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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.

**If you have sold or transferred** all your shares in Titan Petrochemicals Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other registered dealer in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

This circular, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of Titan Petrochemicals Group Limited, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters, the omission of which would make any statement herein or this circular misleading.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.

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## Titan Petrochemicals Group Limited

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1192)**

### MAJOR TRANSACTION IN RELATION TO DISPOSAL OF EQUITY INTERESTS IN A PRC SUBSIDIARY AND NOTICE OF SPECIAL GENERAL MEETING

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A letter from the Board is set out on pages 4 to 16 of this circular.

A notice convening the SGM to be held at The Collab, 24/F, OfficePlus@Wanchai, 303 Hennessy Road, Wanchai, Hong Kong on Tuesday, 9 March 2021 at 10:30 a.m. is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use at the meeting is enclosed herewith. Whether or not you propose to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment thereof (as the case may be) should you so wish.

#### PRECAUTIONARY MEASURES AND SPECIAL ARRANGEMENTS FOR THE SGM

Considering the outbreak of the coronavirus (COVID-19), certain measures will be implemented at the SGM with a view to addressing the risk to attendees of infection, including, without limitation, (i) all attendees being required to (a) undergo compulsory body temperature check; (b) complete a health declaration (a copy of the form is enclosed with this circular), which may be used for contact tracing, if required; and (c) wear surgical masks prior to admission to the SGM venue; (ii) attendees who are subject to health quarantine prescribed by the HKSAR Government not being admitted to the SGM venue; (iii) all attendees being required to wear surgical masks throughout the SGM; (iv) each attendee being assigned a designated seat at the time of registration to ensure social distancing; and (v) no refreshment packs or coffee/tea being provided.

The Company reminds attendees that they should carefully consider the risks of attending the SGM, taking into account their own personal circumstances. Furthermore, the Company would like to remind the Shareholders that physical attendance in person at the SGM is not necessary for the purpose of exercising their voting rights and strongly recommends that Shareholders appoint the Chairman of the SGM as their proxy and submit their form of proxy as early as possible. The form of proxy can be downloaded from the Company's website at <http://www.petrotitan.com> and the HKExnews's website of Hong Kong Exchanges and Clearing Limited at <http://www.hkexnews.hk>.

The Company will keep the evolving COVID-19 situation under review and may implement additional measures which it will announce closer to the date of the SGM.

22 February 2021

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## DEFINITIONS

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### DEFINITIONS

*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:*

“Announcement”	the announcement of the Company dated on 4 January 2021 in relation to the Disposal
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	board of the Directors
“Bank”	興業銀行股份有限公司寧波分行 (Industry Bank Co., Ltd Ningbo Branch*)
“Bank Loan”	loan facilities of a maximum sum of RMB140 million which has been pledged by the Land and was granted by the Bank
“Company”	Titan Petrochemicals Group Limited, a company incorporated in Bermuda with limited liability and the issued Shares are listed on the Main Board of the Stock Exchange (stock code: 1192)
“Completion”	completion of the Disposal in accordance with the terms of the Sale and Purchase Agreement
“concert parties”	has the meaning ascribed to it under the Takeovers Code
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“COVID-19”	novel coronavirus (COVID-19), a coronavirus disease which has its outbreak in the PRC, Hong Kong and worldwide since around January 2020
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Equity Interests as contemplated under the Sale and Purchase Agreement

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## DEFINITIONS

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“Equity Interests”	100% registered capital of the Target Company
“Group”	the Company together with its subsidiaries (from time to time)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not core connected persons of the Company and are third parties independent of the Company and its core connected persons in accordance with the Listing Rules
“Land”	the land, which is held by the Target Company, is located at Quanzhou City, Fujian Province, the PRC, with a site area of about 26,557.5 sq.m., and has been pledged with the Bank for the Bank Loan as at the Latest Practicable Date
“Latest Practicable Date”	17 February 2021
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	福建金鉗投資有限公司 (Fujian Jinqian Investments Co., Ltd*), a limited liability company established in the PRC
“RMB”	Renminbi, the lawful currency of the PRC

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## DEFINITIONS

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“Sale and Purchase Agreement”	the conditional sale and purchase agreement, which was dated 31 December 2020 and executed on 4 January 2021, was entered into between the Purchaser and the Vendor in respect of the Disposal
“SGM”	the special general meeting of the Company to be held and convened for the Shareholders to approve the Sale and Purchase Agreement and the Disposal
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Silver Race”	浙江銀賽能源科技發展有限公司 (Zhejiang Silver Race Energy Technology Development Co., Ltd*), being the borrower to the Bank Loan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Target Company”	泰山石化(福建)有限公司 (Titan Petrochemicals (Fujian) Ltd.*), a limited liability company established in the PRC
“Vendor”	舟山甬泰船務有限公司 (Zhoushan Yongtai Shipping Co., Ltd.*), a limited liability company established in the PRC; being an indirect wholly owned subsidiary of the Company, and the registered holder of the entire registered capital of the Target Company before Completion
“%”	per cent

\* for identification purposes only

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LETTER FROM THE BOARD

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**Titan Petrochemicals Group Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1192)**

***Executive Director:***

Mr. Zhang Qiandong

***Non-Executive Directors:***

Mr. Lai Wing Lun (*Chairman*)

Mr. Osman Mohammed Arab

***Independent Non-executive Directors:***

Mr. Lau Fai Lawrence

Mr. Sun Feng

Mr. Cheung Hok Fung Alexander

***Company Secretary:***

Mr. Lam Wai Hung

***Registered Office in the Bermuda:***

Clarendon House,

2 Church Street,

Hamilton HM11

Bermuda

***Head Office and Principal Place  
in Hong Kong:***

Room 802, 8/F.,

OfficePlus@Wanchai

No. 303 Hennessy Road,

Wanchai

Hong Kong

22 February 2021

*To the Shareholders,*

Dear Sir or Madam,

**MAJOR TRANSACTION  
IN RELATION TO  
DISPOSAL OF EQUITY INTERESTS IN A PRC SUBSIDIARY  
AND NOTICE OF SPECIAL GENERAL MEETING**

**INTRODUCTION**

Reference is made to the Announcement in relation to, among other things, the Sale and Purchase Agreement and the Disposal. As disclosed in the Announcement, the Vendor entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Equity

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## LETTER FROM THE BOARD

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Interests for a cash consideration of RMB1. Upon Completion, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the financial statements of the Group.

The purpose of this circular is to give you with, among other thing, (i) further details of the Sale and Purchase Agreement and the Disposal; (ii) the valuation report issued by Prudential Surveyors (Hong Kong) Limited on the Land; (iii) other information as required under the Listing Rules; and (iv) a notice of the SGM at which resolution will be proposed to consider and, if thought fit, approve the Sale and Purchase Agreement and the Disposal.

### THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below:

Date: 31 December 2020 (executed on 4 January 2021 after trading hours)

Parties: 舟山甬泰船務有限公司 (Zhoushan Yongtai Shipping Co., Ltd.\*), as the Vendor

福建金鉗投資有限公司 (Fujian Jinqian Investments Co., Ltd.\*), as the Purchaser

The Vendor is a limited liability company established in the PRC and an indirect wholly owned subsidiary of the Company. The Vendor holds 100% registered and paid up capital of the Target Company as at the Latest Practicable Date.

The Purchaser is a company established in the PRC and is principally engaged in the business of real estate development. The ultimate beneficial owners of the Purchaser are 陳成龍 (Chen ChengLong\*) and 陳玲清 (Chen LingQing\*) respectively. The Purchaser and its ultimate beneficial owners are Independent Third Parties as at the Latest Practicable Date. The Purchaser and its ultimate beneficial owners are not the Shareholders as at the Latest Practicable Date. The Purchaser and its ultimate beneficial owners are not related to or connected with or otherwise acting or presumed to be acting in concert with Green Shield Investments Limited (formerly known as Mark Gain Limited), the potential purchaser for the Shares from Fame Dragon International Investment Limited (in compulsory liquidation) and its related companies as disclosed in the announcement of the Company dated 30 June 2020. The Purchaser and its ultimate beneficial shareholders are independent of and unrelated to any Shareholders and their concert parties as at the Latest Practicable Date.

