31 December 2017 and had net current liabilities of approximately HK$865,281,000 as at 31 December 2017. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liability in the normal course of business. Nevertheless, the Directors are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from the date of approval of these consolidated financial statements, on the basis that:

(i) The Directors will strengthen to implement measures aiming of improving the working capital and cash flows of the Group including closely monitor the general administrative expenses and operating costs; and

(ii) The Directors will negotiate with certain bankers to obtain additional banking facilities, if necessary.

Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to the consolidated financial statements to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effect of these adjustments have not been reflected in the consolidated financial statements.

1.2 APPLICATIONS OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (HKFRSs)

In the current year, the Group has applied for the first time the following amendments to HKFRSs that are mandatorily effective for an accounting period that begins on or after 1 January 2017:

- Amendment to HKAS 7 Disclosure Initiative;
- Amendment to HKAS 12 Recognition of Deferred Tax Assets for Unrealised losses; and
- Annual Improvements to HKFRSs, 2014-2016 Cycle

The amendments to HKAS 7 require an entity to make disclosures that aim to enable users of financial statements to evaluate changes in liabilities arising from financing activities. Other than such additional disclosures, the application of the amendments has not had any material effect on the consolidated financial statements.

The amendments to HKAS 12 clarify when unrealised losses on a debt instrument measured at fair value would give rise to a deductible temporary difference and how to evaluate whether sufficient future taxable profits are available to utilise a deductible temporary difference. The application of the amendments has not had any material effect on the consolidated financial statements.

Annual improvements to HKFRSs (2014-2016 cycle) include an amendment to HKFRS 12 that clarifies that, when an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) is classified (or included in a disposal group that is classified) as held for sale in accordance with HKFRS 5 Non-current Assets held for Sale and Discontinued operations, it is not required to disclose summarised financial information for that subsidiary, joint venture or associate, as required by HKFRS 12 Disclosure of Interests in Other Entities.

The Group has not early adopted any new or revised HKFRSs that are not yet mandatorily effective for the current year.

1.3 NEW AND REVISED HKFRSS THAT ARE NOT MANDATORILY EFFECTIVE FOR THE CURRENT YEAR

The Group has not applied any of the following new and revised HKFRSs that have been issued but are not yet mandatorily 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 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[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 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2014-2016 Cycle[4]
HK(IFRIC) Interpretation 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) Interpretation 23	Uncertainty over Income Tax Treatments[2]

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 For those amendments that will become effective for annual periods beginning on or after 1 January 2018

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) trading of commodities; and (b) shipbuilding, ship repairing and manufacturing of steel structure.

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 (loss)/profit before tax. The adjusted (loss)/profit before tax is measured consistently with the Group's (loss)/profit 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 2017.

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. The intersegment sales for the year ended 2017 was approximately HK$12,258,000 (2016: HK$Nil).

Year ended 31 December 2017

	Trading of commodities *HK$'000*	Shipbuilding, ship repairing and manufacturing of steel structure *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Segment revenue				
— Revenue from external customers	**920,071**	**103,066**	**1,009**	**1,024,146**
Segment results	**14,400**	**(94,982)**	**—**	**(80,582)**
Adjusted for:				
— interest income	**—**	**—**	**385**	**385**
— other income	**—**	**—**	**1,400**	**1,400**
— other gain	**—**	**—**	**5,126**	**5,126**
— other expenses	**—**	**—**	**(36,634)**	**(36,634)**
Add: depreciation and amortisation	**348**	**54,893**	**2,123**	**57,364**
Operating profit/(loss) before interest, tax, depreciation and amortisation	**14,748**	**(40,089)**	**(27,600)**	**(52,941)**
Gain on fair value change of investment property	**—**	**—**	**40,030**	**40,030**
Gain on disposal of interest in subsidiary	**—**	**—**	**3,948**	**3,948**
Share results of associate companies	**—**	**—**	**(1,878)**	**(1,878)**
Profit/(loss) before interest, tax, depreciation and amortisation	**14,748**	**(40,089)**	**14,500**	**(10,841)**
Depreciation and amortisation	**(348)**	**(54,893)**	**(2,123)**	**(57,364)**
Finance costs	**—**	**(165,827)**	**(24,968)**	**(190,795)**
Profit/(loss) before tax	**14,400**	**(260,809)**	**(12,591)**	**(259,000)**

Year ended 31 December 2016

	Trading of commodities *HK$'000*	Shipbuilding, ship repairing *HK$'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 convertible 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

Geographical information

	Mainland China		Other Asia Pacific countries		Consolidated	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
a) Revenue						
Revenue from external customers	**133,496**	—	**890,650**	760,921	**1,024,146**	760,921
b) Other information						
Segment assets	**583,042**	2,688,694	**3,560,266**	479,560	**4,143,308**	3,168,254
Segment liabilities	**620,460**	2,435,837	**3,276,184**	635,188	**3,896,644**	3,071,025
Capital expenditures	**6,127**	817	**12**	14	**6,139**	831

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:

	2017	2016
	HK$'000	*HK$'000*
Customer A	**513,697**	479,479
Customer B	**211,344**	281,442

3. REVENUE AND OTHER INCOME

(i) Revenue:

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

	2017	2016
	HK$'000	*HK$'000*
Trading of commodities	**920,071**	760,921
Shipbuilding, ship repairing and manufacturing of steel structure	**103,066**	—
Others	**1,009**	—
	1,024,146	760,921

