

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **Titan Petrochemicals Group Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1192)**

### **SUBSCRIPTION OF 448,564,804 CONSIDERATION SHARES BY LOAN CAPITALISATION**

#### **LOAN CAPITALIZATION AGREEMENT**

On 20 June 2017, the Company entered into a Loan Capitalization Agreement with the Subscriber, pursuant to which the Subscriber or its nominee has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 448,564,804 Consideration Shares at the Issue Price of HK\$0.10 per Consideration Share.

The Issue Price represents (i) a premium of approximately 3% to the closing price of HK\$0.097 per Share as quoted on the Stock Exchange on 20 June 2017, being the date of the Loan Capitalization Agreement; and (ii) a premium of approximately 5.70% to the average of the closing prices of HK\$0.0946 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Loan Capitalization Agreement. The Issue Price under the Loan Capitalization Agreement was arrived at after arm's length negotiations between the Company and the Subscriber, taking into account of, among others, the recent trading performance of the Shares and the amount of the Outstanding Sum under the Loan Capitalization Agreement. The Directors consider that the Issue Price and the terms of the Loan Capitalization Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Consideration Shares represent (i) approximately 1.40% of the existing issued share capital of the Company; and (ii) approximately 1.38% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The net Issue Price, after deduction of relevant expenses, is approximately HK\$0.0999 per Consideration Share. The entire subscription monies will be used to set off the full Outstanding Sum of HK\$44,856,480.44 owed by the Company to the Subscriber.

## **LOAN CAPITALIZATION AGREEMENT**

The Board announces that on 20 June 2017, the Company entered into the Loan Capitalization Agreement with Subscriber, pursuant to which the Subscriber or its nominee has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 448,564,804 Consideration Shares at the Issue Price of HK\$0.10 per Consideration Share.

### **Date**

20 June 2017

### **Parties**

(i) The Company as issuer

(ii) The Subscriber as subscriber

### **The Subscriber**

The Subscriber is a company incorporated in Singapore with limited liability and is principally engaged in general wholesale trade.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner(s) are Independent Third Parties as at the date of this announcement.

### **Number of Consideration Shares**

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the subscription under the Loan Capitalization Agreement, the Consideration Shares represent (i) approximately 1.40% of the existing issued share capital of the Company; and (ii) approximately 1.38% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

### **Issue Price**

The Issue Price represents (i) a premium of approximately 3% to the closing price of HK\$0.097 per Share as quoted on the Stock Exchange on 20 June 2017, being the date of the Loan Capitalization Agreement; and (ii) a premium of approximately 5.70% to the average of the closing prices of HK\$0.0946 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Loan Capitalization Agreement.

The net Issue Price, after deduction of relevant expenses, is approximately HK\$0.0999 per Consideration Share.

The Issue Price was arrived at after arm's length negotiations between the Company and the Subscriber, taking into account, among others, the recent trading performance of the Shares and the amount of the Outstanding Sum under the Loan Capitalization Agreement. The Directors consider that the Issue Price and the terms of the Loan Capitalization Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The aggregate Issue Price for the 448,564,804 Consideration Shares shall be settled by the Subscriber upon completion by way of set off against the full Outstanding Sum of HK\$44,856,480.44 owed by the Company to the Subscriber.

### **Rights of the Consideration Shares**

The Consideration Shares under the Loan Capitalization Agreement, when allotted and issued, will rank equally in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Consideration Shares.

### **Conditions of the Subscription**

The Subscription is conditional upon:

- (i) the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Consideration Shares; and
- (ii) all the necessary consents and approvals required to be obtained by the Subscriber in respect of the Subscription having been obtained.

In the event that the condition of the Subscription are not fulfilled on or before 4 July 2017 respectively or such other date as may be agreed between the parties to the Loan Capitalization Agreement, the Loan Capitalization Agreement shall cease and determine and neither the Company nor the Subscriber shall have any obligations and liabilities under the Loan Capitalization Agreement.

### **Completion of the Subscription**

Completion of the Subscription will take place on the 10 business days after the conditions of the Subscription are fulfilled (or such other date as may be agreed between the parties).

### **Application for listing**

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

### **GENERAL MANDATE TO ALLOT AND ISSUE OF THE CONSIDERATION SHARES**

The Consideration Shares will be issued under the General Mandate and therefore the issue of the Consideration Shares will not be subject to the approval of the Shareholders.

The Directors have been authorised to allot and issue, and deal with up to 6,125,457,554 Shares under the General Mandate. Since the date of AGM, 2,232,652,595 Shares have been utilised under the General Mandate. Up to the date of this announcement, the Company may issue up to 3,892,804,959 new Shares under the unused portion of the General Mandate.