The Purchaser was identified by the Company through the supervisor of the Target Company. Chen ChengLong, being one of the ultimate beneficial owners of the Purchaser, is a personal friend of the supervisor of the Target Company. Since the Purchaser is also engaged in real estate

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## LETTER FROM THE BOARD

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development, the Purchaser understood that the Target Company is holding the Land. Through introduction by 吳有鳴 (Wu YouMing\*), the supervisor of the Target Company, the Group commenced negotiations with the Purchaser leading to the Disposal.

### **Assets to be acquired**

Before Completion, the Target Company has a registered and paid up capital of RMB243.30 million, which is owned as to 100% by the Vendor.

Pursuant to the Sale and Purchase Agreement, the Vendor has conditionally agreed to dispose of and the Purchaser has conditionally agreed to acquire the Equity Interests, representing the entire equity interests in the Target Company.

### **Consideration**

The consideration for the Disposal is RMB1. The Purchaser shall bear the external debts and accounts payable of the Target Company subject to the maximum sum of not exceeding RMB160 million, which was determined after arm's length negotiations between the Vendor and the Purchaser with reference to the estimated market value of the Land and the financial position of the Target Company as at 30 September 2020. The Vendor shall be responsible for such external debts and accounts payable exceeding the threshold. Based on the audited financial information of the Target Company as at 30 September 2020, the external debts and accounts payable of the Target Company amount to approximately RMB156.92 million, which was due on or before 30 September 2020. The actual amount of the external debts and accounts payable of the Target Company at Completion shall be subject to review. It is expected that the external debts and accounts payable of the Target Company as at the Latest Practicable Date would have no material changes in comparison with the figures as shown in the audited financial information of the Target Company as at 30 September 2020.

Before Completion, the Vendor shall ensure that the Target Company shall not have any external actual or contingent liabilities and the Bank pledge over the Land shall be released. It is contemplated that the Purchaser will arrange the settlement of Bank Loan shortly after approval by the Shareholders in relation to the Disposal, and the Bank pledge over the Land will be released before Completion. As at the Latest Practicable Date, the Bank Loan is still effective and outstanding, and has not yet been repaid by the Target Company, therefore, the Land is still pledged to the Bank for the Bank Loan.

The consideration for the Disposal was determined with reference to the financial position of the Target Company and the net liabilities recorded by the Target Company as at 30 September 2020 and was arrived at after arm's length negotiations between the parties to the Sale and

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## LETTER FROM THE BOARD

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Purchase Agreement. The Directors (including the independent non-executive Directors) consider the terms of the Disposal (including but not limited to the consideration) to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

All taxes payable in relation to the Disposal shall be borne by the Vendor. It is contemplated that there would be no taxes payable in relation to the Disposal. On or before 15 January 2021, the Purchaser shall deposit RMB1,000,000 into the designated bank account as earnest monies (the “**Earnest Monies**”), which shall be utilised toward the settlement of the external debts and accounts payables of the Target Company.

As at the Latest Practicable Date, the Earnest Monies has been placed into the designated account of the Company by the Purchaser.

### **Conditions precedent**

The Disposal shall be subject to the following conditions precedent that:

1. completion of the due diligence review by the Purchaser on the Target Company and no material circumstances being identified which would affect the transactions contemplated under the Disposal;
2. execution of relevant transfer documents (in such form and substance to the satisfaction of the parties to the Sale and Purchase Agreement);
3. the passing of relevant shareholders’ and board resolutions of the Vendor and the Purchaser respectively; and
4. compliance with relevant regulatory requirements under the Listing Rules and other applicable laws and regulations and the Shareholders’ approval at the SGM having been obtained.

After fulfilment of the conditions precedent and completion of the due diligence review by the Purchaser, the parties shall execute relevant transfer documents provided that the terms and conditions of such transfer documents shall be consistent with the terms of the Sale and Purchase Agreement.

In the event that relevant Shareholders’ approval cannot be obtained, the Sale and Purchase Agreement may be terminated and the Vendor shall return the Earnest Monies (without interest) to the Purchaser.

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## LETTER FROM THE BOARD

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In the event that after signing of the Sale and Purchase Agreement, the Disposal cannot be completed as a result of the Vendor's own reason (save and except for condition (4) above), the Sale and Purchase Agreement may be terminated and the Vendor shall return the double of the Earnest Monies (i.e. RMB2,000,000) to the Purchaser.

As at the Latest Practicable Date, save for the condition (1), none of the abovementioned conditions has been satisfied.

### **Undertakings by the Vendor**

After signing of the Sale and Purchase Agreement, the following circumstances shall be deemed as breach of the Sale and Purchase Agreement on the part of the Vendor and the Purchaser shall have the right to terminate the Sale and Purchase Agreement and to request the Vendor to compensate all costs and expenses:

- (1) the Vendor fails to cooperate with the Purchaser on the due diligence work without valid grounds;
- (2) the Equity Interests held by the Vendor is subject to encumbrances such as pledge or freezing order;
- (3) the information provided and to be provided by the Vendor to the Purchaser (including the financial information, financial position and liabilities of the Target Company) is untrue, false or misleading;
- (4) unless otherwise agreed, the Vendor refuses to sign relevant legal documents after completion of the due diligence;
- (5) the Vendor enters into negotiations with other third parties in respect of the disposal of all or part of the Equity Interests or any of the assets of the Target Company within the exclusivity period, which shall be 180 days from the effective date of the Sale and Purchase Agreement; or
- (6) such other circumstances under applicable laws or contracts.

The Sale and Purchase Agreement shall be effective from the date of signing and sealing, and the payment of the Earnest Monies by the Purchaser.

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## LETTER FROM THE BOARD

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### Completion

Completion will take place on the date of completion of registration of the transfer of Equity Interests with the relevant PRC authority. There is no long stop date specified in the Sale and Purchase Agreement, and the parties intend to complete the Sale and Purchase Agreement as soon as practicable after obtaining the relevant Shareholders' approval at the SGM and it is expected that Completion will take place on or before 31 March 2021.

Upon Completion, the Target Company will cease to be a subsidiary of the Company and the Company will cease to have interests in the Target Company and the financial results of the Target Company will no longer be consolidated into the financial statements of the Group.

### INFORMATION OF THE TARGET COMPANY

The Target Company is a limited liability company established in the PRC, and is principally engaged in site constructions and development. Before Completion, the Target Company has a paid-up capital of RMB243.30 million, which is owned as to 100% by the Vendor.

The audited financial information of the Target Company for the year ended 31 December 2018 and 31 December 2019, which was prepared in accordance with the accounting principles generally accepted in Hong Kong, are shown as follows:

	<b>For the financial years ended</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2018</b>	<b>2019</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>
Turnover	0	0
(Loss) before tax	(4,753)	(27,004)
(Loss) after tax	(4,753)	(21,254)

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## LETTER FROM THE BOARD

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Set out below is the financial position of the Target Company as at 31 December 2018 and 31 December 2019, respectively:

	As at 31 December	
	2018	2019
	HK\$'000	HK\$'000
	(audited)	(audited)
Net liabilities	(610,572)	(631,826)

As at 30 September 2020, the audited net liabilities of the Target Company amounted to approximately RMB665.95 million. And the consideration for the Disposal of RMB1 is excess over the audited net liabilities of the Target Company of approximately RMB665.95 million as at 30 September 2020.

