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Titan Petrochemicals Group Limited

(Provisional Liquidators appointed)

(Incorporated in Bermuda with limited liability)

(Stock Code: 1192)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

CHAIRMAN'S STATEMENT

The six months ended 30 June 2014 witnessed significant breakthrough in the debt restructuring and business development of Titan Petrochemicals Group Limited (the "Company" or "Titan", collectively known as "the Group" with its subsidiaries). Thanks to the relentless striving of our management team, silver linings are finally seen on the clouds. In April 2014, the Group formed a strategic alliance with Keppel Offshore & Marine Ltd ("Keppel O&M"), a wholly-owned subsidiary of Singapore-listed Keppel Corporation Limited, by entering into a 30-year shipyard management services agreement. Keppel O&M will provide Titan Quanzhou Shipyard Co., Ltd. (the "Shipyard") with comprehensive services in offshore and marine solutions including design, construction and management by way of an conditional agreement with FELs Offshore Pte Ltd., one of its subsidiaries. The alliance will leverage the Shipyard's unmatched geographical location and operational accreditations to capitalise on favourable government policies and the extensive market in China. The co-operation with Keppel O&M will further enhance Titan's position to become a leading solutions provider in the offshore and marine industry in Asia, especially in the PRC. The agreement provides Keppel O&M an option to subscribe (via warrants or convertible bonds) up to 9.9% of the Company's equity and thus becoming a strategic shareholder of Titan. We believe this arrangement will enhance our strategic relationships and is a "win win" arrangement for both the Group and Keppel.

The Group's debt restructuring proposal and the application for resumption of trading have been blessed with unreserved support from Guangdong Zhenrong Energy Co., Ltd. ("GZE"), the Company's major shareholder and the white knight. GZE and the Company share the same vision and are determined in rejuvenating Titan's operations and the listing status. The debt-restructuring proposal submitted by the Company at the end of last year was endorsed by a majority of creditors at an informal creditors meeting held in November 2013. On 5 May 2014, the Company submitted its resumption proposal to The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). In addition, the Company has also entered into settlement agreements with various creditors (including KTL Camden Inc. ("Camden"), Edinburgh Navigation S.A. ("Edinburgh") and KTL Mayfair Inc. ("Mayfair")) pursuant to which the creditors would withdraw their petitions against the Company upon receiving payments out of the schemes of arrangement. Kawasaki Kisen Kaisha Limited, one of Group's creditors, has also entered into an agreement with the Company to render its support to the Group's debt restructuring proposal. All the above accomplishments have nurtured favourable conditions for the successful completion of the Group's debt-restructuring. At the same time, our management team will work closely with Keppel O&M and local authorities in Quanzhou to ensure the successfully taking off of the Shipyard's operations upon completion of the debt restructuring.

PROSPECT

Our management team is determined to revitalize the Company's business with a view to deliver maximum value to our creditors, shareholders and employees taking as a whole. Looking forward, we will continue to work extensively with our financial and legal advisers to further speed up the debt restructuring process and the resumption of trading of the Company's shares at the Stock Exchange. Our efforts in reorganizing the Group's operations will lay a solid foundation for long-term business development, which we expect will produce fruitful results in the not too distant future. Finally, I would like to express my sincere gratitude to the continuous support from our shareholders the relentless efforts and unwavering dedications of all our colleagues.

Zhao Xu Guang
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Results

For the six months ended 30 June 2014, the Group did not generate any revenue from continuing operations, compared to HK\$117 million for the same period of the prior year. The profit before tax from continuing operations was HK\$3,772 million, compared to the loss of HK\$5,023 million in the same period of 2013. The profit for the period of HK\$3,656 million, mainly comprised of the gain on deconsolidation of subsidiaries amounted to HK\$4,135 million offset by the impairment losses on amounts due from deconsolidated subsidiaries amounted to HK\$135 million.

In view of the Group's financial position, the Board does not recommend to declare any interim dividend for the first half of 2014.

Business Review

The Group has been a provider of logistics, transportation, distribution and marine services for petrochemical products in the Asia Pacific region and, in particular, in China. In addition, we have developed and provided management services for a multi-functional ship repair and shipbuilding yard which is one of the largest of its kind in Asia.

Business Development regarding Shipyard and Keppel

Titan Quanzhou Shipyard Co., Ltd ("Titan Quanzhou Shipyard"), a wholly owned subsidiary of the Company, and FELS Offshore Pte Ltd ("FELS"), a subsidiary of Keppel Offshore & Marine Ltd which in turn is a subsidiary of Keppel Corporation Limited ("Keppel"), collectively with its related corporation (the "Keppel Group"), a company listed on Singapore Securities Exchange, entered into a management services agreement (the "Management Services Agreement"). Pursuant to the Management Services Agreement, FELS has conditionally agreed to provide management services for the operations of the shipyard (the "Shipyard") in Quanzhou, the People's Republic of China (the "PRC") owned by Titan Quanzhou Shipyard for a term of 30 years from the date of which the conditions precedent are satisfied (or such other period as Titan Quanzhou Shipyard and FELS may mutually agree in writing from time to time).

The Company will be able to benefit from the established goodwill, reputation, technical knowhow and expertise of the Keppel Group and its business contacts in the field of manufacturing mobile offshore drilling units as the Company seeks to rebuild its business after completion of restructuring.

Continuing Operations

Offshore Storage

The Group provided oil storage, transit and blending services in Asia on a year round basis. Owing to the uncertain market status, this business segment was suspended since 2013. The segment earnings before interest, tax, depreciation and amortisation (“EBITDA”) was HK\$0.1 million was attributed to the exchange gain from assets and liabilities as compared to the segment loss before interest, tax, depreciation and amortisation (“LBITDA”) HK\$190 million in the same period prior year.

Transportation

The Group offered transportation services for oil and petrochemical products to customers in the Southeast Asian regions. Owing to volatile oil price fluctuations and the uncertain market status, this business segment was suspended since 2012. The segment EBITDA amounted to HK\$67 thousand was attributed to the exchange gain from assets and liabilities, as compared to the segment LBITDA of HK\$8 million in the same period prior year.

Supply of Oil Products and Provision of Bunker Refueling Services

The Group engaged in the supply of oil products and provision of bunker refueling services. There was no revenue during the period under review, and the segment LBITDA was HK\$1 million as compared to HK\$7 million in the same period prior year.

Discontinued Operation

Shipbuilding (Shipyard)

In December 2010, the Group entered into a sale and purchase agreement with Grand China Logistics Holding (Group) Company Limited (“Grand China Logistics”) (as amended and supplemented by further agreements dated 24 July 2011) (the “GCL Sale and Purchase Agreement”) for the disposal of its 95% equity interest in Titan Quanzhou Shipyard to Grand China Logistics for RMB1,666 million (equivalent to approximately HK\$2,112 million). This transaction, however, had not yet been completed as Grand China Logistics failed to comply with its payment obligations.

On 10 June 2013, the Company received a notification from Grand China Logistics informing the Company that it had entered into an agreement with Guangdong Zhenrong Energy Co., Ltd. (“GZE”) pursuant to which it transferred to GZE all of its interests, rights and obligations in respect of the GCL Sale and Purchase Agreement.

Discontinued Operation (Continued)

Shipbuilding (Shipyard) (Continued)

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") approved the application by Grand China Logistics of the withdrawal of the claim initiated by Grand China Logistics against the Group, in relation to the GCL Sale and Purchase Agreement. Notwithstanding the discontinuation of the proceedings in the Shanghai Intermediate Court, any disposition of the assets of Titan Quanzhou Shipyard remain subject to, among other things, GZE's rights and interests in the indebtedness (the "Indebtedness") originally owed by Titan Quanzhou Shipyard to the Fuzhou branch of Shanghai Pudong Development Bank Co., Ltd. and the collateral and guarantee granted in respect of the Indebtedness (the "Securities"). Since Titan Quanzhou Shipyard had been in default on its payment obligations under the Indebtedness, the Securities are liable to be enforced by GZE.

Despite Grand China Logistics transferring all of its interests, rights and obligations in respect of the GCL Sale and Purchase Agreement, the payment obligations of this transaction has not been completed, this business continues to be classified as "discontinued operation".

There was no revenue during the periods ended 30 June 2014 and 2013, and segment LBITDA was HK\$10 million and HK\$27 million for the periods ended 30 June 2014 and 2013 respectively.

Deconsolidation of subsidiaries

Titan Storage Limited ("TSL"), Estonia Capital Ltd., Titan Mars Limited, Sino Ocean Development Limited, Brookfield Pacific Ltd., Roswell Pacific Ltd., Titus International Ltd., Wynham Pacific Ltd., Wendelstar International Ltd. and Sewell Global Ltd. were placed into liquidation on 25 April 2014. Titan Leo Pte. Ltd., Neptune Associated Shipping Pte Ltd and Petro Titan Pte. Ltd. were placed into liquidation on 29 April 2014. Accordingly, the Group had deconsolidated these subsidiaries, as a result of which the aggregate amounts due to the subsidiaries have been deconsolidated during the periods ended 30 June 2014 and 2013 and were considered no longer consolidated into the Group and thus, were reversed in the books of the Group, while the amounts due from the deconsolidated subsidiaries were considered to be highly unrecoverable and thus were fully impaired as these subsidiaries were put into liquidation during the period ended 30 June 2014.

Titan Resources Management (S) Pte. Ltd. and Titan Bunkering Pte. Ltd. were put into voluntary liquidation on 6 June 2013 and Titan Ocean Pte Ltd was ordered to be wound up by the High Court of the Republic of Singapore on 28 June 2013. Accordingly, the Group had deconsolidated these subsidiaries, as a result of which the amounts due from the deconsolidated subsidiaries were considered to be highly unrecoverable and thus were fully impaired as these subsidiaries were put into the liquidation during the period ended 30 June 2013.

Liquidity, Financial Resources, Charges on Assets and Gearing

As at 30 June 2014, the Group's net liabilities amounted to HK\$3,955 million, compared to HK\$7,724 million as at 31 December 2013.