(ii) **Other income:**

	2017	2016
	HK$'000	*HK$'000*
Rental income	**1,681**	1,182
Bank interest income	**385**	80
Sundry income	**1,797**	153
	3,863	1,415

4. OTHER GAIN OR LOSS

	2017	2016
	HK$'000	*HK$'000*
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 investment property	**40,030**	27,159
Gain on loan capitalisation	**30,760**	—
Gain on fair value change of convertible preferred shares	—	70,424
Gain on disposal of interest in subsidiary	**3,948**	—
Provision for obsolete inventories	**(39,778)**	—
Gain on sale of available-for-sale financial assets	**504**	—
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	**5,126**	(45,737)
	40,590	2,221,204

Note:

(a) Gain on restructuring include the following:

	2017	2016
	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, guaranteed senior convertible notes (the "**Convertible Notes Due 2015**") and guaranteed senior payment-in-kind notes (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.

5. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Interest on:		
Bank and other loans	**27,675**	24,021
Loans from the immediate holding company	**—**	1,750
Loans from the ultimate holding company	**144,288**	133,058
Titan preferred shares	**14,608**	14,608
Imputed interest on Convertible bonds	**4,225**	—
	190,796	173,437

6. (LOSS)/PROFIT BEFORE TAX

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

	2017	2016
	HK$'000	*HK$'000*
Employee benefits expenses (excluding directors' remuneration):		
Wages and salaries	**14,109**	14,104
Pension scheme contributions	**1,152**	3,907
	15,261	18,011
Depreciation	**40,667**	45,080
Amortisation of prepaid land lease payments	**6,969**	6,969
Minimum lease payments under operating leases: leasehold buildings	**7,600**	5,282
Auditors' remuneration	**1,132**	878
Loss on disposal of property, plant and equipment	**57**	—
Foreign exchange differences, net	**5,126**	45,737
Impairment of prepayments, deposits and other receivables	**—**	30,724
Provision for obsolete inventories	**39,778**	—

7. INCOME TAX EXPENSE

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:

	2017	2016
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 2017 and 2016.

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 2017 and 2016.

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.

	2017	2016
	HK$'000	*HK$'000*
Current tax:		
Overprovision in prior periods — Hong Kong	**—**	7
Deferred taxation	**(6,346)**	(5,560)
	(6,346)	(5,553)

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

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

	2017	2016
	HK$'000	*HK$'000*
(Loss)/Earnings		
(Loss)/Earnings for the purpose of basic (loss)/earnings per share		
(Loss)/Earnings for the year attributable to owners of the Company	**(263,630)**	1,889,840
Effect of diluted potential ordinary shares:		
Dividends on Titan preferred shares *(note)*	—	14,608
(Loss)/Earnings for the purpose of diluted (loss)/earnings per share	**(263,630)**	1,904,448

	Number of shares	
Number of shares	**2017**	2016
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**22,823,055,885**	19,348,548,183
Effective of dilutive potential ordinary shares:		
Titan preferred shares	—	555,000,000
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**22,823,055,885**	19,903,548,183

Note: No adjustment have been made to the basic loss per share amount presented for the year ended 31 December 2017 as Titan preferred shares and convertible bond outstanding had an anti-dilutive effect on the basic loss per share amount presented.

9. TRADE RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**311,329**	210,879
Accumulated impairment losses	**(1,615)**	(1,605)
	309,714	209,274

The Group reviews the credit terms of trade receivables from time to time and allows credit terms to well-established customers ranging from 30 to 180 days. Efforts are made to maintain strict control over outstanding receivables and overdue balances are reviewed regularly by management. Based on the past experience, the management of the Group was of the opinion that no provision for impairment was necessary in respect of these balances as there had not been a significant change in credit quality and the balances are still considered fully recoverable. 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. An aged analysis of trade receivables at the end of the reporting period, based on the invoice date, is as follows:

	2017	2016
	HK$'000	*HK$'000*
0-90 days	**151,323**	209,274
181-365 days	**108,506**	—
Over one year	**49,885**	—
	309,714	209,274

Included in the above impairment of trade receivables is a provision for individually impaired trade receivables of HK$1,615,000 (2016: HK$1,605,000) with a carrying amount before provision of HK$311,329,000 (2016: HK$210,879,000). The Group does not hold any collateral or other credit enhancements over these balances.

As at 31 December 2017, trade receivables of approximately HK$309,714,000 (2016: 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.

10. 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:

	2017	2016
	HK$'000	*HK$'000*
0-90 days	**108,810**	183,291
91-180 days	**2,314**	61
181-365 days	**30,645**	—
Over one year	**37,425**	—
	179,194	183,352

11. CONVERTIBLE PREFERRED SHARES

	Liability portion
	HK$'000
Titan preferred shares	
At 1 January 2016	435,325
Add: Dividends on Titan preferred shares	14,608
Gain arising on change in fair value of preferred shares	(70,424)
At 31 December 2016 and 1 January 2017	379,509
Add: Dividends on Titan preferred shares	14,607
At 31 December 2017	394,116

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 Guangdong Zhenrong Energy Co., Ltd. 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.