### REASONS FOR THE DISPOSAL

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

Prior to the publication of the annual report for the year ended 31 December 2019 (the “**2019 Annual Report**”) on 14 May 2020, there was no other alternative and reasonable offer available to the Company from any potential purchaser in relation to the disposal of the Land, and therefore the Company endeavoured to develop and construct three buildings and one podium on the Land even if the overall market environment was deteriorating in the year of 2020. After publication of the 2019 Annual Report, several potential purchasers approached the Directors in August 2020 and expressed their interests to acquire the Land and the Target Company. Nevertheless, none of the potential purchasers was willing to repay the entire outstanding amount of the Bank Loan for the Target Company for the release of the pledge over the Land. In September 2020, Chen ChengLong, being the legal representative and executive director of the Purchaser, expressed his intention to acquire the Target Company and his willingness to provide funds to the Target Company of not more than RMB160 million for the settlement of the Bank Loan. Subsequently, the Directors began considering the proposal for the disposal of the Land and the Target Company. On the ground of (i) the enormous investment amount for the completion of construction works of the property projects on the Land; (ii) the costly interest expense to be paid with regard to the Bank Loan; (iii) the remaining outstanding principal amount of the Bank Loan; (iv) the unfavorable financial position and the indebtedness of the Target Company; (v) a deteriorating overall market environment; and (vi) except for the Purchaser, none of other potential purchasers was willing to repay the Bank Loan for the Target Company, the Directors changed their original plan on the Land and decided to proceed with the Disposal with the Purchaser.

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## LETTER FROM THE BOARD

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Based on the audited management accounts of the Target Company as at 30 September 2020, it is estimated that upon Completion, the Group will record a gain of approximately RMB20 million on the Disposal, which is calculated based on the audited net liabilities of the Target Company (excluding intra-group balances with the Group) of approximately RMB19.59 million as at 30 September 2020. As at 30 September 2020, the intra-group indebtedness owed by the Target Company to the Group (other than the Target Company) amounts to approximately RMB646.36 million, all of which are payable to the Company and there was no accounts receivables owed by the Group (other than the Target Company) to the Target Company. Based on the records and information available to the existing Board and to the best of their knowledge and belief, the intra-group liabilities owed by the Target Company to the Company in the amount of approximately RMB646.36 million, occurred in around May to August 2011 whereas the Target Company received a sum from 大新華物流(集團)有限公司 (Grand China Logistics Holding (Group) Company Limited\*) (“**Grand China Logistics**”), as the purchaser, for the settlement of partial consideration that was paid by Grand China Logistics to the Company with regard to an acquisition of a subsidiary of the Company, namely 泉州船舶工業有限公司 (Titan Quanzhou Shipyard Co., Ltd\*) (“**TQS**”). To the best of the knowledge and belief of the Directors, most of the approximately RMB646.36 million were utilised for (i) repayment of bank loans with the aggregate amount of approximately RMB370 million by the Target Company for and on behalf of Titan Libra Pte. Ltd. (“**Titan Libra**”) (as the borrower), which had been a wholly-owned subsidiary of the Group at the time of repayment in 2012 and was put into voluntary liquidation on 19 July 2013; and (ii) general working capital of TQS, which was an indirect wholly-owned subsidiary of the Company at the time of provision of funds by the Target Company and has been liquidated by 惠安縣人民法院 (People’s Court of Hui’an County, Fujian Province of the People’s Republic of China\*) since December 2019.

Aforesaid intra-group balances were accumulated since 2011 and would be waived by the Company immediately before Completion. The actual gain or loss as a result of the Disposal to be recorded by the Group is subject to final audit to be performed by the Company’s auditors. After deducting the expenses relating to the Disposal, it is expected that there will be no net proceeds arising from the Disposal.

The Land held by the Target Company has been pledged with the Bank for the Bank Loan of a maximum sum of RMB140 million. The borrower of the Bank Loan is Silver Race. Silver Race obtained the Bank Loan and commenced to onward advance loans to the Target Company in December 2017. The Bank is not a Shareholder and is an Independent Third Party as at the Latest Practicable Date. Save and except for the pledge of the Land, there is no other understanding/agreement/arrangement between the Target Company and the Bank. Silver Race then as lender provided loans to the Target Company in the aggregate sum of approximately RMB135.60 million, which had been utilized by the Group, mainly by a wholly owned subsidiary of the Group, 江蘇宏強船舶重工有限公司 (OPCO\*) towards the shipbuilding business. The

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## LETTER FROM THE BOARD

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ultimate beneficial owner of Silver Race is 馮林盛 (Feng Linsheng\*) and Silver Race and its ultimate beneficial owner are not the Shareholder and do not hold any positions within the Group. Silver Race and/or its ultimate beneficial shareholder, Feng Linsheng are independent of and unrelated to (i) Guangdong Zhenrong Energy Co Limited (which is in liquidation) and their concert parties; (ii) the Purchaser and its ultimate beneficial owners; and (iii) any Shareholders and their concert parties.

It is contemplated that the Purchaser will provide funds to the Target Company of not more than RMB160 million, which will be utilized towards, among others, the settlement of the Bank Loan in full resulting in the release of the pledge over the Land. The funds will be returned to Silver Race, which will then immediately repay the Bank Loan. The Purchaser will closely monitor the utilization of the funds.

The Land held by the Target Company is located at Quanzhou City, Fujian Province, the PRC, with a site area of about 26,557.5 sq.m. The value of the Land as at 31 December 2020 based on an independent valuation prepared by Prudential Surveyors (Hong Kong) Limited (the “**Valuer**”) was approximately RMB162.56 million (the “**Valuation**”), details of which has been set out in the appendix II to this circular. The Valuer estimated the Valuation by using the direct comparison method with reference to the comparable sales evidence as available in the market. As the land use rights of the Land has been granted to the Target Company on 2 March 2008 for office and ancillary living uses (the “**Non-residential Uses**”) for a term expiring on 2 March 2058, the Valuer selected lands with land use rights for “commercial and finance uses” as comparable transactions to assess the market value of the Land. The Directors consider that the recent land auction results in Fengze District, Quanzhou City as disclosed in the local government website (the “**Auctioned Lands**”) are not comparable to the Land given that (i) all the site area of the Auctioned Lands include residential use while the Land is for Non-residential Uses; (ii) the term of land use rights of the Auctioned Lands including residential use is 70 years while term of land use rights of the Land which has been granted for Non-residential Uses ranges from 40 to 50 years (depends on the nature of use of the Land); (iii) the property units to be constructed on the Land cannot be sold as commercial housing (商品房); and (iv) market prices of property units constructed on the lands granted for Non-residential Uses are lower than market prices of commercial housing. In view of the above, the Directors are of the view that the Valuation represents a fair assessment of the valuation of the Land for the purpose of the Disposal.

It was originally contemplated that the property projects of the Land would comprise three buildings and one podium. Whilst the Target Company has obtained the construction works commencement permit (建築工程施工許可證) for the Land in June 2019 and the piling engineering works for two buildings has completed, but the outbreak of the COVID-19 inevitably caused delays in the construction works, and the construction on the Land is still in a preliminary stage as at the Latest Practicable Date. The Group shall have to invest vast money if the

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## LETTER FROM THE BOARD

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construction and development on the Land continues. Assuming the construction of the Land would be completed within two years, the Directors expect that the estimated investment amount for the Land to complete all construction works would be more than RMB270 million, which includes construction costs, landscape engineering costs, support costs (i.e. cost of water supply, gas supply, and power supply) and financial costs. Further, the COVID-19 increases the uncertainty in the future prospects of sales of property units and the risks that the Land being penalized by the relevant authorities as a result of aforesaid delay in the construction works, and the resurgence of the COVID-19 have added uncertainties to the recovery of China's economy, the Directors believe that it would be more difficult for the Group to invest such a large amount of money to complete the construction of the Land under the current financial situation of the Group.