The Group financed its operations mainly through the loans from the immediate holding company, the ultimate holding company and banks in Hong Kong and Mainland China. As at 30 June 2014,

a) The Group had:

- Cash and bank balances of HK\$2.5 million (31 December 2013: HK\$20 million) of which HK\$0.1 million (31 December 2013: HK\$0.2 million) was from the discontinued operation in respect of shipbuilding segment; pledged deposits and restricted cash of HK\$482.9 million (31 December 2013: HK\$487 million) were from continuing operations. These balances were comprised of:
 - an equivalent of HK\$26.7 million (31 December 2013: HK\$41 million) denominated in US dollars
 - an equivalent of HK\$0.1 million (31 December 2013: HK\$0.1 million) denominated in Singapore dollars
 - an equivalent of HK\$457.6 million (31 December 2013: HK\$461 million) of which HK\$0.1 million (31 December 2013: HK\$0.2 million) was from the discontinued operation, denominated in RMB
 - HK\$1 million (31 December 2013: HK\$5 million) in Hong Kong dollars
- Interest-bearing bank loans of HK\$699 million (31 December 2013: HK\$706 million) of which HK\$693 million (31 December 2013: HK\$700 million) was from the discontinued operation of shipbuilding segment. Floating rate loan denominated in US dollars amounted to HK\$6 million (31 December 2013: HK\$6 million). Group bank loans having maturities within one year amounted to HK\$699 million (31 December 2013: HK\$706 million) of which HK\$693 million (31 December 2013: HK\$700 million) was from discontinued operation of shipbuilding segment
- Loans from the ultimate holding company of HK\$2,034 million (31 December 2013: HK\$1,924 million), of which having maturities within one year of HK\$1,934 million (31 December 2013: HK\$1,924 million), and of which HK\$1,934 million (31 December 2013: HK\$1,829 million) was from discontinued operation of shipbuilding segment, whereas maturities over one year amounted to HK\$100 million (31 December 2013: HK\$Nil) was from continuing operations
- Loans from the immediate holding company of HK\$22 million (31 December 2013: HK\$3 million) originally having maturities over one year. As the Company has triggered the events of default, the loans from the immediate holding company were then presented as current liabilities as at 30 June 2014

Liquidity, Financial Resources, Charges on Assets and Gearing (Continued)

- b) The Group's banking and other facilities, including those classified as held for sale were secured or guaranteed by:
- Construction in progress with an aggregate carrying value of HK\$829 million (31 December 2013: HK\$836 million)
 - Bank balances and deposits of HK\$456 million (31 December 2013: HK\$461 million)
 - Machinery with an aggregate net carrying value of HK\$132 million (31 December 2013: HK\$147 million)
 - Buildings with an aggregate net carrying value of HK\$442 million (31 December 2013: HK\$453 million)
 - Prepaid land/seabed lease payments with an aggregate net carrying value of HK\$309 million (31 December 2013: HK\$338 million)
 - Investment property with an aggregate carrying value of HK\$166 million (31 December 2013: HK\$Nil)
 - 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
- c) The fixed rate guaranteed senior notes (the "Senior Notes Due 2012") of HK\$997 million (31 December 2013: HK\$962 million), the guaranteed senior convertible notes (the "Convertible Notes Due 2015") of HK\$521 million (31 December 2013: HK\$500 million) and the guaranteed senior payment-in-kind notes (the "PIK Notes Due 2015") of HK\$104 million (31 December 2013: HK\$100 million) were secured by the shares of certain subsidiaries.

Liquidity, Financial Resources, Charges on Assets and Gearing (Continued)

- d) The Group, including those assets of a disposal group classified as held for sale and liabilities directly associated with the assets classified as held for sale, had:
- Current assets of HK\$3,538 million (31 December 2013: HK\$3,626 million) and total assets of HK\$3,707 million (31 December 2013: HK\$3,655 million) of which HK\$2,905 million (31 December 2013: HK\$2,957 million) was from the discontinued operation of shipbuilding segment
 - Total bank loans of HK\$699 million (31 December 2013: HK\$706 million) of which HK\$693 million (31 December 2013: HK\$700 million) was from the discontinued operation in respect of shipbuilding segment
 - The Senior Notes Due 2012 of HK\$997 million (31 December 2013: HK\$962 million)
 - The Convertible Notes Due 2015 of HK\$521 million (31 December 2013: HK\$500 million)
 - The PIK Notes Due 2015 of HK\$104 million (31 December 2013: HK\$100 million)
 - Convertible preferred shares issued by the Company (the “Titan preferred shares”) with a liability portion of HK\$413 million (31 December 2013: HK\$406 million)
 - Notes payable (the “K-Line Notes Due 2013”) in the amount of HK\$230 million (31 December 2013: HK\$227 million)
 - Loans from the ultimate holding company of HK\$2,034 million (31 December 2013: HK\$1,924 million), of which HK\$1,934 million (31 December 2013: HK\$1,829 million) was from the discontinued operation of shipbuilding segment
 - Loans from the immediate holding company of HK\$22 million (31 December 2013: HK\$3 million)
- e) The Group’s current ratio was 0.47 (31 December 2013: 0.32). The gearing of the Group, calculated as the total bank 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, increased to 1.24 (31 December 2013: 1.21).
- f) The Group operated in Hong Kong, Singapore and Mainland China and primarily used US dollars and Singapore dollars for its business in Singapore, Renminbi for the business in Mainland China and Hong Kong dollars in Hong Kong for both income and expenses. Therefore, the Group’s foreign currency exposures are minimal in view of the natural hedge between costs and revenues. The Group has not used any financial instruments for speculative purposes.

Employees and Remuneration Policies

As at 30 June 2014, the Group had 185 employees (31 December 2013: 188) of which 158 employees (31 December 2013: 163) worked in Mainland China, and 25 employees and 2 employees (31 December 2013: 23 and 2) were based in Hong Kong and Singapore, respectively. Included in those working in Mainland China for the Group, 157 employees (31 December 2013: 158) were from Titan Quanzhou Shipyard. 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 six months ended 30 June 2014.

Litigation

a) Bermuda Proceedings

On 4 July 2012, the Company received from Saturn Petrochemical Holdings Limited (“SPHL”) a notice to redeem all of the outstanding Titan preferred shares held by it at a redemption amount equal to the notional value of the Titan preferred shares (being HK\$310.8 million) together with any accrued and unpaid dividends. Redemption monies were payable 30 business days after the date of the redemption notice.

SPHL filed a petition for the winding-up of the Company on 9 July 2012 (Bermuda time) (the “SPHL Petition”) and made an application seeking the appointment of Joint Provisional Liquidators (“JPLs”) on 27 August 2012 (Bermuda time) with the Supreme Court of Bermuda (the “Bermuda Court”). The SPHL Petition, which remained undismissed or unstayed for a period of 60 consecutive days (i.e. on or before 6 September 2012 (Bermuda time)), caused an event of default to occur under the PIK Notes Due 2015 and the Convertible Notes Due 2015.

The SPHL Petition was subsequently struck out by the Bermuda Court, and KTL Camden Inc. (“Camden”) was substituted as the petitioner in place of SPHL upon its application to the Bermuda Court. Camden claimed that TSL, a subsidiary of the Company (which was later put into liquidation in 2014), failed to pay certain hiring charges to Camden pursuant to a bareboat charter party contract and that the Company was liable to Camden for such hiring charges plus interest thereon pursuant to a deed of guarantee issued by the Company in favour of Camden.

On 16 August 2013, the Bermuda Court, upon the application by Camden, ordered an injunction restraining the Company from (i) disposing of any property, including things in action, belonging to the Company; or (ii) consenting to or approving the disposal of property, including things in action, belonging to any subsidiary (as defined in section 86 of the Companies Act 1981) of the Company, without the approval of the Bermuda Court or without 7 days’ written notice of the same to Camden.

Litigation (Continued)

a) *Bermuda Proceedings (Continued)*

On 18 October 2013 (Bermuda time), the Bermuda Court ordered the appointment of two JPLs to the Company with specified powers as set out in the announcement of the Company dated 22 October 2013.

On 14 February 2014 (Bermuda time), the Bermuda Court ordered the variation of the order made by the Bermuda Court on 18 October 2013 (Bermuda time) in relation to the appointment of the JPLs such that the powers of the JPLs be varied as disclosed in the announcement of the Company dated 18 February 2014.

On 7 March 2014 (Bermuda time), the Bermuda Court ordered, among other things, that (i) the Company be permitted to enter into an unsecured loan agreement with Fame Dragon International Investment Limited (“Fame Dragon”) in relation to the provision of an unsecured loan by Fame Dragon to the Company and (ii) the winding up petition by Camden was adjourned to 17 April 2014 (Bermuda time).

On 8 August 2014 (Bermuda time), the winding up petition was further adjourned to 3 October 2014 (Bermuda time).

The Company has filed the application with the Bermuda Court to seek directions to convene meetings of the creditors for the purposes of implementing the scheme of arrangement and scheduled to be heard on 9 September 2014 (Bermuda time) unless otherwise adjourned.

Further updates on the Bermuda Proceedings will be made in a separate announcement by the Company in due course.

b) *British Virgin Islands (“BVI”) Proceedings*

On 18 June 2012, the Company received two notices from Saturn Storage Limited (“SSL”) to exercise its redemption rights under the convertible preferred shares (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 Titan Group Investment Limited (“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.

Litigation (Continued)

b) British Virgin Islands (“BVI”) Proceedings (Continued)

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 Company, TGIL, TOSIL and SSL have been in negotiations on the BVI proceedings, however, up to the date of this announcement, there is no assurance that a settlement on the BVI proceedings will be reached.

c) Hong Kong Proceedings

On 19 July 2012, the Company received from SSL a writ of summons (the “Writ”) issued in the Court of First Instance in the High Court of the Hong Kong Special Administrative Region (the “Hong Kong Court”) with an indorsement of claim against the Company and other parties including its wholly owned subsidiary, TOSIL, and two directors of the Company. SSL alleged in the Writ among other things (a) breach of the amended and restated investor rights agreement (the “IRA”) in respect of TGIL dated 17 July 2009; and (b) misrepresentations regarding the financial position of TGIL, and its subsidiaries. SSL seeks, among other remedies, specific performance of the IRA, injunctive relief, declaratory relief, an indemnity, damages, interest and costs.

The Hong Kong Court subsequently, among other things, stayed the proceedings for a period of 90 days and the stay was subsequently extended until 15 March 2013.

On 15 November 2013, SSL was ordered by the Hong Kong Court to provide security in various sums for the defendants’ costs of the proceedings. SSL has yet to comply with this order and the proceedings are presently stayed. The Hong Kong proceedings will continue in accordance with the rules of the Hong Kong Court or as otherwise ordered by the Hong Kong Court.

On 22 July 2014, the Company received a notice of hearing by the Hong Kong Court that a hearing will be held on 21 November 2014.

The Company, TOSIL and SSL have been in negotiations with a view to reaching a settlement relating to the Writ, however, up to the date of this announcement, there is no assurance that a settlement on the Writ will be reached.

Litigation (Continued)

d) PRC Proceedings

On 30 May 2012, 泰山石化(福建)有限公司 (Titan Petrochemicals (Fujian) Ltd*) (“Titan Fujian”), a wholly owned subsidiary of the Company, received a summons issued by the Shanghai Intermediate Court with Grand China Logistics as plaintiff and the Company, Titan Fujian and Titan TQSL Holding Company Ltd (泰山泉州船厂控股有限公司) (“Titan TQSL”), another wholly owned subsidiary of the Company, as defendants. Grand China Logistics sought an order for, among other things, the termination of the GCL Sale and Purchase Agreement and repayment to Grand China Logistics of the part payments in the aggregate amount of RMB740,000,000 together with accrued interest.

On 23 August 2012, Titan Fujian filed a statement of counterclaim against Grand China Logistics with the Shanghai Intermediate Court to seek the order from the court, among other remedies, specific performance by Grand China Logistics of the GCL Sale and Purchase Agreement.

On 10 June 2013, the Company received a notification from Grand China Logistics dated 7 June 2013 informing the Company that it had entered into an assignment with GZE pursuant to which it would assign to GZE all of its interests, rights and obligations in respect of the GCL Sale and Purchase Agreement (the “Assignment”) and, on the basis that none of the terms of the GCL Sale and Purchase Agreement would be changed as a result of the Assignment, the Company had no objection to the Assignment on 19 June 2013.

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

Notwithstanding the discontinuation of the proceedings (both with respect to the claim brought by Grand China Logistics and the counterclaim brought by Titan Fujian) in the Shanghai Intermediate Court referred to above, any disposition of the assets of Titan Quanzhou Shipyard remains subject to, among other things, the Indebtedness owed by Titan Quanzhou Shipyard to the Fuzhou branch of Shanghai Pudong Development Bank Co., Ltd. and the Securities granted in respect of the Indebtedness. Titan Quanzhou Shipyard had been in default on its payment obligations under the Indebtedness and the Securities are liable to be enforced by GZE. Further details in respect of the above are included in the Company’s announcement dated 14 January 2014.