## REASONS FOR THE LOAN CAPITALIZATION AGREEMENT

The Group is principally engaged in construction and repair of ship, and the construction, repair, conversion and upgrading of oil rigs and FPSO, FSO, FSRU and FLNG, and upstream and downstream oil and gas business.

By entering into the Loan Capitalization Agreement, the Outstanding Sums will be capitalized into equity capital, which will lower the gearing ratio of the Group and reduce its finance cost.

The Directors consider that the Loan Capitalization Agreement are entered into upon normal commercial terms following arm's length negotiations between the Company with the Subscriber and that the terms of the Loan Capitalization Agreement are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned. The Directors also consider that the Subscription will strengthen the financial position (in particular, reduction of the gearing ratio) of the Group.

## FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

The Company has conducted the following fund raising activities in the past 12 months from the date of this announcement:

<b>Date of Circular/ Announcement</b>	<b>Fund raising activities</b>	<b>Net proceeds raised (approximately)</b>	<b>Proposed use of the net proceeds</b>	<b>Actual use of the net proceeds</b>
13 May 2016	Issue of news shares pursuant to open offer and subscription	HK\$520.7 million	(i) funding the cash payments to be made under debt structuring; (ii) upgrade and modification of the Quanzhou shipyard; (iii) settlement of debts under remaining indebtedness arrangements; and (iv) working capital of the Group	HK\$334.3 million used as proposed; and the remainder to be used as proposed
13 April 2017	Issue of Convertible Bonds	HK\$7.8 million	To develop the businesses of the Company	To be utilized as proposed

## EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquires, the existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Subscription (subject to completion of the Subscription and assuming that there is no other change in the shareholding structure of the Company before the allotment and issue of the Consideration Shares under the Subscription) are set out below:

Shareholders	As at the date of this announcement		Immediately upon completion of the Subscription	
	<i>Number of issued Shares</i>	<i>Approximate %</i>	<i>Number of issued Shares</i>	<i>Approximate %</i>
Fame Dragon International Investment Limited ( <i>Note</i> )	18,900,449,484	58.99	18,900,449,484	58.18
長信基金管理 有限責任公司	1,921,700,000	5.99	1,921,700,000	5.91
The Subscriber	—	—	448,564,804	1.38
Other Public Shareholders	11,216,738,250	35.02	11,216,738,250	34.53
	<u>32,038,887,734</u>	<u>100.00</u>	<u>32,487,452,538</u>	<u>100.00</u>

*Note:*

Fame Dragon International Investment Limited is directly, wholly and beneficially owned by Guangdong Zhenrong (Hong Kong) Company Limited which is directly, wholly and beneficially owned by 廣東振戎能源有限公司 (Guangdong Zhenrong Energy Co., Ltd.\*) (“GZE”).

珠海振戎公司 (Zhuhai Zhenrong Company\*) (a PRC state-owned enterprise) and 海南利津投資有限公司 (Hainan Li Jin Investment Company Limited\*) are interested in 44.3% and 35% respectively in the share capital of GZE, and are deemed under the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) to be interested in the shares in which GZE had an interest. Hainan Li Jin is owned as to 34% by Xia Ying Yan, as to 33% by He Xiao Qun and as to 33% by Liang Wei.

## DEFINITIONS

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

“AGM”	the annual general meeting of the Company convened and held on 25 August 2016 to approve, among other things, the grant of the General Mandate
“Board”	the board of Directors
“Business Day(s)”	any day (not being a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Titan Petrochemicals Group Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on Main Board of the

## Stock Exchange

“connected person”	has the meaning ascribed to this term under the Listing Rules
“Consideration Shares”	an aggregate of 448,564,804 Consideration Shares to be issued and allotted by the Company and subscribed by the Subscriber or its nominee pursuant to the Loan Capitalization Agreement
“Director(s)”	Director(s) of the Company
“General Mandate”	the general mandate granted to the Directors at the AGM to allot, issue and deal with Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons and is not acting in concert (as defined in the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs) with any of the connected persons of the Company or any of their respective associates (as defined under the Listing Rules)
“Issue Price”	the issue price of HK\$0.10 per Consideration Share
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Loan Capitalization Agreement”	the loan capitalization agreement dated 20 June 2017 entered into between the Company and the Subscriber in respect of the loan capitalization and the subscription of the Consideration Shares
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	WS Energy Pte. Ltd., a company incorporated in Singapore with limited liabilities and the subscriber to the Loan Capitalization Agreement and the holder of the Outstanding Sum under the Loan Capitalization Agreement

“Subscription”	the subscription for the Consideration Shares by the Subscriber pursuant to the Loan Capitalization Agreement
“Outstanding Sum”	the outstanding sum of HK\$44,856,480.44 owed by the Group to the Subscriber under the Loan Capitalization Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 20 June 2017

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