The Directors also consider that the Land held by the Target Company has been pledged with the Bank for the Bank Loan and the Land will not be released upon the settlement of the Bank Loan in full. Given the Target Company recorded net liabilities of approximately RMB665.95 million as at 30 September 2020, the Directors believe that it is hard for the Target Company to repay the Bank Loan as well as to meet the continuing capital commitments for the construction and development of the Land of not less than RMB270 million. By disposing the Target Company, the Directors expect the financial position of the Group will be improved in future. In view of the above, the Directors are of the view that the consideration for the Disposal is fair and reasonable and is in the interest of the Company and its Shareholders as a whole; and the Disposal provides a good opportunity for the Group to realize its investment in the Target Company and focus its resources to its shipping business development.

Save as abovementioned, the Directors understand due to the limitation on the land use rights of the Land, construction on the Land is also facing with policy risk. As completion of construction on the Land and sales of properties units to be constructed on the Land are full of uncertainties, the Directors would like to reallocate the Group's resources to reinforce its current principal business (i.e. shipbuilding and steel structure manufacturing business), which was maintained steady and progressive in the first half of 2020 in the face of the long-term continued downturn in the shipping market, the overcapacity of domestic shipbuilding market and the outbreak of COVID-19.

The Directors have been exploring business opportunities to improve the Group's financial position. As at the Latest Practicable Date, the Directors understand that, 江蘇炯強海洋裝備有限公司 (“**Jiangsu Jiongqiang**”), which is an indirect wholly-owned subsidiary of the Company, entered into (i) a non-legally binding memorandums of understanding (the “**MOU**”) with an independent third party client (the “**Client A**”) on 28 December 2020 pursuant to which Jiangsu Jiongqiang shall provide the Client A ship-repairing related services for two stainless steel ships with carrying capacity of approximately 60,000 Dead Weight Tonnage (“**DWT**”) each for a term of

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## LETTER FROM THE BOARD

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twelve months; (ii) a non-legally binding MOU with an independent third party client (the “**Client B**”) on 30 December 2020 pursuant to which Jiangsu Jiongqiang shall provide the Client B shipbuilding and ship-repairing related services to one stainless steel ship with carrying capacity of approximately 9,380 DWT for a term of twelve months; (iii) a non-legally binding MOU with an independent third party client on 1 January 2021 (the “**Client C**”) pursuant to which Jiangsu Jiongqiang shall provide the Client C bridge steel structure products at an aggregate amount of not less than approximately 120,000 tons from 2021 to 2023; and (iv) a non-legally binding MOU with an independent third party client (the “**Client D**”) on 25 January 2021 pursuant to which Jiangsu Jiongqiang shall provide the Client D steel structure products at an aggregate amount of approximately 50,000 tons per year for a term of three years. In addition, as at the Latest Practicable Date, the Company understands that the effective contracts of the Group in relation to shipbuilding and steel structure manufacturing business are as follows: (1) processing imported material for one bulk carriers with carrying capacity of around 60,000 DWT; (2) processing imported material for one stainless steel ship; (3) six projects on steel structure business; and (4) other business including quay rental service. Further, the Group has obtained eleven steel structure manufacturing projects since the entering into the strategic cooperation partner agreement with 中交二航局結構工程有限公司 on 4 March 2020 and five of them were completed as at the Latest Practicable Date. In view of the abovementioned, the Directors are of the view that the Disposal would enable the Group to continue its business strategies to expand its core business (i.e. shipbuilding and steel structure manufacturing business) and to reallocate its resources to maintain the development of aforesaid businesses, and the entering of the MOUs is in line with the Group’s current business strategies and will be able to improve the Group’s liquidity and financial position upon Completion.

The Board is of the view that the Disposal provides a good opportunity for the Group to realize its investment in the Target Company and focus its resources to its business development. The Disposal is in line with the Group’s strategy as resources, both financial and manpower, will be used to develop those companies of the Group with better prospects and results.

Taking into consideration of the aforesaid, the Directors (including the independent non-executive Directors) consider that the terms of the Disposal are fair and reasonable and are on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

### FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, the Target Company will cease to be a subsidiary of the Company and the Company will cease to have interests in the Target Company and the financial results of the Target Company will no longer be consolidated into the financial statements of the Group.

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## LETTER FROM THE BOARD

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For illustrative purpose and assuming that Completion took place on 30 September 2020, it is estimated that unaudited consolidated total assets of the Group would decrease by approximately RMB165.25 million and unaudited consolidated total liabilities of the Group would decrease by approximately RMB184.84 million.

For illustrative purpose and based on the audited financial information of the Target Company as at 30 September 2020, it is estimated that upon Completion, the Group will record a gain of approximately RMB20 million on the Disposal, which is calculated based on the audited net liabilities of the Target Company (excluding intra-group balances with the Group) of approximately RMB19.59 million as at 30 September 2020.

### LISTING RULES IMPLICATIONS

As the relevant percentage ratio(s) exceed 25% but below 75%, the Disposal and the transactions contemplated thereunder constitute a major transaction of the Company under Chapter 14 of the Listing Rules and are subject to the announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

### SGM

A notice convening the SGM to be held at The Collab, 24/F, OfficePlus@Wanchai, 303 Hennessy Road, Wanchai, Hong Kong, on Tuesday, 9 March 2021 at 10:30 a.m., is set out on pages SGM-1 to SGM-3 of this circular for the purpose of considering and, if thought fit, passing the ordinary resolution as set out therein. Voting at the SGM will be by way of poll. As at the Latest Practicable Date, no Shareholder has material interest in the Disposal (other than being a Shareholder) and therefore no Shareholder is required to abstain from voting on the relevant resolutions at the SGM.

You will find enclosed a form of proxy for use at the SGM. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

Shareholders of the Company who are entitled to attend and vote at the SGM are those whose names appear as shareholders of the Company on the register of members of the Company as at the close of business on Monday, 8 March 2021. In order to be eligible to attend and vote at the

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## LETTER FROM THE BOARD

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SGM, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Monday, 8 March 2021.

### RECOMMENDATION

The Directors (including the independent non-executive Directors) believe that the Sale and Purchase Agreement have been negotiated on an arm's length basis and is on normal commercial terms which are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

### ADDITIONAL INFORMATION

The attention of the Shareholders is drawn to the additional information set out in the appendices to this circular.

**Shareholders and other investors should note that completion of the Disposal is subject to the fulfilment or waiver of various conditions precedent and therefore there is no assurance that the Disposal will be implemented as contemplated or at all. Shareholders and other investors are advised to exercise caution when dealing in the securities of the Company.**

Yours faithfully,  
By Order of the Board  
**Titan Petrochemicals Group Limited**  
**Zhang Qiandong**  
*Executive Director*

**1. CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP**

Details of the financial information of the Group for the six months ended 30 June 2020 and each of the three years ended 31 December 2017, 2018 and 2019 are disclosed in the following interim report of the Company for the six months ended 30 June 2020 and the annual reports of the Company for the years ended 31 December 2017, 2018 and 2019, respectively, which have been published and available on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the website of the Company (<http://www.petrotitan.com/>).

- Interim report of the Company for the six months ended 30 June 2020 published on 28 September 2020 (pages from 16 to 32 as set out in the following hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0928/2020092800481.pdf>);
- Annual report of the Company for the year ended 31 December 2019 published on 14 May 2020 (pages from 43 to 152 as set out in the following hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0514/2020051400573.pdf>);
- Annual report of the Company for the year ended 31 December 2018 published on 29 April 2019 (pages from 48 to 128 as set out in the following hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0429/ltn201904292385.pdf>); and
- Annual report of the Company for the year ended 31 December 2017 published on 27 April 2018 (pages from 49 to 126 as set out in the following hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0427/ltn20180427584.pdf>).

The said financial statements are hereby incorporated by reference in, and form an integral part of, this circular.