The GCL Sale and Purchase Agreement has been terminated subject to certain terms and conditions. Further details of the termination will be disclosed in a separate announcement to be released by the Company.

* for illustration purpose only

Proposed Debt Restructuring

On 25 November 2013, the Company announced, among other things, the key indicative terms of a debt restructuring proposal (the “Debt Restructuring Proposal Announcement”), details of which are set out in the announcement of the Company dated 25 November 2013.

Further to the Debt Restructuring Proposal Announcement, an informal meeting (the “Informal Creditors’ Meeting”) with creditors, potential or prospective creditors (collectively, the “Creditors”) was convened by the Company on 27 November 2013 for the purpose of, among other things, discussing the Revised Debt Restructuring Proposal with the Creditors. Details of Informal Creditors’ Meeting are set out in the announcement of the Company dated 30 December 2013.

On 2 May 2014, the Company, TSL, a wholly owned subsidiary of the Company, and certain creditors (which include Camden, Edinburgh Navigation S.A. and KTL Mayfair Inc., collectively, the “Frontline Creditors”), entered into a settlement agreement (the “Settlement Agreement”), pursuant to which the parties have agreed, among other things, on the amounts of claims by the Frontline Creditors to be recognised as unsecured claims in the proposed debt restructuring of the Company (the “Restructuring”) by way of one or more schemes of arrangement as announced by the Company on 25 November 2013. Details of the Settlement Agreement are set out in the announcement of the Company dated 5 May 2014.

On 17 April 2014, the Company and Titan Shipyard Holdings Limited (“Shipyard Holdings”), a wholly owned subsidiary of the Company, entered into a support agreement (the “Support Agreement”) with Kawasaki Kisen Kaisha Ltd (“K-Line”), the note holder of the K-Line Notes Due 2013 issued by Shipyard Holdings and guaranteed by the Company, pursuant to which the parties have agreed that the claims of K-Line under the K-Line Notes Due 2013 shall be compromised, terminated and/or discharged upon its receipt of consideration being no less than HK\$0.10 for every HK\$1.00 of the agreed claim amounts in cash under the Restructuring by way of participation in a scheme of arrangement or otherwise. Details of the Support Agreement are set out in the announcement of the Company dated 5 May 2014.

On 14 August 2014, the Company and certain Senior Notes Due 2012, PIK Notes Due 2015 and Convertible Notes Due 2015 (collectively, the “Existing Notes”) Creditors constituting the informal creditors’ committee entered into an agreement (the “Noteholders Support Agreement”). Details of the Noteholders Support Agreement will be disclosed in a separate announcement to be released by the Company.

Proposed Debt Restructuring (Continued)

As announced by the Company on 30 May 2014, the Company has submitted a resumption proposal on 5 May 2014 and has entered into certain agreements in relation to its business development and debt restructuring. Further details of the agreements will be disclosed in a separate announcement to be released by the Company.

The Company is in the process of finalising the debt restructuring plan and related arrangements. Given that the terms of the debt restructuring are still being discussed with the creditors and other relevant parties and the resumption proposal is being reviewed by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), certain terms of the agreements in relation to the debt restructuring and fund raising have been changed or are subject to change according to the change of the terms of the debt restructuring or the resumption proposal (if any). There is no assurance that the transactions contemplated under the agreements in relation to the debt restructuring, resumption proposal and fund raising will proceed or be consummated.

Suspension of trading and listing status

Trading in the ordinary shares of the Company had been suspended since 19 June 2012.

The Company has been placed in the second stage of delisting under Practice Note 17 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The Company is required to submit a viable resumption proposal to the Stock Exchange by 5 May 2014 to address the following:

- i) the Company must demonstrate sufficient operations or assets under Rule 13.24 of the Listing Rules;
- ii) the Company must publish all outstanding financial results and address any audit qualifications; and
- iii) the Company must have the winding up petition against the Company withdrawn or dismissed and the provisional liquidators discharged.

The Company has submitted to the Stock Exchange a resumption proposal on 5 May 2014 (the “Resumption Proposal”). The Resumption Proposal (together with the responses to the comments from the Stock Exchange) is under the vetting process.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
		2014	2013
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
CONTINUING OPERATIONS			
Revenue	3	–	116,663
Cost of sales		–	(143,717)
		<hr/>	<hr/>
Gross loss		–	(27,054)
Other revenue		25	3,093
Gain on deconsolidation of subsidiaries	7	4,134,534	36,786
General and administrative expenses		(153,580)	(248,114)
Finance costs	6	(73,996)	(77,760)
Impairment losses on amounts due from deconsolidated subsidiaries	7	(135,461)	(4,533,620)
Loss on derecognition of derivative financial instruments not qualifying as hedges		–	(176,049)
		<hr/>	<hr/>
Profit/(loss) before tax from continuing operations	8	3,771,522	(5,022,718)
Income tax (expense)/credit	9	(17)	434
		<hr/>	<hr/>
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		3,771,505	(5,022,284)
DISCONTINUED OPERATION			
Loss for the period from discontinued operation	5	(115,906)	(124,818)
		<hr/>	<hr/>
PROFIT/(LOSS) FOR THE PERIOD		3,655,599	(5,147,102)
		<hr/>	<hr/>
Profit/(loss) for the period attributable to:			
Owners of the Company		3,655,599	(5,147,102)
Non-controlling interests		–	–
		<hr/>	<hr/>
		3,655,599	(5,147,102)
		<hr/>	<hr/>
BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
	11		
From continuing and discontinued operations			
Basic per share		HK46.74 cents	(HK65.82 cents)
Diluted per share		HK38.34 cents	(HK65.82 cents)
		<hr/> <hr/>	<hr/> <hr/>
From continuing operations			
Basic per share		HK48.22 cents	(HK64.22 cents)
Diluted per share		HK39.55 cents	(HK64.22 cents)
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2014	2013
	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
Profit/(loss) for the period	<u>3,655,599</u>	<u>(5,147,102)</u>
Other comprehensive income/(loss)		
Items that will not be reclassified to profit or loss:		
Revaluation gain of prepaid land lease payment upon reclassification to investment property	142,324	–
Income tax arising from revaluation gain thereof	<u>(34,219)</u>	<u>–</u>
	<u>108,105</u>	<u>–</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	3,831	(36,772)
	<u>3,831</u>	<u>(36,772)</u>
Other comprehensive income/(loss) for the period, net of tax	<u>111,936</u>	<u>(36,772)</u>
Total comprehensive income/(loss) for the period	<u>3,767,535</u>	<u>(5,183,874)</u>
Total comprehensive income/(loss) attributable to:		
Owners of the Company	3,767,535	(5,183,874)
Non-controlling interests	<u>–</u>	<u>–</u>
	<u>3,767,535</u>	<u>(5,183,874)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		3,728	4,787
Investment property	12	165,817	–
Prepaid land/seabed lease payments		–	24,558
Licenses		–	–
Total non-current assets		169,545	29,345
CURRENT ASSETS			
Accounts receivable	13	179	181
Prepayments, deposits and other receivables		147,806	161,729
Pledged deposits and restricted cash		482,887	487,059
Cash and cash equivalents		2,366	19,664
Assets of a disposal group classified as held for sale	5	2,904,599	2,956,904
Total current assets		3,537,837	3,625,537
CURRENT LIABILITIES			
Interest-bearing bank loans		5,850	5,850
Accounts payable	14	217,698	351,408
Other payables and accruals	15	761,754	4,520,305
Fixed rate guaranteed senior notes	16	997,158	962,062
Guaranteed senior convertible notes	17	520,570	499,693
Guaranteed senior payment in-kind notes	18	104,341	100,243
Liability portion of convertible preferred shares	19	413,413	406,110
Notes payable	20	229,513	227,292
Tax payable		1,066	1,059
Amounts due to the ultimate holding company		940,215	951,730
Amount due to the immediate holding company		114	27
Loans from the ultimate holding company		–	95,283
Loans from the immediate holding company	21	21,541	–
Liabilities directly associated with the assets classified as held for sale	5	3,314,966	3,255,146
Total current liabilities		7,528,199	11,376,208
NET CURRENT LIABILITIES		(3,990,362)	(7,750,671)
TOTAL ASSETS LESS CURRENT LIABILITIES		(3,820,817)	(7,721,326)
NON-CURRENT LIABILITIES			
Loans from the ultimate holding company		100,467	–
Loan from the immediate holding company	21	–	3,000
Deferred tax liabilities		34,061	–
Total non-current liabilities		134,528	3,000
Net liabilities		(3,955,345)	(7,724,326)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

	30 June 2014 (Unaudited) <i>HK\$'000</i>	31 December 2013 (Audited) <i>HK\$'000</i>
<i>Notes</i>		
DEFICIENCY IN ASSETS		
Deficiency attributable to owners of the Company		
Share capital	78,206	78,206
Deficits	<u>(4,033,551)</u>	<u>(7,802,532)</u>
Deficiency in assets	<u>(3,955,345)</u>	<u>(7,724,326)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of Titan Petrochemicals Group Limited (the “Company”) and its subsidiaries (collectively, the “Group”) for the six-month period ended 30 June 2014 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) No. 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

Loss of access to books and records of the Group

The directors of the Company (the “Directors”) have used their best endeavors to locate all the financial and business records of the Group. The access to most of the books and records of its subsidiaries which operated in Singapore have not been able to be located as a consequence of the re-location of the operating office and servers, together with the resignation of key management and most of the former operating and accounting personnel have once left the Group. Compounding the difficulties in obtaining information is the fact that most of the Singapore and certain British Virgin Islands (“BVI”) subsidiaries were put into liquidation in 2013 and 2014 and the records have since been under the control of the Liquidators. As a result, the Directors have been unable to obtain sufficient information to satisfy themselves regarding the treatment of various transactions and balances of the Group for the year ended 31 December 2013 and for the period ended 30 June 2014.

1.1 GOING CONCERN BASIS

As of 30 June 2014, the Group had net current liabilities and net liabilities of HK\$3,990,362,000 and HK\$3,955,345,000 respectively. These conditions together with events set out below, indicate the existence of a material uncertainty which may cast significant effect on the Group’s ability to continue as a going concern.

Legal proceedings in which the Group are involved are summarised below:

a) Proceedings

i) Bermuda proceedings

On 9 July 2012 (Bermuda time), Saturn Petrochemical Holdings Limited (“SPHL”) served on the Company a petition (the “SPHL Petition”) at the Supreme Court of Bermuda (the “Bermuda Court”) for an order, among other things, to wind up and to appoint a provisional liquidator against the Company.

On 23 July 2013 (Bermuda time), the Bermuda Court ordered (i) the SPHL Petition be struck out, and the Company be awarded the costs of the SPHL Petition up to the date upon which the skeleton argument for the strike-out application was filed; (ii) KTL Camden Inc (“Camden”) (the “Camden Petition”) was allowed to be substituted as the petitioner in place of SPHL.

1.1 GOING CONCERN BASIS (Continued)

a) Proceedings (Continued)

i) Bermuda proceedings (Continued)

On 18 October 2013 (Bermuda time), the Bermuda Court ordered the appointment of Mr. Garth Calow and Ms. Alison Tomb, both of PricewaterhouseCoopers, as the joint provisional liquidators (“JPLs”) of the Company with limited powers.