12. SHARE CAPITAL

	2017		2016	
	Number of shares	**Nominal value of shares**	Number of shares	Nominal value of shares
		HK$'000		*HK$'000*
Authorised:				
Ordinary shares of HK$0.08 each at 31 December 2017 and HK$0.01 each at 31 December 2016 *(note a)*	**10,000,000,000**	**800,000**	80,000,000,000	800,000
Convertible preferred shares of HK$0.08 each at 31 December 2017 and HK$0.01 each at 31 December 2016 *(note a) (note 11)*	**69,375,000**	**5,550**	555,000,000	5,550
Issued and fully paid:				
Ordinary shares of HK$0.01 each				
As at 1 January	**30,627,287,770**	**306,273**	7,820,554,682	78,206
Share consolidation *(note a)*	**(28,902,253,754)**	**—**	—	—
Open offer *(note b)*	**—**	**—**	2,606,851,560	26,068
Placing *(note c)*	**—**	**—**	2,600,000,000	26,000
Consideration issue *(note d, e and f)*	**2,203,266,631**	**77,449**	14,000,000	140
Shipyard termination shares *(note g)*	**—**	**—**	9,382,164,000	93,822
Assumption consideration shares *(note h)*	**—**	**—**	3,595,420,415	35,954
New shares under the creditors' scheme *(note i)*	**—**	**—**	1,920,886,282	19,209
New shares under debt rescheduling agreement; the interim financing agreement *(note j)*	**—**	**—**	2,687,410,831	26,874
Loan capitalization agreement *(note k)*	**992,259,413**	**9,923**	—	—
As at 31 December	**4,920,560,060**	**393,645**	30,627,287,770	306,273
Convertible preferred shares of HK$0.08 each at 31 December 2017 and HK$0.01 each at 31 December 2016 *(note a) (note 11)*	**69,375,000**	**5,550**	555,000,000	5,550

Notes:

a) By an ordinary resolution passed by the shareholders at special general meeting held on 4 September 2017, the Company's every eight issued and unissued existing share of HK$0.01 each be consolidated into one consolidated share of HK$0.08 each;

b) On 30 June 2016, the Company issued offer shares on the basis of one offer share for every three existing shares held on 7 June 2016, at the subscription price of HK$0.1 per offer share.

c) On 30 June 2016, the Company issued 2,600 million new shares at subscription price of HK$0.1 per share.

d) On 30 June 2016, the Company issued 14 million consideration shares at HK$0.1 each to settle the professional fees.

e) On 10 January 2017 and 15 February 2017, the Company entered into the framework agreement and amended framework agreement respectively, to acquire 46% indirect interest in Zhoushan Yatai Shipbuilding Engineering Company Limited at the consideration of RMB100,000,000 (equivalent to HK$112,927,997) which was satisfied by issue of 1,411,599,964 consideration shares at the issue price of HK$0.01 by the Company upon completion;

f) On 6 October 2017, Create Treasure Limited, a subsidiary of the Company entered into the sale and purchase agreement to acquire the entire issued capital of Gold Dragon Enterprise Development Limited which was satisfied by issue of 791,666,667 consideration shares at the issue price of HK$0.08 and cash consideration of HK$20 million by the Company to the purchasers;

g) On 30 June 2016, the Company issued 9,382,164,000 new shares at HK$0.1 each, to repay the consideration received in respect of the terminated shipyard sale and purchase agreement.

h) On 30 June 2016, the Company issued 3,595,420,415 new shares at HK$0.1 each, to settle certain account payables and other payable which was assumed by the immediate holding company of the Company.

i) On 30 June 2016, pursuant to the creditor's scheme, the Company issued 1,920,886,282 shares at HK$0.1 each, to settle the liabilities owed to the existing notes creditors.

j) On 30 June 2016, pursuant to the certain debt rescheduling agreements, the Company issued 2,687,410,831 shares at HK$0.1 each, to repay the interest accrued from the loan from the ultimate holding company.

k) On 20 June 2017, the Company entered into two loan capitalization agreements to issue sum of 992,259,413 consideration shares to two subscribers at the issue price of HK$0.10 each per consideration share to repay the outstanding amounts owed by the Group;

l) On 13 April 2017, pursuant to subscription agreement, the Company agreed to issue for the convertible bonds with an aggregate principal amount of HK$78 million. A maximum number of 821,052,631 conversion shares may fall to be issued upon exercise of the conversion rights attached to the convertible bonds in full. During the year ended 31 December 2017, none of convertible bond due 2018 was converted into ordinary shares; and

m) All ordinary share rank pari passu in all respects.

13. DIVIDENDS

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2017 (2016: HK$Nil).

14. CONTINGENT LIABILITIES

Proceeding in BVI

Details please refer to a) British Virgin Islands ("BVI") Proceedings under litigation on page 39 in result announcement.

Proceedings in Hong Kong

Details please refer to Hong Kong Proceeding b) under litigation page 40 in result announcement.

Proceeding in the PRC

Details please refer to the part of (i) of c) PRC Proceeding under litigation on page 41 in result announcement.

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$333,000,000 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.

AUDITORS' OPINION

The auditors' opinion as extracted from the Group's financial statements for the year ended 31 December 2017 as set out below:

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of Titan Petrochemicals Group Limited Company ("the Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. We do not express an opinion on the consolidated financial statements. 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 — Opening balances and corresponding figures***

    The auditors' report dated 31 March 2017 in respect of the audit of the consolidated financial statements of the Group for the year ended 31 December 2016 was disclaimed as a result of scope limitation on (i) written off of prepayments, deposits and other receivables; (ii) derecognition of liabilities for amount due to deconsolidated subsidiaries; (iii) derecognition of liabilities for amount due to deconsolidated jointly-controlled entity; and (iv) derecognition of liabilities for other payables and accruals. 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 2016 and 2017 and its results for the years ended 31 December 2016 and 2017, and the presentation and disclosure thereof in the consolidated financial statements.