**2. INDEBTEDNESS STATEMENT**

As at the close of business on 31 December 2020, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the indebtedness of the Group was as follows:

**(i) Bank borrowings**

As at the close of business on 31 December 2020, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had aggregate outstanding interest bearing and secured bank borrowings of approximately HK\$160.26 million (equivalent to approximately RMB134.46 million) as follows:

- bank borrowings of approximately HK\$155.56 million (equivalent to approximately RMB130.51 million), which were secured by certain property, plant and equipment of the Group and bears interest rate range from 5.2% to 7.2% per annum;
- unsecured bank borrowings of HK\$4.7 million (equivalent to approximately RMB3.95 million), which bears interest rate at 6.4% per annum.

**(ii) Other indebtedness**

As at the close of business on 31 December 2020, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had outstanding indebtedness and charges as follows:

- amount due to a related party with an aggregated amount of approximately HK\$7.30 million which is non-interest bearing and unsecured;
- other borrowing with an aggregated amount of approximately HK\$0.48 million which bears interest rate at 8% per annum and unsecured; and
- other borrowing with an amount of approximately HK\$166.75 million (equivalent to approximately RMB139.90 million) which bears an interest rate at 8% per annum and is secured by the Group's investment property.

**(iii) Lease liabilities**

As at the close of business on 31 December 2020, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had contractual lease liabilities of approximately HK\$0.39 million.

**(iv) Convertible Bonds**

As at the close of business on 31 December 2020, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, approximately HK\$8.32 million owing to various bondholders under the convertible bonds with interest rate at 5% per annum.

**(v) Convertible Preferred Shares**

As at the close of business on 31 December 2020, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the holders of the convertible preferred shares of approximately HK\$437.94 million shall be entitled in priority to any distribution in respect of any other class of shares to a fixed cumulative preferential dividend at the rate of 4.7% per annum on the notional value of each convertible preferred shares held.

**(vi) Other Payable**

As at the close of business on 31 December 2020, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, unsecured other payable with an aggregated amount of approximately HK\$111.56 million which bears interest rate at 12.5% per annum.

The translation of RMB into HK\$ is based on the exchange rate of RMB1 to HK\$1.19 quoted on 31 December 2020 and is for information purpose only.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables, as at the close of the business on 31 December 2020, being the latest practicable date for the purpose of this statement of indebtedness prior to printing of this circular, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, or term loans or other borrowings or indebtedness in the nature of borrowing of the Group including bank overdrafts or liabilities under acceptances or acceptance credits or hire purchase commitments, or outstanding mortgages and charges, or contingent liabilities or guarantees.

### 3. WORKING CAPITAL OF THE GROUP

The Directors are of the opinion that, after due and careful enquiry, taking into account the present available resources and the estimated net proceeds from the Disposal, as at the Latest Practicable Date, as the total current assets of the Group is less than the total current liabilities of the Group, the Group will not have sufficient working capital for at least the next twelve months from the date of this circular in the absence of unforeseeable circumstances.

Despite the working capital of the Group would not be sufficient as a whole for at least the next twelve months, the Company would point out that the operation of the shipbuilding, ship repairing and manufacturing of steel structure and trading of commodities of the Group, which is conducted at the subsidiary level of the Group, would be self-sufficient and would not be materially affected. The business operation of the Group will continue and it is expected that the Disposal would have no significant implication to the existing business operation of the Group.

In addition, the Group will strive to meet the working capital sufficiency by (i) continuous negotiations with banks and independent third parties to renew existing loans and to extend the terms of for at least the next twelve months; (ii) continuous negotiations with Docile Bright Investments Limited (“**DBIL**”) for the purpose to obtain DBIL’s promise on delay in redemption of the convertible preferred shares with principal amount of approximately HK\$437.94 million for at least the next twelve months; (iii) exploring possible funding channels through equity and debt markets; and (iv) obtaining the financial assistances from the substantial Shareholders (if necessary). Assuming the implementation of aforesaid plans and measures of the Group become successful, the Directors are of the view that the Group would have sufficient working capital for at least the next twelve months from the date of this circular.

As at the Latest Practicable Date, the Company does not have a concrete plan regarding the above and no agreement in relation to the above has been entered into by the Company. The Company will make further announcement(s) as and when appropriate pursuant to the Listing Rules.

#### 4. MATERIAL ADVERSE CHANGE

The Directors were not aware of any material adverse changes in financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited financial statements of the Group were made up.

#### 5. FINANCIAL AND TRADING PROSPECTS

Upon completion of the Disposal, the Target Company will cease to be a subsidiary of the Company, and the principal activities of the Group will be focused on shipbuilding and steel structure manufacturing business.

Despite China's shipbuilding industry will still face problems, such as insufficient market demand, overcapacity and fierce competition; the Group still persists in expanding this core business in adversity. According to the interim report of the Company for the six months ended 30 June 2020, the Group reviews the shipbuilding and offshore engineering business from time to time, optimizes the Group's business portfolio in a timely manner, and formulates appropriate measures to save costs and improve efficiency. In future, the Group will also continue to transform, upgrade and diversify its shipyard business, and optimize its management structure to meet market demand and challenges.

In the first half of 2020, 江蘇宏強船舶重工有限公司 (“OPCO”) successfully delivered a bulk carrier with an energy capacity of 59,990 DWT. After the delivery of the said bulk carrier, OPCO has signed another contract processing supplied materials with the ship owner for the same series of ships, and construction started in August 2020. In addition, a subsidiary of the Company, namely 江蘇炯強海洋裝備有限公司 (“Jiangsu Jiongqiang”), entered into a strategic cooperation partner agreement (the “Strategic Cooperation Agreement”) with 中交二航局結構工程有限公司 (“CSSEC”). According to the Strategic Cooperation Agreement, Jiangsu Jiongqiang and CSSEC will jointly develop the steel structure market in the middle and lower reaches of the Yangtze River in future.

Saved as disclosed above, OPCO has entered memorandum of understandings (the “MOUs”) with certain customers in relation to the provision of construction and processing of ships. The Group will expand new customers and do its best endeavours to receive orders from different types of ships, in order to cope with the challenging of current market environment. Given abovementioned, The Group firmly believes that OPCO and Jiangsu Jiongqiang will bring stable income and competitive advantages to the Group by virtue of their respective good geographical location, excellent customer service, competitive pricing, and excellent quality of the ships delivered in the past.

Although the bulk commodity trading business was not carried out in the first half of 2020, the Company will actively apply its rich experience and allocate resources in the commodity trading industry. The Group expects that the trading volume of bulk commodity for the year of 2020 will reach approximately RMB100 million and will steadily expand the said business in future.

In face of the complicated and difficult economic environment, the Board will review and supervise the overall business performance of the Group from time to time and prudently expand new business opportunities that relating to the Group's main business. The Group also expects to steadily upgrade its business, broaden its financing channels and adopt a series of effective measures to reduce the Group's debt level. Looking ahead, the Group will rely on the professional knowledge and strategic leadership of the management to seize potential business opportunities in a challenging environment so that the Group can target new profit growth indicators for its business and bring to the Shareholders and investors the greatest return possible.

*The following is the text of a letter and valuation report prepared for the purpose of incorporation in this Circular received from Prudential Surveyors (Hong Kong) Limited, an independent valuer, in connection with their opinion of value of the property of the Group as at 31 December 2020.*



Prudential Surveyors (Hong Kong) Limited  
測建行香港有限公司

22 February 2021

*The Directors*

**Titan Petrochemicals Group Limited**

Unit 802, 8/F

OfficePlus@Wanchai

No. 303 Hennessy Road

Wanchai

Hong Kong

Dear Sirs,

**Re: Valuation of a property located at the south of Beixing Community and the west of Houzhu Port, Donghai Street, Fengze District, Quanzhou City, Fujian Province, the People's Republic of China**

In accordance with the instructions from Titan Petrochemicals Group Limited (hereinafter referred to as the “**Company**”) for us to value the captioned property (hereinafter referred to as the “**Subject Property**”) located in the People's Republic of China (the “**PRC**”), we confirm that we have carried out an inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Subject Property as at 31 December 2020 (hereinafter referred to as the “**Date of Valuation**”) for disposal purpose.