On 14 February 2014 (Bermuda time), the powers of the JPLs were varied by the Bermuda Court. On 7 March 2014 (Bermuda time), the Bermuda Court ordered that the Company be permitted to enter into the unsecured loan agreement with Fame Dragon International Investment Limited (“Fame Dragon”) in relation to the provision of an unsecured loan by Fame Dragon to the Company.

The winding up petition against the Company by Camden was adjourned to 3 October 2014 (Bermuda time). Further details of which are set out in note 23(b).

The Company has filed the application with the Bermuda Court to seek directions to convene meetings of the creditors for the purposes of implementing the scheme of arrangement and scheduled to be heard on 9 September 2014 (Bermuda time) unless otherwise adjourned. Further updates on the Bermuda Proceedings will be made in a separate announcement by the Company in due course.

ii) BVI proceedings

On 18 June 2012, the Company received two notices from Saturn Storage Limited (“SSL”) to exercise its redemption rights under Titan Group Investment Limited (“TGIL”) convertible preferred shares (the “TGIL preferred shares”) and TGIL convertible unsecured notes (the “TGIL Notes Due 2014”), 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 (the “BVI court”) ordered (the “Order”) the liquidation of TGIL. This resulted to a loss of joint control over TGIL and its subsidiaries (collectively the “TGIL Group”).

b) Debt restructuring

The Directors have adopted the going concern basis in the preparation of the consolidated financial statements and have implemented measures in order to improve the working capital, liquidity and cash flow position of the Group.

The Company has been engaging in discussions with the Group’s creditors, potential creditors as well as investors or potential investors in relation to the debt restructuring and fund raising (by way of debt financing and equity financing) proposals. Certain agreements in relation to the debt restructuring and fund raising have been entered into with the relevant parties (details of the agreements are set out in the announcements of the Company dated 25 November 2013, 5 May 2014, and 30 May 2014). As announced by the Company on 30 May 2014, the Company has submitted a resumption proposal on 5 May 2014 and has entered into certain agreements in relation to its business development and debt restructuring. Further details of the agreements will be disclosed in a separate announcement to be released by the Company.

1.1 GOING CONCERN BASIS (Continued)

b) Debt restructuring (Continued)

Given that the terms of the debt restructuring are still being discussed with the creditors and other relevant parties and the resumption proposal is being reviewed by The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), certain terms of the agreements in relation to the debt restructuring and fund raising have been changed or are subject to change according to the change of the terms of the debt restructuring or the resumption proposal (if any). Further details of the agreements will be disclosed in a separate announcement to be released by the Company. There is no assurance that the transactions contemplated under the agreements in relation to the debt restructuring, resumption proposal and fund raising will proceed or be consummated.

The consolidated financial statements have been prepared on a going concern basis on the assumption that the proposed restructuring of the Company will be successfully completed and that, following the financial restructuring, the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future.

Should the Group be unable to achieve a successful restructuring and to continue to operate as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statement.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the Group's audited consolidated financial statements for the year ended 31 December 2013 except as described below.

In the current period, the Group has adopted the following accounting policy for its investment property.

Investment property is a property held to earn rentals and/or for capital appreciation. Investment property measured initially at cost including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains and losses arising from changes in the fair value of investment property are included in profit or loss in the period in which it arises.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Prepaid land lease payments are transferred to investment property when there is a change in use.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Group has adopted the following amended Hong Kong Financial Reporting Standards (“HKFRSs”) and HKAS issued by the HKICPA which became effective for accounting periods beginning on or after 1 January 2014.

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
HK(IFRIC) – Int 21	Levies

Amendments to HKAS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of “currently has a legally enforceable right of set-off” and “simultaneous realisation and settlement”.

The application of these amendments to HKAS 32 results in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

Amendments to HKAS 36 – Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets

The amendments to HKAS 36 are to remove certain unintended disclosure requirements which may be introduced by the consequential amendments to HKAS 36 when HKFRS 13 was issued. Furthermore, these amendments require the disclosure of additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. The amendments to HKAS 36 are effective for annual periods beginning on or after 1 January 2014. Earlier application is permitted. However, an entity may not apply those amendments in periods (including comparative periods) in which it does not also apply HKFRS 13.

The application of these amendments to HKAS 36 has no material impact on the Group’s financial performance and positions.

Amendments to HKAS 39 – Novation of Derivatives and Continuation of Hedge Accounting

The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

This relief has been introduced in response to legislative changes across many jurisdictions that would lead to the widespread novation of over-the-counter derivatives. These legislative changes were prompted by a G20 commitment to improve transparency and regulatory oversight of over-the-counter derivatives in an internationally consistent and non-discriminatory way.

The application of these amendments to HKAS 39 has no material impact on the Group’s financial performance and positions.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 – Investment Entities

The Investment Entities amendments apply to a particular class of business that qualify as investment entities. The term “investment entity” refers to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organisations, venture capital organisations, pension funds, sovereign wealth funds and other investment funds.

Under HKFRS 10, reporting entities were required to consolidate all investees that they control (i.e. all subsidiaries). Preparers and users of financial statements have suggested that consolidating the subsidiaries of investment entities does not result in useful information for investors. Rather, reporting all investments, including investments in subsidiaries, at fair value, provides the most useful and relevant information.

In response to this, the amendments provide an exception to the consolidation requirements in HKFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities.

The application of these amendments to HKFRS 10, HKFRS 12 and HKAS 27 has no material impact on the Group’s financial performance and positions.

HK(IFRIC) – Int 21 Levies

HK (IFRIC) – Int 21 is an interpretation of HKAS 37 and addresses how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements. The principal question raised was about when the entity should recognise a liability to pay a levy. It clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. HK(IFRIC) – Int 21 is effective for annual periods beginning on or after 1 January 2014 with earlier application permitted.

The application of HK(IFRIC) – Int 21 has no material impact on the Group’s financial performance and positions.

3. REVENUE

Revenue under continuing operations, represents gross income from offshore storage services, gross freight income from the provision of transportation services, the net invoiced value of oil products sold (after allowances for returns and trade discounts) and income from the provision of bunker refueling services, while gross income from shipbuilding service is included under the revenue of discontinued operation as set out in note 5. All significant transactions among the companies comprising the Group have been eliminated on consolidation.

4. 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) provision of logistic services (including offshore storage and transportation); and (b) supply of oil products and provision of bunker refueling services. In 2010, the Group classified its shipbuilding operation as being discontinued for the reason as detailed in note 5(a).

Management monitors the results of the Group's operating segments separately for the purposes of making decisions about resource allocations and performance assessments. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax from continuing operations. The adjusted profit/(loss) before tax from continuing operations is measured consistently with the Group's profit/(loss) before tax from continuing operations 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 2013.

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 following table presents the unaudited segment information for the first six months of 2014 and 2013.

Six months ended 30 June 2014

	Provision of logistic services		Supply of oil products and provision of bunker refueling services HK\$'000	Continuing operations	Discontinued operation	Unallocated HK\$'000	Consolidated HK\$'000
	Offshore storage HK\$'000	Transportation HK\$'000		Total HK\$'000	Shipbuilding HK\$'000		
Segment revenue							
- Revenue from external customers	-	-	-	-	-	-	-
Segment results	142	67	(991)	(782)	(37,780)	-	(38,562)
Adjusted for:							
- Interest income	-	-	-	-	-	16	16
- Other revenue	-	-	-	-	-	9	9
- Other expenses	-	-	-	-	-	(152,798)	(152,798)
	142	67	(991)	(782)	(37,780)	(152,773)	(191,335)
Add: Depreciation and amortisation	-	-	36	36	27,738	770	28,544
Operating earnings before interest, tax, depreciation and amortisation ("EBITDA")/(loss before interest, tax, depreciation and amortisation) ("LBITDA")	142	67	(955)	(746)	(10,042)	(152,003)	(162,791)
Gain on deconsolidation of subsidiaries	-	-	-	-	-	4,134,534	4,134,534
Impairment losses on amounts due from deconsolidated subsidiaries	-	-	-	-	-	(135,461)	(135,461)
EBITDA/LBITDA	142	67	(955)	(746)	(10,042)	3,847,070	3,836,282
Depreciation and amortisation	-	-	(36)	(36)	(27,738)	(770)	(28,544)
Finance costs	-	-	-	-	(78,741)	(73,996)	(152,737)
Profit/(loss) before tax	142	67	(991)	(782)	(116,521)	3,772,304	3,655,001

4. OPERATING SEGMENT INFORMATION (Continued)

Six months ended 30 June 2013

	Provision of logistic services		Supply of oil products and provision of bunker refueling services HK\$'000	Continuing operations	Discontinued operation	Unallocated HK\$'000	Consolidated HK\$'000
	Offshore storage HK\$'000	Transportation HK\$'000		Total HK\$'000	Shipbuilding HK\$'000		
Segment revenue							
- Revenue from external customers	14,058	-	102,605	116,663	-	-	116,663
Segment results	(190,428)	(7,952)	(7,054)	(205,434)	(51,893)	-	(257,327)
Adjusted for:							
- Interest income	-	-	-	-	2	2,350	2,352
- Other revenue	-	-	-	-	-	471	471
- Other expenses	-	-	-	-	-	(69,462)	(69,462)
	(190,428)	(7,952)	(7,054)	(205,434)	(51,891)	(66,641)	(323,966)
Add: Depreciation and amortisation	-	-	209	209	25,350	798	26,357
Operating LBITDA	(190,428)	(7,952)	(6,845)	(205,225)	(26,541)	(65,843)	(297,609)
Gain on deconsolidation of subsidiaries	-	-	-	-	-	36,786	36,786
Impairment losses on amounts due from deconsolidated subsidiaries	-	-	-	-	-	(4,533,620)	(4,533,620)
Loss on derecognition of derivative financial instruments not qualifying as hedges	-	-	-	-	-	(176,049)	(176,049)
LBITDA	(190,428)	(7,952)	(6,845)	(205,225)	(26,541)	(4,738,726)	(4,970,492)
Depreciation and amortisation	-	-	(209)	(209)	(25,350)	(798)	(26,357)
Finance costs	-	-	-	-	(74,162)	(77,760)	(151,922)
Loss before tax	(190,428)	(7,952)	(7,054)	(205,434)	(126,053)	(4,817,284)	(5,148,771)

5. DISCONTINUED OPERATION

a) Shipbuilding – Titan Quanzhou Shipyard Co. Ltd. (“Titan Quanzhou Shipyard”)

On 11 December 2010, the Company entered into a sale and purchase agreement with Grand China Logistics Holding (Group) Company Limited (“Grand China Logistics”) in relation to the disposal of its 95% equity interest in Titan Quanzhou Shipyard (the “GCL Sale and Purchase Agreement”) at a consideration of RMB1,865,670,000 (equivalent to approximately HK\$2,365,140,000) or a maximum reduced consideration of RMB1,465,670,000 (equivalent to approximately HK\$1,858,053,000) 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\$2,111,597,000).

5. DISCONTINUED OPERATION (Continued)

a) Shipbuilding – Titan Quanzhou Shipyard Co. Ltd. (“Titan Quanzhou Shipyard”) (Continued)

While the requisite regulatory and shareholder approvals for the first two stage payments totaling RMB800,000,000 were obtained, only RMB740,000,000 has been received to date and 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”) and Titan Petrochemicals (Fujian) Ltd (“Titan Fujian”) to seek an order for, among other things the termination of the GCL Sale and Purchase Agreement and repayment of an aggregate amount of RMB740,000,000 (equivalent to approximately HK\$938,110,000) referred to above, together with accrued interest.