2. Scope limitation — Impairment assessment of property, plant and equipment and prepaid land lease payments

As at 31 December 2017, property, plant and equipment and prepaid land lease payments of approximately HK$2,202,171,000 and HK$279,469,000 were related to the Group's shipbuilding operation located in Quanzhou, the PRC which was operated by Titan Quanzhou Shipyard Co., Ltd ("**TQS**").

For the purpose of assessing the impairment for the Group's shipbuilding operation, the assets employed in TQS are identified as separate cash-generating unit ("**CGU**"). The recoverable amounts of the CGU were determined from the value in use calculation which was based on the cash flow forecasts prepared by the management. The major assumptions used in the cash flow forecasts mainly comprised of (i) estimation of future sales based on the corresponding shipbuilding production plans; and (ii) management's best estimate of future cash outflow including changes in working capital and the incremental capital expenditure foreseeable to be incurred. Based on the assessment of the value in use, the directors of the Company were in the opinion that no impairment loss have been provided in the consolidated financial statements for the year ended 31 December 2017.

Nevertheless, we have not been provided with sufficient evidences to satisfy ourselves as to the viability of the cash flow forecast, including but not limited to the sufficient audit evidence for the estimation of future sales and sufficiency of future working capital. There were no other practical alternative audit procedures that we could perform to satisfy ourselves as to whether the carrying amounts of property, plant and equipment and prepaid land lease payments of approximately HK$2,202,171,000 and HK$279,469,000 included in the consolidated statement of financial position were free from material misstatements.

3. Scope limitation — Going concern

The Group incurred a net loss of approximately HK$265,346,000 for the year ended 31 December 2017 and had net current liabilities of approximately HK$865,281,000 as at 31 December 2017.

As explained in the basis of preparation set out in the consolidated financial statements, the consolidated financial statements have been prepared by the directors of the Company on a going concern basis, the validity of which depends upon the results of the successful implementation and outcome of the measures to be undertaken by the Group as described to the consolidated financial statements. In view of the extent of the material uncertainties relating to the results of the measures to be undertaken by the Group which might cast a significant doubt on the Group's ability to continue as a going concern, we have disclaimed our audit opinion on the consolidated financial statements.

Should the going concern assumption be inappropriate, adjustments would have to be made to the consolidated financial statements to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liability as current assets and current liabilities respectively. The effect of these adjustments have not been reflected in the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group is principally engaged in the business of shipbuilding, ship repairing and manufacturing of steel structure, and the trading of commodities.

For the year ended 31 December 2017 ("**the Year**"), the audited consolidated revenue of the Group was approximately HK$1,024,146,000 while the audited consolidated revenue of the Group was approximately HK$760,921,000 for the year ended 31 December 2016.

During the Year, the Group's trading of commodities recorded revenue of approximately HK$920,071,000 (2016: HK$760,921,000). Revenue of approximately HK$103,066,000 was generated from shipbuilding, ship repairing and manufacturing of steel structure during the Year. During the 4th quarter of 2017, the completion of acquisition of Gold Dragon Enterprise Development Limited representing the shipbuilding revenue of HK$102,558,743 generated from this sub-group being consolidated into Group. There was no comparative figure for this segment for the year of 2016.

During the Year, the Group recorded other revenue of approximately HK$3,863,000 while the other income was around HK$1,415,000 for the year of 2016. The other revenue for the Year was mainly due to HK$1,681,000 rental income generated in the shipyard factory in the PRC.

During the Year, the Group's administrative expenses decreased from approximately HK$155,265,000 for the year of 2016 to approximately HK$126,252,000 for the Year, principally due to the decrease in depreciation and legal and professional charges occurred during the Year.

Finance cost for the Year was approximately HK$190,796,000 (2016: HK$173,437,000), representing mainly the interest from bank and other loans of approximately HK$27,676,000 (2016: HK$24,021,000) and loan interest from ultimate holding company approximately to HK$144,288,000 (2016: HK$133,058,000).

During the Year, the Group recorded loss attributable to the owners of the Company of approximately HK$263,630,000, compared to the profit approximately HK$1,889,819,000 attributable to the owners of the Company for the year of 2016. The reason for the loss of the Year was mainly due to (i) the absence of the one-off non-cash gain arising from the completion of the restructuring of the Group for the Year as compared to the corresponding period in 2016; and (ii) the increase in finance cost comprising accrued on the loan from the Company's ultimate holding company.

The basic loss per share was approximately HK$1.16 cents for the Year and the basic earning per share was approximately HK$9.77 cents for the year of 2016. While the diluted earning per share was approximately HK$9.57 cents for the year of 2016.

As at 31 December 2017, the cash and cash equivalents of the Group amounted to approximately HK$83,385,000, representing a decrease of approximately HK$174,327,000 as compared with the cash and cash equivalents of approximately HK$257,712,000 as at 31 December 2016. The decrease was mainly resulted from the settlement of trade payable, the operating of the shipyard and the capital injection of new investment opportunities during the year.

BUSINESS REVIEW

TRADING OF COMMODITIES

During the Year, the Group had recorded revenue of its trading business of various bulk commodities products including petroleum, petrochemical and other related products which achieved sales of approximately HK$103,066,000 which the revenue recorded from the trading of commodities was approximately HK$760,921,000 during the year of 2016.