This letter, forming part of our valuation report, identifies the Subject Property being valued, explains the basis and methodology of our valuation and lists out the assumptions and the title investigation we have made in the course of our valuation as well as the limiting conditions.

**BASIS OF VALUATION**

Our valuation of the property interest in the Subject Property is our opinion of the market value which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of the Subject Property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

Our valuation has been carried out in accordance with “HKIS Valuation Standards 2020” issued by The Hong Kong Institute of Surveyors and the “International Valuation Standards (IVS)” published by the International Valuation Standards Council which came into effect in 2020.

Our valuation has been prepared under the generally accepted valuation procedures and is in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

**VALUATION METHODOLOGY**

We have carried out the valuation by Direct Comparison Method. We have assumed that the Subject Property will be developed and completed in accordance with the latest development proposal provided to us. We have made reference to the comparable sales evidence as available in the relevant market and have also taken into account the accrued construction cost and professional fees relevant to the stage of construction as at the Date of Valuation and the remainder of the cost and fees expected to be incurred for completing the development.

**VALUATION ASSUMPTIONS**

In valuing the property interests, we have assumed that the Company has free and uninterrupted rights to use or to assign the property interests for the whole of the unexpired term granted.

Our valuation has also been made on the assumption that the Subject Property is to be sold in the open market without the benefit of a deferred terms contract, leaseback, joint venture, or any similar arrangement that would serve to affect its value. No account has been taken of any option or right of pre-emption concerning or affecting the sale of the Subject Property and no forced sale situation in any manner is assumed in our valuation.

No allowance has been made in our valuation for any charges, mortgages or amount owing on the Subject Property nor for any expenses or taxation that may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Subject Property is free from encumbrances, restrictions and outgoings of an onerous nature that could affect its value.

It is assumed that all applicable zoning, land use regulations and other restrictions have been complied with unless a non-conformity has been stated, defined and considered in the valuation report.

### **TITLE INVESTIGATION**

Due to the nature of the land registration system in the PRC, no investigation has been made for the legal title or any liabilities attached to the Subject Property. However, we have been provided by the Company with copies of documents relating to the titles of the property interests. We have not examined the original documents to verify the ownership and to ascertain the existence of any amendments that may not appear on the copies handed to us. In the course of our valuation, we have relied upon the advice and information given by the Company's PRC legal advisor — Dentons Shanghai regarding the title of the property located in the PRC. All documents have been used for reference only.

### **LIMITING CONDITIONS**

We have inspected the exterior, and where possible, the interior of the Subject Property by Mr. Simon Liu (MHKIS, MRICS, RPS) on 18 January 2020. Due to the outbreak of COVID-19 restricting cross-border travels, an updated site inspection of the property cannot be conducted. However, the Company has provided photos of the Subject Property taken most recently, and the status was verified by Mr. Simon Liu (MHKIS, MRICS, RPS) via instant electronic communication with on-site staff of the Company on 20 November 2020 and its contents were confirmed by the Company. However, no structural survey has been made nor have any tests been carried out on any of the services provided in the Subject Property. We are, therefore, not able to report that the Subject Property is free from rot, infestation or any other structural defects. Yet, in the course of our inspection, we did not note any serious defects.

Moreover, we have not carried out any site investigations to determine or otherwise the suitability of the ground conditions, the presence or otherwise of contamination and the provision of or otherwise suitability for services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred in the event of any redevelopment.

No detailed on-site measurements have been made during our inspection. Dimensions, measurements and areas included in the valuation report attached are based on information contained in the documents provided to us and are therefore approximations only.

Having reviewed all relevant documentation, we have relied to a considerable extent on the information provided by the Company and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, completion date of buildings, particulars of occupancy, site and floor plans, floor areas and other relevant matters in the identification of the Subject Property in which the registered owner has valid interest. We have not seen original planning consents and have assumed that the Subject Property has been erected and is being occupied and used in accordance with such consents.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We were also advised by the Company that no material facts have been omitted from the information supplied. We considered that we have been provided with sufficient information to reach an informed view and have no reason to suspect that any information has been withheld.

Except for the purpose of disclosure in the public circular to be issued by the Company in connection with the disposal of the Subject Property, neither the whole nor any part of this valuation report or any reference thereto may be included in any published document, circular or statement, nor published in any way whatsoever without the prior written approval of Prudential Surveyors (Hong Kong) Limited as to the form and context in which it may appear.

## DECLARATION

We hereby certify, to the best of our knowledge and belief, that: -

- We are an external valuer, independent from the Company and the property owners, their subsidiaries and their jointly controlled entities (collectively, the “**Group**”) and their respective directors and controlling shareholder and that we do not have any direct or indirect material interests in the securities or assets of the Group, its connected persons, or any associate of the Group and we have no bias with respect to the parties involved.

- We have previous, current or anticipated involvement with the Company in respect of the Subject Property in the past 24 months from the date of instruction or date of agreement of the engagement, whichever is earlier.

**REMARKS**

We hereby confirm that we have neither present nor prospective interests in the Company, the Subject Property and the value reported herein.

Unless otherwise specified, all money amounts stated herein are in Renminbi (RMB) and no allowances have been made for any exchange transfer.

We attach herewith our valuation report.

Yours faithfully,

For and on behalf of

**PRUDENTIAL SURVEYORS (HONG KONG) LIMITED**

**Simon C H Liu**

*MBA MRICS MHKIS RPS(GP) CIREA*

*General Manager, Professional Valuation*

*Note:* Mr. Simon C H Liu is a Member of The Royal Institution of Chartered Surveyors in United Kingdom and a Member of The Hong Kong Institute of Surveyors in Hong Kong, SAR with 40 years of post-qualification experience in valuation of properties in Hong Kong SAR, the People's Republic of China and the Asia Pacific Region. He is also on the Hong Kong Stock Exchange panel list of approved valuers for undertaking valuations for incorporation of reference in listing particulars and circulars and valuations in connection with takeovers and mergers.

*The address of the valuer is 3rd Floor, Tung Hip Commercial Building, Nos. 244-252 Des Voeux Road Central, Hong Kong*

## VALUATION REPORT ON SUBJECT PROPERTY

Subject Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 December 2020 RMB
A commercial development site located at the south of Beixing Community and the west of Houzhu Port, Donghai Street, Fengze District, Quanzhou City, Fujian Province, the People's Republic of China	<p>The Subject Property comprises a land parcel with a site area of about 26,557.5 sq.m. and planned for the construction of 4 buildings (a 17-storey office building, two 17-storey dormitory buildings and a 5-storey commercial podium). The Subject Property is currently under construction (the "CIP").</p> <p>The planned total gross floor area ("GFA") of the CIP will be about 108,972.43 sq.m. upon completion, of which about 75,576.08 sq.m. is an accountable GFA for plot ratio calculation which includes 50,803.44 sq.m. for domestic use, 6,173.43 sq.m. for commercial use, 17,928.96 sq.m. for office use and 670.25 sq.m. for public utilities.</p> <p>A GFA of about 33,396.35 sq.m. is non-accountable for plot ratio calculation which includes 31,687.21 sq.m. for basement, 1,540.51 sq.m. for ancillary structures and 168.63 sq.m. for emergency vehicle access.</p> <p>The land use rights of the property have been granted for a term expiring on 2 March 2058 for office and ancillary living uses.</p>	<p>The Subject Property is under construction.</p> <p>Site formation and excavation works are currently in progress.</p>	162,560,000