On 10 June 2013, the Company received a notification that Grand China Logistics 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 discontinuation of the proceedings. Further details are set out in note 23(e).

The GCL Sale and Purchase Agreement has been terminated subject to certain terms and conditions. Further details of the termination will be disclosed in a separate announcement to be released by the Company.

As at 30 June 2014 and 31 December 2013, the assets and liabilities related to the discontinued operation, shipbuilding and building of ship repair facilities, have been presented in the consolidated statement of financial position as “Assets of a disposal group classified as held for sale” and “Liabilities directly associated with the assets classified as held for sale”. The results for the periods ended 30 June 2014 and 2013 are included in the consolidated statement of profit and loss as “Loss for the period from discontinued operation”.

b) Financial information on Titan Quanzhou Shipyard

The results of Titan Quanzhou Shipyard for the periods are presented below.

		Six months ended 30 June	
		2014	2013
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$’000	HK\$’000
Other revenue		3	553
General and administrative expenses		(37,783)	(52,444)
Finance costs	6	(78,741)	(74,162)
Loss before tax		(116,521)	(126,053)
Income tax credit		615	1,235
Loss for the period from discontinued operation		(115,906)	(124,818)

5. DISCONTINUED OPERATION (Continued)

b) Financial information on Titan Quanzhou Shipyard (Continued)

The major classes of assets and liabilities of Titan Quanzhou Shipyard classified as held for sale as at 30 June 2014 and 31 December 2013 are as follows:

	30 June 2014 (Unaudited) <i>HK\$'000</i>	31 December 2013 (Audited) <i>HK\$'000</i>
Assets		
Property, plant and equipment	2,498,290	2,545,476
Prepaid land/seabed lease payments	309,395	313,822
Inventories	44,382	44,789
Prepayments, deposits and other receivables	52,418	52,590
Cash and cash equivalents	114	227
	<u>2,904,599</u>	<u>2,956,904</u>
Liabilities		
Interest-bearing bank loans	693,314	699,670
Accounts payable	92,430	93,624
Other payables and accruals	516,590	486,839
Amounts due to the ultimate holding company	18,832	85,769
Loans from the ultimate holding company	1,933,983	1,828,812
Deferred tax liabilities	59,817	60,432
	<u>3,314,966</u>	<u>3,255,146</u>
Liabilities directly associated with the assets classified as held for sale	<u>3,314,966</u>	<u>3,255,146</u>
Net liabilities directly associated with the disposal group	<u>(410,367)</u>	<u>(298,242)</u>

The net cash flows incurred by Titan Quanzhou Shipyard is summarised as follows:

	Six months ended 30 June 2014 (Unaudited) <i>HK\$'000</i>	2013 (Unaudited) <i>HK\$'000</i>
Net cash (outflow)/inflow from:		
Operating activities	(97)	(13,881)
Investing activities	(19)	–
Financing activities	–	12,793
	<u>–</u>	<u>12,793</u>
Net cash outflow	<u>(116)</u>	<u>(1,088)</u>

6. FINANCE COSTS

	Six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Interest on:		
Bank loans		
– wholly repayable within five years	23,066	42,770
– not wholly repayable within five years	–	33,868
Loans from the immediate holding company		
– wholly repayable within five years	87	11
Loans from the ultimate holding company		
– not wholly repayable within five years	59,083	–
Senior Notes Due 2012	35,096	35,095
Convertible Notes Due 2015	20,877	25,019
PIK Notes Due 2015	4,098	3,920
K-Line Notes Due 2013	2,221	3,035
Dividends on convertible preferred shares:		
– Titan preferred shares (<i>note 19</i>)	7,303	7,304
Other finance costs	906	900
	<hr/>	<hr/>
Total interest expenses	152,737	151,922
	<hr/> <hr/>	<hr/> <hr/>
Attributable to continuing operations	73,996	77,760
Attributable to discontinued operation (<i>note 5(b)</i>)	78,741	74,162
	<hr/>	<hr/>
	152,737	151,922
	<hr/> <hr/>	<hr/> <hr/>

7. DECONSOLIDATION OF SUBSIDIARIES

During the period ended 30 June 2014, ten wholly owned subsidiaries of the Group that were incorporated in BVI and three wholly owned subsidiaries of the Group that were incorporated in Singapore have been placed into liquidation.

Titan Storage Limited (“TSL”), Estonia Capital Ltd., Titan Mars Limited, Sino Ocean Development Limited, Brookfield Pacific Ltd., Roswell Pacific Ltd., Titus International Ltd., Wynham Pacific Ltd., Wendelstar International Ltd. and Sewell Global Ltd. were placed into liquidation on 25 April 2014. Titan Leo Pte. Ltd., Neptune Associated Shipping Pte Ltd and Petro Titan Pte. Ltd. were placed into liquidation on 29 April 2014.

During the period ended 30 June 2013, three wholly owned subsidiaries of the Group that were incorporated in Singapore have been placed into liquidation.

On 6 June 2013, Titan Resources Management (S) Pte. Ltd. and Titan Bunkering Pte. Ltd. were put into voluntary liquidation. On 28 June 2013, Titan Ocean Pte Ltd was ordered to be wound up by the High Court of the Republic of Singapore under the provisions of the Companies Act (Cap 50).

Accordingly, the Group had deconsolidated these subsidiaries as the Directors considered that the Group’s control over these subsidiaries had been lost. The gain on deconsolidation of these subsidiaries and the net cash outflow arising on deconsolidation of subsidiaries were set out as below.

a) Gain on deconsolidation of subsidiaries

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$’000	HK\$’000
Accounts receivable	–	77
Prepayments, deposits and other receivables	11,679	1,847
Amounts due from fellow subsidiaries	–	4,720,741
Amounts due from deconsolidated fellow subsidiaries	2,087,170	158,227
Cash and cash equivalents	–	630
Accounts payable	(133,710)	(132,997)
Amounts due to the intermediate holding company	(134,987)	(113,064)
Amounts due to fellow subsidiaries	(476)	(4,471,686)
Amounts due to deconsolidated fellow subsidiaries	(5,918,946)	(171,688)
Other payables and accruals	(46,710)	(24,757)
	<hr/>	<hr/>
Net liabilities of deconsolidated subsidiaries attributable to the Group	(4,135,980)	(32,670)
	<hr/>	<hr/>
Release of exchange fluctuation reserve	(1,446)	4,116
Net liabilities of deconsolidated subsidiaries attributable to the Group	4,135,980	32,670
	<hr/>	<hr/>
Gain on deconsolidation of subsidiaries	4,134,534	36,786
	<hr/>	<hr/>

7. DECONSOLIDATION OF SUBSIDIARIES (Continued)

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
b) Net cash outflow arising on deconsolidation of subsidiaries		
Cash and cash equivalents of deconsolidated subsidiaries	—	(630)
	<u> </u>	<u> </u>
c) Amounts due to deconsolidated subsidiaries were included in the consolidated statement of financial position as follows:		
Other payables and accruals	389,932	4,593,899
Liabilities directly associated with the assets classified as held for sale	112,766	105,153
	<u> </u>	<u> </u>
	<u>502,698</u>	<u>4,699,052</u>
d) Impairment losses:		
Impairment losses on amounts due from deconsolidated subsidiaries (<i>Note</i>)	135,461	4,533,620
	<u> </u>	<u> </u>

Note:

During the period ended 30 June 2014, impairments have been made for the amounts due from deconsolidated subsidiaries due to the amounts are highly unrecoverable and which are determined by reference to the estimation of future cash flows expected to be generated from the deconsolidated subsidiaries. Accordingly, impairment losses of HK\$135,461,000 (period ended 30 June 2013: HK\$4,533,620,000) were recognised during the period.

8. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting) the amounts as set out below. The disclosures presented in this note include those amounts charged/(credited) in respect of the discontinued operation.

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of inventories sold	–	102,679
Cost of services rendered	–	41,038
Depreciation and amortisation	28,544	26,357
Interest income	(16)	(2,352)
	<u> </u>	<u> </u>

9. INCOME TAX (EXPENSE)/CREDIT

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current:		
Underprovision in prior periods – Hong Kong	17	–
Overprovision in prior periods – overseas	–	(434)
	<u> </u>	<u> </u>
Total tax expense/(credit) for the period, continuing operations	17	(434)

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:

	2014	2013
Hong Kong	16.5%	16.5%
Singapore	17.0%	17.0%
Mainland China	25.0%	25.0%
	<u> </u>	<u> </u>

Hong Kong

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits in Hong Kong during the periods ended 30 June 2014 and 2013.

9. INCOME TAX (EXPENSE)/CREDIT (Continued)

Singapore

Under Section 13A of the Singapore Income Tax Act, charter and freight income derived from certain Singapore incorporated subsidiaries whose vessels are all sea-going Singapore flagged ships are exempted from corporate income tax in Singapore. No provision for taxation has been made on the estimated assessable profits generated from charter and freight income for the periods ended 30 June 2014 and 2013.

Mainland China

Under the Law of the People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

10. DIVIDENDS

The Board of Directors does not recommend the payment of an interim dividend for the period ended 30 June 2014 (period ended 30 June 2013: Nil).

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

From continuing and discontinued operations

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

	Six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Earnings/(loss)		
Earnings/(loss) for the purpose of basic earnings/(loss) per share (profit/(loss) for the period attributable to owners of the Company)	3,655,599	(5,147,102)
Effect of dilutive potential ordinary shares:		
Dividends on Titan preferred shares (<i>Note</i>)	7,303	–
Interest on Convertible Notes Due 2015 (net of tax)	20,877	–
Earnings/(loss) for the purpose of diluted earnings/(loss) per share	<u>3,683,779</u>	<u>(5,147,102)</u>

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

Number of shares

	Six months ended 30 June	
	2014	2013
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	7,820,554,682	7,820,554,682
Effect of dilutive potential ordinary shares:		
Titan preferred shares (<i>Note</i>)	1,263,414,634	–
Convertible Notes Due 2015	523,483,400	–
	<u>9,607,452,716</u>	<u>7,820,554,682</u>
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	9,607,452,716	7,820,554,682

From continuing operations

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

Earnings/(loss) figures are calculated as follows:

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Profit/(loss) for the period attributable to owners of the Company	3,655,599	(5,147,102)
<i>Less:</i>		
Loss for the period from discontinued operation	115,906	124,818
Earnings/(loss) for the purpose of basic earnings/(loss) per share from continuing operations	3,771,505	(5,022,284)
Effect of dilutive potential ordinary shares:		
Dividends on Titan preferred shares (<i>Note</i>)	7,303	–
Interest on Convertible Notes Due 2015 (net of tax)	20,877	–
Earnings/(loss) for the purpose of diluted earnings/(loss) per share from continuing operations	3,799,685	(5,022,284)

Note:

As the Company failed to redeem the Company's convertible preferred shares (the "Titan preferred shares"), the convertible right was deemed to continue for the purpose of calculating diluted earnings/(loss) per share.

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

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

From discontinued operation

Basic loss per share for the discontinued operation is HK1.48 cents per share (period ended 30 June 2013: HK1.60 cents per share) and diluted loss per share for the discontinued operation is HK1.21 cents per share (period ended 30 June 2013: HK1.60 cents per share), based on the loss for the period from the discontinued operation of HK\$115,906,000 (period ended 30 June 2013: HK\$124,818,000) and the denominators detailed above for both basic and diluted earnings/(loss) per share.