SHIPBUILDING, SHIP REPAIRING AND MANUFACTURING OF STEEL STRUCTURE

The Company is increasing its efforts on its ship repairing business through acquisition in China's coastal regions and/or to make alliance with a number of leading local large-scale ship repair base to ensure the rational use of production settings and deployment of resources, to build up the Asian leading ship repair platform (in term of dock capacity) and to expand the business size in an orderly manner so as to enable the Company to achieve sustainable development.

The market condition in the marine related service industry remain challenging and sluggish due to sustained lower global commodity prices. The Company will review and optimize the business of the Company in due course and formulate appropriate cost-effective and efficient measure for its' shipbuilding and marine engineering business.

In the 4th quarter of 2017, the Group acquired 江蘇宏強船舶重工有限公司 (the "**OPCO**") which operating a large shipyard situated in Nantong City, Jiangsu Province, which is only 68 kilometers away from Shanghai Pudong. Nantong is a major shipbuilding and offshore engineering base in China, with hundreds of shipbuilding and offshore engineering companies. The location of the shipyard has unique advantages for the shipbuilding business, including favorable weather and water conditions for shipbuilding, close proximity to its major suppliers and subcontractors; and easy access to a large pool of shipbuilding specialists and skilled workers in the region. The Group has been preparing to further enhance its revenue from the ship building business in 2018.

Outlook

Going forward, the China's shipbuilding industry will face the overcapacity, price-competitiveness and fierce competition. Accordingly, some shipbuilding enterprises with operation performance are expected to ultimately survive and some of them focusing on market segments and specializing in niche market 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 take advantages and embracing new opportunities to continually optimize 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 to 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 the business will expand stably and generate fruitful value to the investors. Ultimately, the Group will continue to strengthen its overall financial and operation position in preparation for any possible changes in the industry or any new opportunities. The group is cautiously optimistic with the Group's business performance in the year of 2018.

Liquidity and Financial Resources

As at 31 December 2017, the Group's net assets amounted to approximately HK$246.7 million, compared to net assets of HK$97.2 million as at 31 December 2016.

The Group financed its operations mainly through the loans from the ultimate holding company, the banks and other independent third parties in Hong Kong, Mainland China and Singapore. As at 31 December 2017,

a) The Group had:

- Cash and bank balances of HK$83.4 million (31 December 2016: HK$257.7 million). The balances were comprised of:

  — an equivalent of HK$29.8 million (31 December 2016: HK$121.0 million) denominated in US dollars ("**USD**");

  — an equivalent of HK$0.9 million (31 December 2016: HK$0.2 million) denominated in Singapore dollars ("**SGD**");

  — an equivalent of HK$8.3 million (31 December 2016: HK$91.7 million) denominated in Renminbi ("**RMB**"); and

  — HK$44.4 million (31 December 2016: HK$44.8 million) in Hong Kong dollars ("**HKD**")

- Bank and other loans of HK$487.3 million (31 December 2016: HK$390.0 million). The Group's bank and other loans having maturities within one year amounted to HK$220.0 million (31 December 2016: HK$Nil); and

- Loans from the ultimate holding company of HK$1,822.5 million (31 December 2016: HK$1,716.7 million), of which HK$1,640.3 million (31 December 2016: HK$1,630.8 million) having maturities over one year.

b) The Group had:

- Current assets of HK$604.2 million (31 December 2016: HK$601.0 million) and total assets of HK$4,143.3 million (31 December 2016: HK$3,168.3 million);

- Bank and other loans of HK$487.3 million (31 December 2016: HK$390.0 million);

- Convertible preferred shares issued by the Company (the "**Titan preferred shares**") with a liability portion of HK$394.1 million (31 December 2016: HK$379.5 million);

- Convertible bond issued by the Company with liability portion of HK$81.9 million (31 December 2016: HK$Nil); and

- Loans from the ultimate holding company of HK$1,822.5 million (31 December 2016: HK$1,716.7 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$780.4 million (31 December 2016: HK$735.1 million);
- Machinery with an aggregate net carrying value of HK$120.1 million (31 December 2016: HK$52.8 million);
- Buildings with an aggregate net carrying value of HK$614.2 million (31 December 2016: HK$393.2 million);
- Prepaid land with an aggregate net carrying value of HK$242.2 million (31 December 2016: HK$244.1 million);
- Corporate guarantees to Shanghai Pudong Development Bank executed by the subsidiaries of the ultimate holding company; and
- Personal guarantees executed by a related party and a former director of the Company to Shanghai Pudong Development Bank.

Gearing

The Group's current ratio was 0.41 (31 December 2016: 1.14). The gearing of the Group, calculated as the total bank and other loans and loans from the ultimate holding company to total assets decreased to 0.56 (31 December 2016: 0.66).

Contingent Liabilities

The details are disclosed in note 14 to the consolidated financial statement in this announcement.

Foreign Exchange Exposure

The Group operated in PRC, Hong Kong and Singapore and primarily used RMB and USD for the business in PRC, 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 PRC 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.

Actual use of proceeds from open offer

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 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 HK$519,183,000.

The actual use of proceeds from the open offer of (i) approximately HK$264,631,000 was used as to the repayment of scheme creditors; (ii) approximately HK$ 34,303,000 for the upgrade and modification of Quanzhou Shipyard; (iii) approximately HK$ 81,711,000 was for the capital injection for the subsidiary; (iv) approximately HK$15,613,000 was for the working capital for the group and (v) approximately HK$123,968,000 for the trading activities for the Group.