## Notes:

1. The Subject Property occupies an irregular shaped gently sloping corner site at the junction of Haixing Street and Fenghai Road, south of Beixing Community and west of Houzhu Port District in Quanzhou City of Fujian Province. The Subject Property enjoys good accessibility and is only 12 kilometres away from Quanzhou Jinjiang Airport and 5 kilometres away from Quanzhou Railway Station.
2. Land use pattern in the locality is predominantly mixed with residential, office and commercial. Development density is medium-rise and the surrounding environment is characterized by financial institutions, educational institutions, shopping malls and government authorities.
3. Pursuant to a State-owned Land Use Rights Grant Contract (國有土地使用權出讓合同), Quan Di [2008] No. Z he Yi (泉地[2008]Z合1號) entered into between the Bureau of Land and Resources in Quanzhou City (泉州市國土資源局) and Titan Petrochemicals (Fujian) Limited (“Titan Fujian”) (泰山石化(福建)有限公司) dated 2 March 2008, the land use rights of the property with a site area of about 26,557.6 sq.m. was contracted to be granted to Titan Fujian for office and ancillary living uses. The salient details of the development potential of the site is as follows:

Building Type	:	Office, ancillary living
Ancillary Building Type	:	Not applicable
Plot Ratio	:	<3.5
Building Density	:	<25%
Building Height	:	Below 80m for office, 36-50m for ancillary living
Greenery Ratio	:	>35%

4. Pursuant to an Immovable Property Certificate (不動產權證書), Min (2017) Quan Zhou Shi Bu Dong Chan Quan Di No. 0022655 (閩(2017)泉州市不動產權第0022655號), issued by the Bureau of Land and Resources in Quanzhou City (泉州市國土資源局) dated 11 July 2017, the land use rights of the property with a site area of about 26,557.5 sq.m. has been granted to Titan Fujian expiring on 2 March 2058 for office and ancillary living uses.
5. Pursuant to a Construction Works Planning Permit (建設工程規劃許可証), Jian Zi Di No. 350503201930043 (建字第350503201930043) dated 23 April 2019, Titan Fujian was permitted to develop the property with a plot ratio accountable GFA of 75,576.08 sq.m. and a plot ratio non-accountable GFA of 33,396.35 sq.m. The details of which are as follows:

<b>Building Portion</b>	<b>Proposed GFA</b>	
	<i>sq.m.</i>	
Domestic, commercial, office and public utilities	75,576.08	Accountable GFA
Basement, ancillary buildings and emergency vehicle access	33,396.35	Non-accountable GFA

6. Pursuant to a Construction Works Commencement Permit (建設工程施工許可証), No. 350503201906210101, issued by the Housing and Urban-rural Development Bureau of Fengze District, Quanzhou City (泉州市豐澤區住房和城鄉建設局) dated 21 June 2019, the construction works of the property with a planned GFA of about 108,972.43 sq.m. at a contract sum of about RMB214,000,000 was permitted to commence.
7. The Subject Property is subject to the following material encumbrances:
  - A general mortgage in favor of ICBC Bank Hui'an Sub-branch (工行惠安支行) dated 21 January 2011 for a term commencing on 18 January 2011 and expiring on 17 January 2013 at a loan amount of RMB100,000,000;

- A general mortgage in favor of ICBC Bank Hui'an Sub-branch (工行惠安支行) dated 21 January 2011 for an unlimited term at a loan amount of RMB100,000,000; and
- A maximum amount mortgage in favor of Industry Bank Co., Ltd Ningbo Branch (興業銀行股份有限公司寧波分行) dated 1 December 2017. During the period from 11 November 2017 to 11 November 2020, the Bank agrees to facilitate a maximum loan amount of RMB140,000,000 to the mortgagee, and the mortgagee shall use the land as security until such time the loan amount is fully repaid.

According to the information provided by the Company, the bank loan is not yet repaid as at the date of this circular.

8. The planned total GFA of the proposed development will be approximately 108,972.43 sq.m. upon completion. As informed by the Company, the estimated total construction cost is approximately RMB270,000,000, of which approximately RMB27,595,000 had been paid up to the Date of Valuation. The Subject Property is targeted to be completed in 2023-2024.
9. The Subject Property is held for development.
10. The opinion of the PRC legal advisor to the Company contains, inter alia, the following:
  - a. The land use rights of the property are legally vested in Titan Fujian;
  - b. All land premium has been settled in full;
  - c. Titan Fujian is entitled to occupy, use, transfer, mortgage, lease and receive income from the property freely in the market. The first transfer of the property is required to observe the laws and obligations as contained in the State-owned Land Use Rights Grant Contract (國有土地使用權出讓合同), Quan Di [2008] No. Z he Yi (泉地[2008]Z合1號); and
  - d. The transfer, exchange, invest or donate of the land use rights of the property is required to dispose of the buildings, structures as well as ancillary facilities attached to the land together, pursuant to the Immovable Property Certificate (不動產權證書), Min (2017) Quan Zhou Shi Bu Dong Chan Quan Di No. 0022655 (閩(2017)泉州市不動產權第0022655號).

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

## 2. DISCLOSURE OF INTERESTS

### (A) Directors and chief executives of the Company

As at the Latest Practicable Date, the interests of the Directors and the chief executives of the Company in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), as recorded in the register required to be kept by the Company pursuant to Section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the “Model Code”) were as follows:

Name of Director	Capacity/Nature of interest	Number of issued ordinary shares held	Percentage of issued share capital
Mr. Osman Mohammed Arab (“Mr. Arab”) (Note 1)	Interest of controlled corporation	594,735,244	48.35%
Mr. Zhang Qiangdong (“Mr. Zhang”) (Note 2)	Interest of controlled corporation	219,972,916	17.88%
	Beneficial owner	3,106,250	0.25%

*Notes:*

- Mr. Arab is jointly interested with Mr. Wong Kwok Keung, as joint and several liquidators of 榮龍國際投資有限公司 Fame Dragon International Investment Limited (in compulsory liquidation) (“Fame Dragon”) in 594,735,244 ordinary shares of the Company owned by Fame Dragon and its related companies including Winford Hong Kong Investment Limited, Universal View Investments Limited, Fukmao Limited, Link Elite Limited, Wider Link Global Limited and Fast Luck Global Limited, representing approximately 48.35% of the total number of issued shares of the Company as at the Latest Practicable Date.

2. Sino Team Capital Development Limited (“**Sino Team**”) is wholly owned by Mr. Zhang Qiangdong. Mr. Zhang Qiangdong is interested in 219,972,916 ordinary shares of the Company through two controlled corporations, and is also beneficially interested in 3,106,250 ordinary shares of the Company, representing in aggregate approximately 18.13% of the total number of issued shares of the Company as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the company’s Directors and the chief executives of the Company or their respective associates had any other personal, family, corporate and other interests or short positions in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, at no time during the period since 30 June 2020 and till the Latest Practicable Date were rights to acquire benefits by means of the acquisition of shares in the Company or any other body corporate granted to any Director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries, its parent company or any subsidiary of its parent company a party to any arrangements to enable the Directors to acquire such rights in any other body corporate.