12. INVESTMENT PROPERTY

In the previous year, a piece of land located in Fujian, subsequent to initial recognition, was stated at cost less subsequent accumulated amortisation and any accumulated impairment losses. Amortisation was recognised so as to write off the cost of land over its estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. According to the Board resolution dated 2 May 2014, the use of the land in Fujian changed from own use to investment purpose. As a result, the land has been reclassified as an investment property and the measurement method subsequent to initial recognition has been changed to fair values. Any change in fair value of the land after reclassification is included in profit or loss for the period in which they arise. The management believes that the new policy results in a more appropriate presentation of the Group's investment property.

13. ACCOUNTS RECEIVABLE

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. Accounts receivable are non-interest-bearing.

An aged analysis of accounts receivable at the end of the reporting period, based on the date of recognition of the sales and net of provisions, is as follows:

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
1 to 3 months	–	181
7 to 12 months	<u>179</u>	<u>–</u>
	<u>179</u>	<u>181</u>

14. ACCOUNTS PAYABLE

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

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

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
7 to 12 months	–	19
Over 12 months	<u>217,698</u>	<u>351,389</u>
	<u>217,698</u>	<u>351,408</u>

15. OTHER PAYABLES AND ACCRUALS

Included in other payables and accruals is an amount of HK\$389,932,000 (31 December 2013: HK\$4,222,659,000) in respect of amounts due to deconsolidated subsidiaries.

16. FIXED RATE GUARANTEED SENIOR NOTES (THE “SENIOR NOTES DUE 2012”)

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) on 17 March 2005. 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 outstanding principal in respect of the Senior Notes Due 2012 as at 30 June 2014 and 31 December 2013 was US\$105,870,000 (equivalent to approximately HK\$825,786,000). On the maturity date, 19 March 2012, the Company was unable to repay overdue principal and interest on the Senior Notes 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, 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 preferred shares and resulted to TGIL warrants issued to SSL becoming exercisable.

17. 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 are 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 them in 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.

On 6 September 2012, the winding-up petition against the Company at the Bermuda Court remained undismissed or unstayed for a period of 60 consecutive days, which, in turn, constituted an event of default under the Convertible Notes Due 2015 as set out in note 23.

18. 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 are 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 8.5% 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.

On 6 September 2012, the winding-up petition against the Company at the Bermuda Court remained undismissed or unstayed for a period of 60 consecutive days which, in turn, constituted an event of default under the terms of the PIK Notes Due 2015 as set out in note 23.

19. CONVERTIBLE PREFERRED SHARES

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 Company's outstanding 555,000,000 preferred shares held by it at a redemption amount equal to the notional value of the Company's preferred shares (being HK\$310,800,000) together with any accrued and unpaid dividends.

On 12 October 2012, GZE has informed the Company that it (through one of its wholly owned subsidiaries) has agreed, subject to the fulfilment of certain conditions precedent, to acquire all beneficial interests in the Titan preferred shares from SPHL.

20. 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 million (equivalent to approximately HK\$195 million) 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 has the right to redeem the notes in full prior to maturity date at the Applicable Redemption Amount, while K-Line has 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.

On 31 March 2013, the Company did not redeem the K-Line Notes Due 2013 in full at cash at the applicable redemption amount.

The loss on derecognition of derivative financial instruments not qualified as hedges of HK\$176,049,000 for the period ended 30 June 2013 represented the derecognition of derivative financial instruments of the K-Line Notes Due 2013 when it was due on 31 March 2013.

On 17 April 2014, the Company and Titan Shipyard Holdings Limited ("Shipyard Holdings") entered into a support agreement (the "Support Agreement") with K-Line, pursuant to which the parties have agreed that the claims of K-Line under the K-Line Notes Due 2013 shall be compromised, terminated and/or discharged upon its receipt of consideration being no less than HK\$0.10 for every HK\$1.00 of the agreed claim amounts in cash under the proposed debt restructuring of the Company (the "Restructuring") by way of participation in a scheme of arrangement or otherwise. Details of the Support Agreement are set out in the announcements of the Company dated 5 May 2014 and 30 May 2014.

21. LOANS FROM THE IMMEDIATE HOLDING COMPANY

On 12 March 2013, the Company entered into a loan agreement with Fame Dragon pursuant to which Fame Dragon agreed to provide an interim financing on request of the Company of up to approximately HK\$62,240,000 at an interest rate of 2% per annum payable on maturity, subject to the dismissal or stay or adjournment of the hearing of the Petition and the application of provisional liquidations to allow time for the Company to implement the Titan Debt Restructuring Proposal. Details of the above was set out in the Company's announcement dated 15 March 2013.

21. LOANS FROM THE IMMEDIATE HOLDING COMPANY (Continued)

However, the events of default have occurred. On 28 June 2013, Titan Ocean Pte Ltd, a wholly owned subsidiary in Singapore, was ordered to be wound up by the High Court of the Republic of Singapore under the provisions of the Companies Act (Cap 50). On 18 October 2013 (Bermuda time), the Bermuda Court ordered the appointment of Mr. Garth Calow and Ms. Alison Tomb, both of PricewaterhouseCoopers, as the JPLs of the Company with limited powers, therefore the loan from the immediate holding company of HK\$3,000,000 was then presented as current liabilities as at 30 June 2014.

On 13 March 2014, the Company entered into a loan agreement with Fame Dragon pursuant to which Fame Dragon agreed to provide an interim financing on request of the Company of up to approximately HK\$62,240,000 at an interest rate of 2% per annum payable on maturity subject to the conditions precedent and event of default. Details of the above were set out in the Company's announcement dated 11 March 2014.

Since the Company fails to deliver to GZE the Scheme Documents in a form substantially agreed with the JPLs and the informal committee of creditors (the "Informal Committee") or evidence satisfactory to GZE that the members of the Informal Committee have entered into legally binding agreements pursuant to which they have agreed to support the Company's Debt Restructuring Plan by 15 April 2014, which has triggered one of the events of default, the loan from the immediate holding company of HK\$18,541,000 was then presented as current liabilities as at 30 June 2014.

22. GUARANTEES

As at 30 June 2014, guarantees with aggregated amounts of HK\$349,411,000 (31 December 2013: HK\$346,978,000) were given by the Company to (i) a bank for a loan to a subsidiary of the Group, (ii) ship owners for the charter hire expenses to a subsidiary of the Group deconsolidated in 2014 and (iii) the K-Line Notes Due 2013.

At the end of the reporting period, an amount of HK\$349,411,000 (31 December 2013: HK\$346,978,000) has been recognised in the Company's statement of financial position as liabilities.

As at 30 June 2014, guarantees in the aggregate amount of HK\$113,101,000 had been provided to a deconsolidated subsidiary to ship owners for the charter hire expenses. They had been utilised and recognised as liabilities in the consolidated statement of financial position.

Other than those as disclosed above, the Group and the Company had no other material guarantees outstanding as at 30 June 2014 and 31 December 2013.

23. CONTINGENT LIABILITIES

a) Arbitrations

Arbitrations between KTL Mayfair Inc. ("Mayfair") and the Company and the Arbitrations between Mayfair and TSL

Mayfair served notices of appointment of arbitrator on both TSL and the Company on 16 July 2013.

The claims relate to disputes between the Company/TSL and Mayfair in relation to the alleged breaches by TSL of a bareboat charter party contract executed in 2010 (the "Charterparty"), including but not limited to the Company/TSL's failure to pay hire and contractual interest on hire; and the alleged failure to insure the Mayfair vessel. The total amount of Mayfair's claim is USD23,021,040.61 and SGD5,296,30. TSL and the Company have also counterclaimed against Mayfair for USD20,755,188.89.

23. CONTINGENT LIABILITIES (Continued)

a) Arbitrations (Continued)

Arbitration between the Company and Edinburgh Navigation S.A. (“Edinburgh”); Arbitration between the Company and Camden; Arbitration between Edinburgh and TSL and Arbitration between Camden and TSL

The Company served notices of arbitration on Edinburgh and Camden on 20 July 2013. Edinburgh and Camden subsequently served notices of appointment of an arbitrator on TSL on 26 November 2013.

The parties involved in the aforesaid arbitrations are (i) the Company, TSL and Edinburgh and (ii) the Company, TSL and Camden. The claims relate to disputes arising out of the charterparty agreements (the “Charterparty Agreements”) executed in 2010 entered into between TSL and Edinburgh/Camden in relation to the vessels MT Titan Aries/MT Titan Venus (the “Vessels”). In 2012, Frontline Management SA (“Frontline”) as agents of the Vessels demanded the Vessels to be re-delivered sooner. TSL agreed to such redelivery relying on Frontline’s representation that Frontline would arrange a suitable time charter arrangement such that TSL’s oil storage business would not be affected (the “New Arrangement”). However, Frontline, later refused to carry on with the New Arrangement. The Company is now claiming that the conduct of Edinburgh/Camden has resulted in TSL not being able to perform its oil storage business and suffered loss as a result. The total amount of claim against each of Edinburgh and Camden is USD20,755,188.89. Edinburgh and Camden have also counterclaimed against the Company and TSL for USD7,449,911.02 and USD6,425,312.50 respectively.

On 2 May 2014, the Company and TSL entered into a settlement agreement (the “Settlement Agreement”) with the Creditors, pursuant to which the parties have agreed:

- a) on the amounts of the claims by Camden, Edinburgh and Mayfair (collectively, the “Creditor Debt”) to be recognised as unsecured claims (the “Agreed Claim Amounts”) in the Restructuring by way of one or more schemes of arrangement (the “Schemes”) as announced by the Company on 25 November 2013;
- b) that subject to and upon receipt by the Creditors of the full cash payment under the Schemes of HK\$0.10 for every HK\$1.00 of the Agreed Claim Amounts (the “Settlement Payment”), the parties will be released from all liabilities arising out of or in connection with the Creditor Debt, the Creditor Debt Documents and the subject matter thereof and any previous arrangement between the Company, TSL and the Creditors in relation to the Arbitration Proceedings;
- c) that promptly and in any event within three business days of the date of the Settlement Agreement, the parties will take all steps reasonably required to effect a stay of the Arbitration Proceedings; and
- d) that promptly and in any event within three business days upon the Settlement Payment has been made, the parties will take all steps to inform the arbitral tribunal that the Arbitration Proceedings have been settled and/or terminated.

23. CONTINGENT LIABILITIES (Continued)

a) Arbitrations (Continued)

Further, each of the Creditors has agreed under the Settlement Agreement that:

- i) during the Support Period, it will take any actions that are reasonably required to facilitate the Restructuring, including taking all reasonable steps necessary to vote in favour of the Schemes;
- ii) until expiry of the Support Period or such other period as agreed between the parties, it will not oppose any application by the Company for any adjournment of the petition for the winding up of the Company pending before the Bermuda Court; and
- iii) subject to the terms of the Settlement Agreement, it will not, during the Support Period, commence any legal or arbitration proceedings or insolvency proceedings against the Company or any of its subsidiaries in relation to the Creditor Debt Documents.