Actual use of fund proceeds issuance from convertible bond

The proceeds from the issuance of convertible bond of HK$78,000,000 were used as following: (i) approximately HK$20,300,000 was used for the payroll for the Group, rental and utilities charges of the office, legal and professional fees arising from the fund raising activities of the Company in 2017; (ii) HK$4,700,000 was used for capital injection into 振戎重工股份有限公司 (Sinozing Shipyard Stock Limited Company), an associate company of the Company , which focuses on marine engineering equipment and fitting, ship equipment, electro-mechanical equipment and related complementary services (including installation and maintenance service); engaging in the technical development, technical transfer and technical consulting services in the professional fields of shipping and marine engineering machinery, plant leasing arrangement and consulting services to enterprises; (iii) HK$49,000,000 was used for capital injection into Pacific Ocean Marine Limited ("**Pacific Ocean**"), a Hong Kong company, which focuses on investment in ship-building industry, and (iv) HK$4,000,000 was use for the capital injection of Century Light Culture Communication Company Limited.

Employees and Remuneration Policies

As at 31 December 2017, the Group had 415 employees (31 December 2016: 117), of which 391 employees (31 December 2016: 96) worked in Mainland China, all of which were from OPCO, Titan Quanzhou Shipyard, and Shanghai office and 24 employees and 0 employee (31 December 2016: 20 and 1) 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 2017 (2016: Nil).

EVENTS AFTER THE REPORTING PERIOD

Successful launch of bulk carrier

42300 DWT bulk carrier (the "**Bulk Carrier**") was built by the OPCO, for its customer Navigation Maritime Bulgare (a Bulgarian shipowner) (the "**Customer**") was successfully launched on 5 January 2018. The Bulk Carrier has an overall length of 185 meter, moulded breadth of 31 meter, moulded depth 16 meter, and enters into Lloyd's Register class and has adopted the Bluetech 42 design. Compared with bulk carriers in the same model, the bulk capacity and deadweight of the Bulk Carrier was increased by 15% and 5% to 9% respectively, and its energy efficiency is particularly remarkable at low speed sailing. Hongqiang had successfully delivered two bulk carriers in the same model to the Customer before the launching of the Bulk Carrier.

For details, please refer to the announcement of the Company dated 5 January 2018.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND SIGNIFICANT INVESTMENT

Formation of a joint venture company

(i) The Company has through its direct wholly-owned 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 rely on the policy and geographical advantages of the North Bund, to offer the integrated service of ship repair, shipbuilding, ship conversion, 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.

For details, please refer to the announcement of the Company dated 24 January 2017.

(ii) The Company has through its indirect wholly-owned subsidiary, Surplus Full Limited, entered into the joint venture agreement with 雲南省投資控股集團有限公司 (Yunnan Investment Holding Group Co., Ltd.*) for the establishment of the joint venture company namely 雲南雲投振戎能源有限公司(Yunnan Yuntou Zhenrong Energy Co., Ltd*). on 5 May 2017.

The Group is principally engaged in the business of construction and repair of ship, and upstream and downstream oil and gas business. The Company has been looking for suitable investment or business opportunities to diversify the business of the Group with an objective to broaden the Group's income sources.

For details, please refer to the announcement of the Company dated 5 May 2017.

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

Upon completion of the acquisition, Zhoushan Yatai tend to be an associated company of the Group, and this acquisition was reclassified as available-for-sale-asset though the Group owned more than 20% ownership interest in the investments. In the opinion of the directors, i) the Group has no significant influence over the investment since the Group did not have any representative on the board of directors or equivalent governing body of the investment, ii) the Group did not participate in policy-making processes including participation in decisions about dividends on other distributions and iii) the Group didn't interchange any managerial personnel with those investments.

As the Group did not act to fulfill any one of the issues stated above, it does not consider as having significant influence on the investment. Hence, the acquisition of Zhoushan Yatai was not considered as the associate of the Group, but it's available-for-sale asset.

For details, please refer to the announcements dated 10 January 2017, 15 February 2017, 15 March 2017 and 31 March 2017.

(ii) Acquisition of Gold Dragon Enterprise Development Limited

On 6 October 2017, Create Treasure Limited ("**Create Treasure**"), a directly wholly-owned subsidiary of the Company, and the Sino Team Investment Development Limited ("**Sino Team**") entered into the Sale and Purchase Agreement, pursuant to which the Create Treasure has conditionally agreed to acquire and the Sino Team has agreed to sell the entire issued share capital of the Gold Dragon Enterprise Development Limited ("**Gold Dragon**"), at the consideration of HK$20 million in cash and 791,666,667 Consideration Shares. The consideration shares will be issued and allotted under the general mandate.

The target group including Gold Dragon, Long Success Shipping Limited, 舟山甬泰船務有限公司, Zhoushan City Deheng Corporate Management Limited and OPCO.

The OPCO is operating a large shipyard situated in Nantong City, Jiangsu Province, which is only 68 kilometers away from Shanghai Pudong. Nantong is a major shipbuilding and offshore engineering base in China, with hundreds of shipbuilding and offshore engineering companies. The location of the OPCO's shipyard has unique advantages for the OPCO's shipbuilding business, including favorable weather and water conditions for shipbuilding, close proximity to its major suppliers and subcontractors; and easy access to a large pool of shipbuilding specialists and skilled workers in the region.

The OPCO's shipyard currently covers approximately 530,000 square meters and occupies approximately 1,000 meters of Yangtze River shoreline, and possesses advanced shipbuilding facilities, including three large shipbuilding berths (50,000-DWT class, 80,000-DWT class and 100,000-DWT class, respectively), one outfitting wharf, and an 80,000 square meters manufacturing plant (N.B. DWT is the acronym of deadweight tonnage). The shipyard is also equipped with goliath gantry cranes, among which, the largest one has a maximum lifting capacity of 600 tonnes. The size of the shipbuilding berths and the lifting capacity of the gantry cranes allows the shipyard to efficiently build large vessels of up to 100,000 DWT.

All the conditions precedent set out in the Sale and Purchase Agreement have been fulfilled and Completion took place on 9 November 2017 in accordance with the sale and purchase agreement.

It has recently come to the attention of the Company that there may be irregularities in relation to the OPCO, including but not limited to that there was a civil judgment published on 21 November 2017 against Deheng to freeze 100% of the issued share capital of OPCO. In light of such irregularities, the Board has established a special investigation committee (the "**SIC**") comprising the non-executive Director, namely Mr. Li Jiaqi as the chairman, and all the independent non-executive Directors, namely Mr. Lau Fai Lawrence, Ms. Xiang Siying and Dr. Han Jun, to investigate into the irregularities of the OPCO and the related matters.

For details, please refer to the announcements dated 6 October 2017, 27 October 2017, 1 November 2017, 6 November 2017, 9 November 2017 and 13 February 2018.

LIQUIDITY AND FINANCIAL RESOURCES

(i) Loan Capitalizations

As disclosed in announcements on 7 July 2017, there were completion of subscription in an aggregate of 992,259,413 consideration shares by loan capitalizations. An aggregate of 992,259,413 consideration shares have been allotted and issued to the respective nominee(s) of the subscriber(s) at a price of HK$0.10 per consideration share and the consideration for the issue of such consideration shares have been used to set off against the outstanding sum of HK$54,369,461 and HK$44,856,480 owed by the Company to the respective subscribers accordingly.

For details, please refer to the announcements of the Company dated 20 June 2017 and 7 July 2017.

(ii) Share Consolidation

Pursuant to an ordinary resolution passed on 4 September 2017, the share consolidation resolution was approved by the shareholders and that with effect from 5 September 2017, every eight of the existing issued shares of HK$0.01 each in the share capital of the Company were consolidated into one consolidated share having a par value of HK$0.08 per share.

For details, please refer to the announcement and circular of the Company dated 3 July 2017, 8 August 2017 and 4 September 2017 respectively.

(iii) Convertible Bond

(i) As disclosed in the announcement on 13 April 2017, the Company and the Sino Charm International Limited ("**the Subscriber A**") entered into the subscription agreement, pursuant to which the Company has conditionally agreed to allot and issue and the Subscriber A has conditionally agreed to subscribe for the convertible bond with an aggregate principal amount of HK$78,000,000. Based on the conversion price of HK$0.095 per conversion share, a maximum number of 821,052,631 conversion shares may fall to be allotted and issued upon exercise of the conversion rights attached to the convertible bonds in full.

The gross proceeds from the issue of the convertible bond is HK$78,000,000. The net proceeds from the issue of the convertible bond (after deducting the relevant costs and expenses) is approximately HK$77,500,000.

As disclosed on 28 April 2017, the subscription agreement have been fulfilled and that the convertible bonds in the principal amount of HK$78,000,000 have been issued by the Company to the subscriber on 28 April 2017.

For details, please refer to the announcements of the Company dated 13 April 2017 and 28 April 2017.

(ii) As disclosed in the announcement on 15 December 2017, the Company and Newton Asset Management Limited ("**the Subscriber B**") entered into the subscription agreement, pursuant to which the Company has conditionally agreed to allot and issue and the Subscriber B has conditionally agreed to subscribe for the Convertible Bonds of up to an aggregate principal amount of HK$150,000,000 in cash. Based on the Conversion Price of HK$0.11 per Conversion Share, a maximum number of 1,363,636,363 Conversion Shares may fall to be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full.

As disclosed in the announcement on 21 March 2018, pursuant to the supplemental agreement to the subscription agreement signed by the Company and the Subscriber B on 28 February 2018, the long stop date was extended to 7 March 2018 (the "**Extended Long Stop Date**"). As certain of the conditions precedent of the subscription agreement are not fulfilled or waived in writing by the Company and the Subscriber B on or before the Extended Long Stop Date, and no agreement has been reached by the parties to the subscription agreement to further extend the extended long stop date, the subscription agreement lapsed in accordance with the terms thereof and the special general meeting of the Company to be held on 21 March 2018 had cancelled. The obligation of the Company and the Subscriber B under the subscription agreement immediately ceased and be null and void.

Details of the above were published in the Company's announcements dated 15 December 2017, 28 February 2018 and 7 March 2018 and the circular dated 19 January 2018.

LITIGATION

a) British Virgin Islands ("BVI") Proceedings

On 18 June 2012, the Company received from Saturn Storage Limited ("**SSL**") two notices to exercise its redemption rights under the convertible preferred shares issued by Titan Group Investment Limited ("**TGIL**") (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 provisional liquidators for, and to liquidate TGIL.

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

On 18 July 2012 (BVI time), 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 Order and applied for a stay of execution of the Order pending the determination of the appeal. The stay application was subsequently withdrawn.