“Support Period”, under the Settlement Agreement, means the period between the date of the Settlement Agreement and the date upon which the Settlement Agreement terminates, being the earlier of:

- 1) 31 December 2014 (or such later date as may be agreed between the parties);
- 2) the date on which a final non appealable order of a governmental body of competent jurisdiction first comes into effect prohibiting the implementation and consummation of the Restructuring;
- 3) the date on which an order is made in any jurisdiction for the winding up of the Company;
- 4) the Company’s failure, within 5 business days of receipt of a notice from any of the Creditors notifying the Company its intention to treat the Settlement Agreement as having terminated, to withdraw a condition, term or modification of the Restructuring proposed by the Company to the Bermuda Court or the Company’s unsecured creditors, the addition of which condition or term to the Restructuring or which modification of the Restructuring would affect certain rights of the Company’s unsecured creditors under the Schemes as set out in the Settlement Agreement; and
- 5) the date on which the scheme document is deposited with the Bermuda Registrar of Companies following sanction of the Schemes by the Bermuda Court and approval by qualifying majorities of creditors.

Further details in respect of the above are included in the Company’s announcement dated 5 May 2014.

23. CONTINGENT LIABILITIES (Continued)

b) Bermuda Proceedings

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\$310.8 million) together with any accrued and unpaid dividends. Redemption monies are payable 30 business days after the date of the redemption notice.

On 9 July 2012 (Bermuda time), SPHL served on the Company the SPHL Petition at the Bermuda Court for an order, among other things, to wind up and to appoint a provisional liquidator against the Company. Further details in respect of the above are included in the Company's announcement dated 12 July 2012.

The Company made an application to the Bermuda Court to strike out the SPHL Petition on the grounds that SPHL is not a creditor or contributory of the Company and/or has no interest in such a winding up of the Company and/or the proceedings are an abuse of process. The strike out application was heard in the Bermuda Court on 1 May 2013 (Bermuda time).

On 10 May 2013 (Bermuda time), the Bermuda Court handed down its ruling in relation to the Company's application to strike out the SPHL Petition and found that it would exercise its discretion to strike out the SPHL Petition (the "10 May Decision"). The Bermuda Court further ordered that the actual striking out of the SPHL Petition be adjourned to 23 July 2013 in order to facilitate the hearing of an application by Camden to be substituted as the petitioner (the "Camden Substitution Application"). Further details in respect of the above are included in the Company's announcement dated 13 May 2013.

Camden claimed that TSL, a subsidiary of the Company, failed to pay certain hiring charges to Camden pursuant to a bareboat charter party contract and that the Company was liable to Camden for such hiring charges plus interest thereon in the sum of approximately USD6,853,032 (up to 16 April 2013) pursuant to a deed of guarantee issued by the Company in favour of Camden.

Subsequently, SPHL made an application to the Bermuda Court for leave to appeal the 10 May Decision (the "SPHL Leave Application"). Further details in respect of the above are included in the Company's announcement dated 25 July 2013.

On 19 July 2013 (Bermuda time), the Company made an application to the Bermuda Court seeking to (a) stay the Petition pending arbitration between the Company and Camden or (b) strike out the Petition on the basis that it was an abuse of process (the "Titan Stay Application").

The Camden Substitution Application, the SPHL Leave Application and the Titan Stay Application were all heard by the Bermuda Court on 23 July 2013 (Bermuda time). At the hearing, the Bermuda Court made the following orders:

- i) the Petition by SPHL was struck out, and the Company was awarded the costs of the petition against SPHL from the date upon which its skeleton argument for the Striking Out Application was filed;
- ii) SPHL was granted leave to appeal the 10 May Decision;
- iii) the Titan Stay Application was dismissed;

23. CONTINGENT LIABILITIES (Continued)

b) Bermuda Proceedings (Continued)

- iv) Camden was allowed to be substituted as the petitioner in place of SPHL and granted leave to amend the Camden Petition. Camden was also awarded its costs against the Company of the Camden Substitution Application; and
- v) the hearing of the Camden Petition was adjourned to 16 August 2013.

Further details in respect of the above are included in the Company's announcement dated 25 July 2013.

On 29 July 2013 (Bermuda time), Camden made an application to the Bermuda Court by way of an ex parte summons (on notice) seeking an interim injunction (the "Interim Injunction") restraining the Company from, among others, taking any action or consenting to any action to be taken by any subsidiary to transfer any rights, titles or interests in relation to certain assets and agreements of the Company, without the approval of the Supreme Court of Bermuda or 7 days' written notice to Camden.

Camden also made an application for the appointment of provisional liquidators in the Company on 6 August 2013 (Bermuda time) (the "PLs Application").

The Company made an application with the Bermuda Court on 6 August 2013 (Bermuda time) for leave to appeal the judgment of the Bermuda Court dated 23 July 2013 in relation to the substitution of Camden as the petitioner in place of SPHL on the grounds of a dispute as to Camden's claim (the "Leave to Appeal Application").

The Camden Petition, the application for the Interim Injunction, the PLs Application and the Leave to Appeal Application were all heard by the Bermuda Court on 16 August 2013 (Bermuda time) and no order was made for the appointment of provisional liquidators or to wind up the Company at that hearing. The following orders were made by the Bermuda Court:

- i) until the first hearing in the matter following the hearing of 16 August 2013, an injunction was granted restraining the Company, whether alone or in concert with others, acting through its directors, officers, employees, servants, agents or otherwise, from (i) disposing of any property, including things in action, belonging to the Company, save the payment of salaries, rent, utilities, professional fees or other similar payments in the ordinary course of its business; or (ii) consenting to or approving the disposal of property, including things in action, belonging to any subsidiary (as defined in section 86 of the Companies Act 1981) of the Company, without the approval of the Bermuda Court or without 7 days' written notice of the same to Camden (the "Interim Injunction Order"); and
- ii) the Company shall pay Camden's costs of the application for the Interim Injunction.

Further details in respect of the above are included in the Company's announcement dated 20 August 2013.

23. CONTINGENT LIABILITIES (Continued)

b) Bermuda Proceedings (Continued)

On 30 August 2013, the Bermuda Court ordered that the Company and Camden to agree on setting up the Informal Committee to facilitate information exchange between the Company and its creditors, failing which the Bermuda Court would make an order in this regard. No agreement was reached between the Company and Camden and hence, the Bermuda Court made an order on 10 September 2013 for the set of the Informal Committee.

On 18 October 2013 (Bermuda time), the Bermuda Court ordered the appointment of Mr. Garth Calow and Ms. Alison Tomb, both of PricewaterhouseCoopers, as the JPLs of the Company with the powers as set out in the Company's announcement dated 22 October 2013.

The Company made an application for a stay, and filed a motion for leave to appeal, in respect of the order of the Bermuda Court appointing JPLs, both of which were rejected by the Bermuda Court at a hearing on 5 November 2013. Further applications for stay and leave to appeal were made by the Company.

On 12 December 2013, the Company made an application to the Bermuda Court for the discharge of the JPLs appointed to the Company on 18 October 2013 (the "Discharge Application").

The Camden Petition and the Discharge Application were heard by the Bermuda Court on 13 December 2013 (Bermuda time) and the following orders were made by the Bermuda Court:

- i) the Camden Petition and the Discharge Application be adjourned to 31 January 2014 (Bermuda time);
- ii) costs of the hearing be awarded to the JPLs to be paid out of the assets of the Company on an indemnity basis; and
- iii) the costs of hearing of Camden as the petitioner be reserved.

For the purposes of being able to properly advise the Bermuda Court on the feasibility of the restructuring proposals, the Bermuda Court has required the Company to consult and agree an extension of the powers for the JPLs (the "Extension of the JPL's Powers") and report back to the Bermuda Court accordingly. Further details in respect of the above are included in the Company's announcement dated 18 December 2013.

On 14 February 2014, the order made by the Bermuda Court on 18 October 2013 (Bermuda time) in relation to the appointment of the JPLs of the Company was varied as follows:

- i) the JPLs would have the following powers (among others):
 - 1) to consult with the Company in respect of, and review, on an ongoing basis, all issues relating to feasibility of the restructuring proposal of the Company or any variation thereof, including with respect to the necessary steps which need to be taken, and conditions to be met, in order for such restructuring proposal to be successfully implemented;

23. CONTINGENT LIABILITIES (Continued)

b) Bermuda Proceedings (Continued)

- i) (Continued)
 - 2) to consider the terms of any scheme of arrangement proposed by the Company under the provisions of section 99 of the Companies Act 1981 of Bermuda and, if so advised, to report to the Bermuda Court thereon at or before the hearing of the application to convene a scheme meeting. In this regard the Company shall at least seven days prior to any application being made to the Bermuda Court to convene a scheme meeting provide to the JPLs a final draft of the Company's application to convene a scheme meeting;
 - 3) to review the financial position of the Company and in particular to assess the feasibility of any restructuring proposal of the Company;
 - 4) to monitor the continuation of the business of the Company by the existing Board;
 - 5) to monitor, consult with and otherwise liaise with the creditors and shareholders of the Company in determining whether any restructuring proposal will be successfully implemented; and
 - 6) to see, review and copy books, papers, writings, documents and records in the possession or control of the Company situate in Bermuda or in any other jurisdiction, solely insofar as reasonably necessary to permit the JPLs to exercise and discharge their powers and functions;
- ii) save as specifically set out in the order, the JPLs will have no general or additional powers or duties with respect to the property or records of the Company, and the Board will continue to manage the Company's affairs in all respects and exercise the powers conferred upon it by the Company's Memorandum of Association and Bye-laws, provided always that, should the JPLs consider at any time that the Board is not acting in the best interests of the Company and its creditors, the JPLs shall have the power to report the same to the Bermuda Court and seek such directions from the Bermuda Court as the JPLs are advised are appropriate;
- iii) the JPLs shall be entitled to receive advance materials, receive advance notice of, and, at the expense of the Company, attend all Board meetings and such meetings of management as the JPLs request;
- iv) the Company shall at all times comply with the Funding Terms referred to in the letter, dated 13 February 2014, from the JPLs to the Company; and
- v) the Company shall procure that any necessary instructions are given to the liquidator of TGIL (the "Liquidator") to ensure that any dividends payable by the Liquidator after the date of the order be paid into an account to be nominated by the JPLs to be held in such account for the benefit of creditors until otherwise directed by the Bermuda Court.

Further details in respect of the above are included in the Company's announcement dated 18 February 2014.

On 28 February 2014 (Bermuda time), at which the Bermuda Court ordered a further adjournment of the Camden Petition to 7 March 2014 (Bermuda time) to allow GZE to consider if it would be willing to fund the costs of the Company's debt restructuring on an unsecured basis, and if GZE was not willing to do so, the Company would be wound up. Further details in respect of the above are included in the Company's announcements dated 4 March 2014 and 6 March 2014 respectively.

23. CONTINGENT LIABILITIES (Continued)

b) Bermuda Proceedings (Continued)

At the hearing held on 7 March 2014 (Bermuda time), a draft unsecured loan agreement (the “Loan Agreement”) to be entered into between the Company and Fame Dragon, in relation to the provision of an unsecured loan by Fame Dragon to the Company was presented to the Bermuda Court. The Bermuda Court ordered that:

- a) the Company be permitted to enter into the Loan Agreement with Fame Dragon;
- b) the Camden Petition be adjourned to 17 April 2014; and
- c) the Company and the JPLs of the Company be awarded 90% of the costs of the hearing as against Camden in any event of the cause.

Further details in respect of the above are included in the Company’s announcement dated 11 March 2014.

At the hearing held on 8 August 2014 (Bermuda time), the Bermuda Court ordered a further adjournment of the Camden Petition to 3 October 2014 (Bermuda time).