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. The BVI Court of Appeal has been 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.

b) Hong Kong Proceedings

(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. The Plaintiff and the Defendants are seeking legal advices for possible remedial actions.

(ii) On 7 December 2016, A. Plus Financial Press Limited ("**A. Plus**"), 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 the defense on 9 March 2017. A. Plus and the Company had reached a settlement with the High Court ordered on 6 December 2017 that A. Plus had discontinued the legal proceedings and has no further claims against the Company.

c) PRC Proceedings

(i) TQS, a wholly-owned subsidiary of the Company, 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 council of TQS attend the Court hearing and defended that TQS was not the appropriate defendant for this claim by SPDB against GZE. The Court rendered a judgment on 27 December 2017, declaring that SPDB had with drawn all the claims against TQS which was the second defendant. For details, please refer to the announcements of the Company dated 31 August 2016, 17 November 2017 and 24 January 2018.

(ii) As per a writ of summons (Hui Action No.: 2483) (the “**Summons**”) of the People’s Court of Hui’an County, Fujian Province of the People’s Republic of China (the “**Court**”), the responsible person of TQS, a directly wholly owned subsidiary of the Company, had been summoned to appear before the Enforcement Division of the Court on afternoon, 15 September 2017. The Summons is in relation to an outstanding case involving a sale and purchase agreement, which is being enforced by the Court. As the case seems to be related to the debts of TQS incurred before the resumption of the Company, which had been assumed by Fame Dragon International Investment Limited (“**Fame Dragon**”), a direct controlling shareholder of the Company.

For details, please refer to the announcement of the Company dated 18 September 2017.

(iii) 廣州華南石化交易中心有限公司 (Guangzhou Southern China Petrochemical Exchange Centre Co., Ltd.*) (the “**Southern China Petrochemical Exchange Centre**”), a subsidiary of the Company, informed the Company today that the Intermediate People’s Court of Wuxi City in Jiangsu Province, the People’s Republic of China had made an order to freeze 70% equity interest of Southern China Petrochemical Exchange Centre (the “**Freeze of Shares**”). The aforesaid 70% equity interest is beneficially owned by 石獅市益泰潤滑油脂貿易有限責任公司 Shishi Yitai Lubricants Youzhi Trading Co., Ltd.* (“**Shishi Yitai**”), a wholly-owned subsidiary of the Company. On 29 June 2007, Shishi Yitai and 廣州南沙振戎倉儲有限公司 Guangzhou Nansha Zhenrong Storage Co., Ltd.* (“**Nansha Storage**”), which is currently a subsidiary of the substantial shareholder of the Company GZE, entered into a shareholding entrustment agreement, pursuant to which Nansha Storage should hold, as a nominee shareholder, the abovementioned 70% equity interest for and on behalf of Shishi Yitai. The Company was informed that the Freeze of Shares was resulted from the legal proceedings of GZE and Nansha Storage in China. The total asset of Southern China Petrochemical Exchange Centre represents less than 5% of the total asset of the Group and its business is not the principal business of the Group.

For details, please refer to the announcement of the Company dated 26 September 2017.

(iv) TQS, a direct wholly-owned subsidiary of the Company, had received a civil judgment ((2015) Fujian Min Chu Zi No.:153) (the "**Civil Judgment**") on 12 November 2017 issued by the China Fujian Provincial People's High Court (the "**Court**") and informed the Company on 13 November 2017. The Civil Judgment is in relation to the debts dispute between Guangdong Zhenrong Energy Co., Ltd ("**GZE**"), the controlling shareholder of the Company, and its creditor 廈門市金財投資有限公司 Xiamen Jincai Investment Company Limited* ("**Jincai Investment**"). In that case, as GZE is indebted to Jincai Investment, whereas TQS is indebted to GZE, Jincai Investment had, based on its subrogated rights, filed legal proceeding against TQS with the Court and requested TQS for direct repayment. The Court decided to agree with the partial requests of Jincai Investment and as per the Civil Judgment, TQS was ordered to repay directly to Jincai Investment for GZE's loan principal and interest indebted to Jincai Investment in total of RMB527,619,419.31.

For details, please refer to the announcement of the Company dated 13 November 2017 and 17 November 2017.

(v) TQS, a wholly-owned subsidiary of the Company had received a notice of maturity debt note ((2016) Guangdong 01 Zhi 552, one of 553 (the "**Notice of Maturity Debt Note**") issued by Guangdong Province Intermediate People's Court, Guangzhou City. The Notice of Maturity Debt Note involving the financial disputes between GZE and its creditors, 陽泉煤業集團國際貿易有限公司 (Yangquan Coal Industry Group International Trade Company Ltd*), the court had ordered to freeze the rights of the maturity of debts owned by GZE in TQS, in the limit of RMB249,328,173.39.

For details, please refer to the announcement of the Company dated 31 August 2016 and 24 January 2018.

AUDITORS

Elite Partners CPA Limited will retire and 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 2017 (2016: 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 2017.

Pursuant to code provision A.1.3 of the CG Code, notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. During the year, the Company had convened 22 meetings of the Board, which give all directors to participate in the Company's decision making and operation. The Board considers that the Directors were given sufficient opportunities to raise their concerns and/or participate Board meetings or the meetings held afterwards even the notice period were short.

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 2017.

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 2017 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
Tang Chao Zhang
Executive Director

Hong Kong, 28 March 2018

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

** for identification only*