Further details in respect of the above are included in the Company’s announcements dated 22 April 2014, 19 May 2014, 15 July 2014 and 11 August 2014.

The Company has filed the application with the Bermuda Court to seek directions to convene meetings of the creditors for the purposes of implementing the scheme of arrangement and scheduled to be heard on 9 September 2014 (Bermuda time) unless otherwise adjourned.

Further updates on the Bermuda Proceedings will be made in a separate announcement by the Company in due course.

c) BVI Proceedings

On 18 June 2012, the Company received two notices from SSL to exercise its redemption rights under the TGIL preferred shares and 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 BVI Court ordered 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 appeal with 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.

23. CONTINGENT LIABILITIES (Continued)

c) BVI Proceedings (Continued)

The Company, TGIL, TOSIL and SSL have been in negotiations on the BVI proceedings, however, up to the date of this announcement, there is no assurance that a settlement on the BVI proceedings will be reached.

d) Hong Kong Proceedings

On 19 July 2012, the Company received from SSL a writ of summons (the “Writ”) issued in the Court of First Instance in the High Court of the Hong Kong Special Administrative Region (the “Hong Kong Court”) with an indorsement of claim against the Company and other parties including its wholly owned subsidiary, TOSIL, and two directors of the Company. SSL alleged in the Writ among other things (a) breach of the amended and restated investor rights agreement (the “IRA”) in respect of TGIL dated 17 July 2009; and (b) misrepresentations regarding the financial position of TGIL, and its subsidiaries. SSL seeks, among other remedies, specific performance of the IRA, injunctive relief, declaratory relief, an indemnity, damages, interest and costs. Further details in respect of the above are included in the Company’s announcement dated 20 July 2012.

On 14 September 2012, the Company received a statement of claim filed by SSL in connection with the Writ. Further details in respect of the above are included in the Company’s announcement dated 19 September 2012.

On 10 November 2012, the Hong Kong Court, among other things, stayed the proceedings for a period of 90 days which was then subsequently extended until 15 March 2013.

On 15 November 2013, SSL was ordered by the Hong Kong Court to provide security in various sums for the Defendants’ costs of the proceedings. SSL has yet to comply with this order and the proceedings are presently stayed. The Hong Kong proceedings will continue in accordance with the Rules of the Hong Kong Court or as otherwise ordered by the Hong Kong Court.

On 22 July 2014, the Company received a notice of hearing by the Hong Kong Court that the hearing will be held on 21 November 2014.

The Company, TOSIL and SSL have been in negotiations with a view to reaching a settlement relating to the Writ, however, up to the date of this announcement, there is no assurance that a settlement on the Writ will be reached.

e) PRC Proceedings

On 11 December 2010, the Company entered into (i) the GCL Sale and Purchase Agreement; (ii) a subscription agreement in relation to the issue of subscription shares to Grand China Logistics; and (iii) a management agreement in relation to the engagement of the Company to manage the business operations of Titan Quanzhou Shipyard for the term commencing from the completion of the GCL Sale and Purchase Agreement until 31 December 2012. The consideration for the proposed disposal is RMB1,865,670,000 or a maximum reduced consideration of RMB1,465,670,000 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\$2,111,597,000).

23. CONTINGENT LIABILITIES (Continued)

e) PRC Proceedings (Continued)

While the requisite regulatory and shareholder's approvals for the first two stage payments totaling RMB800,000,000 were obtained, to date, only RMB740,000,000 has been received and the equity interests of Titan Quanzhou Shipyard have not been transferred to Grand China Logistics. Further details in respect of the above are included in the Company's announcement dated 18 March 2012.

On 30 May 2012, Titan Fujian received a summons issued by the Shanghai Intermediate Court with Grand China Logistics as plaintiff and the Company and two wholly owned subsidiaries of the Company, Titan TQSL and Titan Fujian, as defendants, that sought an order for, among other things, the termination of the GCL Sale and Purchase Agreement and repayment to Grand China Logistics of an aggregate of RMB740,000,000 together with accrued interest and for the Company to fulfil its obligation under its guarantee to repay such amount. It has also come to the notice of the Company that a restriction might have been imposed on any transfer of the Group's equity interest in Titan Quanzhou Shipyard. As the Company was set up out of the PRC jurisdictions, the Company failed to provide the requested notarised litigation documents to the PRC Court, therefore, the Group has not yet directly received any court order or notice issued under the provisions of applicable law. Further details in respect of the above are included in the Company's announcement dated 12 July 2012.

On 18 June 2012, the Company, Titan TQSL and Titan Fujian filed an objection to the jurisdiction of the Shanghai Intermediate Court and requested that the matter be transferred to the 上海市高級人民法院 (Shanghai Higher People's Court).

Titan Fujian as plaintiff on 23 August 2012 filed with the Shanghai Intermediate Court a statement of counter-claims against Grand China Logistics as defendant to seek the order from the court, among other remedies, specific performance on the GCL Sale and Purchase Agreement and the supplemental agreements for Grand China Logistics to fulfil its remaining payment obligations thereunder and related damages and costs. The Company and Titan TQSL were to join in the action after they had completed the notarisation of documents as required by the PRC courts for offshore incorporated plaintiffs. Further details in respect of the above are included in the Company's announcement dated 29 August 2012.

On 5 December 2012, the Company received a notice of objection from the Shanghai Intermediate Court dated 28 November 2012 that rejected the objection on area of jurisdiction proposed by the Company, Titan TQSL and Titan Fujian, the Company had a 30-day period from 6 December 2012 to file an appeal against the ruling on jurisdiction. Further details in respect of the above are included in the Company's announcement dated 17 December 2012.

On 29 December 2012, the Company and Titan TQSL filed a notice of appeal at the Shanghai Higher People's Court against the matter of objection on area of jurisdiction being rejected.

On 15 March 2013, the Shanghai Higher People's Court made a final order on the issue of jurisdiction that upheld the order of jurisdiction made by the Shanghai Intermediate Court.

23. CONTINGENT LIABILITIES (Continued)

e) PRC Proceedings (Continued)

On 10 June 2013, the Company received a notification from Grand China Logistics dated 7 June 2013 informing the Company that it had entered into an assignment in respect of the Sale and Purchase of the 95% equity interest in Titan Quanzhou Shipyard with GZE pursuant to which it would transfer to GZE all of its interests, rights and obligations in respect of the Sale and Purchase Agreement and the subsequent supplemental agreements dated 24 July 2011 in relation to the Disposal (the “Assignment”) and, on the basis that none of the terms of the GCL Sale and Purchase Agreement (or any of its supplemental agreements) would be changed as a result of the Assignment, the Company did not object to the Assignment on 19 June 2013. Based on PRC legal advice, the Company understood that the Assignment was subject to the approval of Fujian Department of Foreign Trade and Economic Cooperation Bureau, being the approval authority which originally approved the Sale and Purchase Agreement (the “Original Approval Authority”). Further details in respect of the above are included in the Company’s announcements dated 10 June 2013 and 17 July 2013, respectively.

In addition, the Company had also been notified that the Shanghai Intermediate Court, on 23 December 2013, also ordered the discontinuation of the proceedings in relation to the counterclaim lodged by Titan Fujian against Grand China Logistics on the grounds that, following the Assignment, Grand China Logistics was no longer the appropriate defendant for the counterclaim lodged by Titan Fujian as it had transferred all its interests, rights and obligations in respect of the GCL Sale and Purchase Agreement and the supplemental agreements thereto to GZE. The litigation between Titan Fujian and Grand China Logistics was resolved on 23 December 2013.

On 26 December 2013, the Shanghai Intermediate Court approved the withdrawal of the claim initiated by Grand China Logistics against the Company, Titan TQSL and Titan Fujian in the PRC in relation to the GCL Sale and Purchase Agreement.

Notwithstanding the discontinuation of the proceedings (both with respect to the claim brought by Grand China Logistics and the counterclaim brought by Titan Fujian) in the Shanghai Intermediate Court referred to above, any disposition of the assets of Titan Quanzhou Shipyard remain subject to, among other things, GZE’s rights and interests in the indebtedness (the “Indebtedness”) owned by Titan Quanzhou Shipyard to the Fuzhou branch of Shanghai Pudong Development Bank Co., Ltd. and the collateral and guarantee granted in respect of the Indebtedness (the “Securities”). Titan Quanzhou Shipyard had been in default on its payment obligations under the Indebtedness and therefore GZE can apply to the relevant court to enforce Titan Quanzhou Shipyard to perform the repayment obligation, and has the right to apply for repayment in advance from the amount derived when the securities are enforced to be sold. Further details in respect of the above are included in the Company’s announcement dated 14 January 2014.

The GCL Sale and Purchase Agreement has been terminated subject to certain terms and conditions. Further details of the termination will be disclosed in a separate announcement to be released by the Company.

Other than the contingent liabilities as disclosed above, the Group and the Company had no other material contingent liabilities as at 30 June 2014 and 31 December 2013.

24. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in this announcement, the events that the Group had after the reporting period were set out below.

a) Listing status

The Company was placed in the second stage of delisting procedures in accordance with Practice Note 17 to the Listing Rules since 22 November 2013. The Company is required to submit a viable resumption proposal to the Stock Exchange by 5 May 2014 to address the following:

- i) the Company must demonstrate sufficient operations or assets under Listing Rule 13.24;
- ii) the Company must publish all outstanding financial results and address any audit qualifications; and
- iii) the Company must have the winding up petition against the Company withdrawn or dismissed and the provisional liquidators discharged.

The Company has submitted to the Stock Exchange a resumption proposal on 5 May 2014 (the "Resumption Proposal"). The Resumption Proposal (together with the responses to the comments from the Stock Exchange) is under the vetting process.

Further detail in respect of the above was included in the Company's announcement dated 2 July 2014.

b) Demand for repayment of Indebtedness

In conjunction with the submission of the resumption proposal by the Company on 5 May 2014, the Company has entered into certain agreements in relation to settlement of outstanding debts of the Group. Given that the terms of the debt restructuring are still being discussed with the creditors and other relevant parties and the resumption proposal is being reviewed by the Stock Exchange, the terms of the agreements in relation to the debt restructuring and fund raising are subject to the change of the terms of the debt restructuring or the resumption proposal (if any). Further announcement(s) will be made by the Company as and when appropriate. There is no assurance that the transactions contemplated under the agreements in relation to the debt restructuring, resumption proposal and fund raising will proceed or be consummated.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2014, there were no purchases, sales or redemptions by the Company, or any of its subsidiaries, of the Company's listed securities during the period.

CORPORATE GOVERNANCE

The Company has applied the principles and 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 on The Stock Exchange of Hong Kong Limited ("Listing Rules") during the six months ended 30 June 2014.

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 period, all the relevant directors confirmed that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2014.

REVIEW OF INTERIM 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 three independent non-executive directors.

The members of the audit committee of the Company during the period and up to the date of this announcement were Mr. Lau Fai Lawrence (*chairman*) (appointed on 13 March 2014), Mr. Foo Meng Kee (appointed on 27 December 2013) and Mr. Cheung Hok Fung Alexander (appointed on 24 March 2014). Mr. John William Crawford and Mr. Abraham Shek Lai Him ceased to be the chairman and a member of the audit committee respectively upon the expiry of their contracts on 27 February 2014.

The audit committee has reviewed the Group's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2014.

CONTINUED SUSPENSION IN TRADING

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

Hong Kong, 29 August 2014

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