**(B) Substantial Shareholders’ interests and short positions in Shares and underlying Shares of the Company**

As at the Latest Practicable Date, so far as was known to the Directors and the chief executives of the Company, the following companies and persons had an interests or short positions in the shares and/or underlying shares of the Company which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Shareholders	Capacity	Number of issued ordinary shares held	Number of issued	
			Convertible preferred shares held	Approximate percentage (%) of shareholding
GZE and parties acting in concert ( <i>note 1</i> )	Corporate Interest	590,639,046	69,375,000	48.01%/1.10%
Sino Team ( <i>note 2</i> )	Corporate Interest	197,916,666	—	16.09%

Shareholders	Capacity	Number of issued ordinary shares held	Number of	Approximate percentage (%) of shareholding
			Convertible preferred shares held	
Mr. Zhang ( <i>note 2</i> )	Beneficial Interest	3,106,250	—	0.25%
	Corporate Interest	219,972,916	—	17.88%
Mr. Arab ( <i>note 3</i> )	Corporate Interest	594,735,244	—	48.35%
Mr. Wong Kwok Keung (“ <b>Mr Wong</b> ”) ( <i>note 3</i> )	Corporate Interest	594,735,244	—	48.35%

*Notes:*

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

As disclosed in the announcements of the Company dated 5 May 2017 and 13 March 2018 respectively, Mr. Arab and Mr. Wong, both of RSM Corporate Advisory (Hong Kong) Limited, were appointed as the joint and several liquidators of Fame Dragon as per a winding up petition filed by Zhenrong Company Limited, an offshore subsidiary of 珠海振戎公司 (Zhuhai Zhenrong Company\*) (“**Zhuhai Zhenrong**”). Zhuhai Zhenrong is the largest shareholder of GZE, which wholly owns Fame Dragon through its wholly owned subsidiary, Guangdong Zhenrong HK. Zhuhai Zhenrong and 海南利津投資有限公司 (Hainan Li Jin Investment Co. Ltd.\*) (“**Hainan Li Jin**”) were interested in 44.3% and 35% respectively in the share capital of GZE, and were deemed under the Securities and Futures Ordinance and to be interested in the shares in which GZE had an interest. Hainan Li Jin was owned as to 34% by Xia Ying Yan, as to 33% by He Xiao Qun and as to 33% by Liang Wei.

As disclosed in announcements of the Company dated 18 July 2016 and 27 September 2017 respectively, GZE and its wholly-owned subsidiary Guangdong Zhenrong HK were ordered for winding up by the High Court of Hong Kong. The order was made according to the petitions filed by Industrial Bank Co., Ltd. As disclosed in the announcement of the Company dated 25 June 2018, Mr. Arab and Mr. Wong, both of RSM Corporate Advisory (Hong Kong) Limited, were appointed as the joint and several liquidators of Guangdong Zhenrong HK.

The 69,375,000 convertible preferred shares of the Company became redeemable in accordance with the terms thereof on 15 July 2019 are currently held by an affiliated company of GZE.

2. Sino Team is wholly owned under the name of Mr. Song Dehua, the shares of which are held under trust for Mr. Zhang. Mr. Zhang is interested in 219,972,916 ordinary shares of the Company through two controlled corporations, and is also beneficially interested in 3,106,250 ordinary shares of the Company, representing in aggregate approximately 18.13% of the total number of issued shares of the Company as at the Latest Practicable Date.
3. Mr. Arab is jointly interested with Mr. Wong, as joint and several liquidators of Fame Dragon in 594,735,244 ordinary shares of the Company owned by Fame Dragon and its related companies including Winford Hong Kong Investment Limited, Universal View Investments Limited, Fukmao Limited, Link Elite Limited, Wider Link Global Limited and Fast Luck Global Limited, representing approximately 48.35% of the total number of issued shares of the Company as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any persons (other than the Directors and chief executives of the Company) who had any interests and short positions in the shares and underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

As disclosed in the announcement of the Company dated 15 March 2019, the Company received (i) a legal letter (the “**First Letter**”) from a law firm acting on behalf of Capital Creation Holdings Limited (“**CCH**”) containing a requisition (the “**Requisition**”) of a special general meeting of the Company made by CCH on the basis of holding 10% or more of the paid-up capital of the Company (the “**Shareholding**”) and (ii) a legal letter from another law firm acting on behalf of the joint and several liquidators of Fame Dragon relating to the ownership of the said Shareholding as referred in the First Letter.

The Company understands that there are fundamental disputes as to the ownership of the said Shareholding of the Company as referred to in the First Letter, which in turn affect the right to make such a Requisition. As such, the Company will take no action in respect of the Requisition at this stage until the ownership of the Shareholding have been determined by the courts in Hong Kong and/or Bermuda and the Company will seek further legal opinion on the Requisition thereafter.

### 3. DIRECTORS’ SERVICE CONTRACTS

As the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).

#### 4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

#### 5. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors has any direct or indirect interests in any assets which have been acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by or leased to, the Group since 31 December 2019, the date to which the latest published audited consolidated financial statements of the Group were made up, and there is no contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date in which any Director is materially interested and which is significant to the business of the Group.

#### 6. LITIGATION

##### **Bermuda Court Proceedings**

Sino Charm International Limited (“**Sino Charm**”) has filed a winding up petition (the “**Petition**”) dated 20 September 2019 with the Supreme Court of Bermuda for an order that the Company be wound up by the Supreme Court of Bermuda.

The Petition was heard before the Supreme Court of Bermuda on 25 October 2019, 14 November 2019, 13 December 2019 and 21 February 2020. The Supreme Court of Bermuda ordered that, among others, the substantive hearing of the Petition be adjourned to be fixed for a date after 17 April 2020 in consultation of the parties’ availability with a time estimate of one day before the Honourable Chief Justice. As a result of the COVID-19 pandemic, the hearing date has not yet been fixed as at the Latest Practicable Date.

The Company has been seeking legal advice on the matter and there has not been any material adverse impact on the Company’s daily operations as a result of the Petition.

The Company is contesting the Petition on the basis that there is (at the very least) a bona fide dispute as to whether the Company is liable to Sino Charm as alleged and the Company has grounds to believe that the source of funding for the subscription of the HK\$78 million convertible bonds by Sino Charm originated from within the Group.

The Company has commenced legal action to, amongst other things, obtain a declaration that the said convertible bonds are void as well as to seek damages against the former management and certain other relevant parties. The Company may commence further actions against former relevant parties.

As at the Latest Practicable Date, no decision or judgement has been issued by the Supreme Court of Bermuda.

### PRC Proceedings

廣州華南石化交易中心有限公司 (Guangzhou Southern China Petrochemical Exchange Centre Co., Ltd.\*) (the “**Southern China Petrochemical Exchange Centre**”) was, a subsidiary of the Company in 2017, informed the Company that the Intermediate People’s Court of Wuxi City in Jiangsu Province, the People’s Republic of China had made an order to freeze 70% equity interest of Southern China Petrochemical Exchange Centre (the “**Freeze of Shares**”). The aforesaid 70% equity interest is beneficially owned by 石獅市益泰潤滑油脂貿易有限責任公司 (Shishi Yitai Lubricants Youzhi Trading Co., Ltd.\*) (“**Shishi Yitai**”), a wholly-owned subsidiary of the Company. The total asset of Southern China Petrochemical Exchange Centre represented less than 5% of the total asset of the Group and its business was not the principal business of the Group. The Southern China Petrochemical Exchange Centre ceased to be a subsidiary of the Company since December 2019.

The Company has been informed that the People’s Court of Hui’an County, Fujian Province of the PRC (惠安縣人民法院) has made a decision (the “**Decision**”) dated 9 December 2019 to wind up Titan Quanzhou Shipyard Company Limited (the “**TQS**”). TQS was an indirect wholly-owned subsidiary of the Company. The Hui’an Court has on 10 December 2019 ordered to set up 清算組 (Liquidation Group) in relation to the winding up of TQS. For details, please refer to the announcements of the Company dated 27 November 2019 and 16 December 2019. TQS has been deconsolidated from the Group as a result of the winding up of TQS.

### Hong Kong Proceedings

In 2019, the Company commenced proceedings against some former management of Company in the Court of First Instance in Hong Kong under the case number HCA1930/2019. Details please refer to the announcement of the Company dated 28 April 2020. Since certain former management are outside Hong Kong, application has been made to the Court to apply for service out of Hong Kong. As at the Latest Practicable Date, the litigation proceedings are ongoing.

As at the Latest Practicable Date, no decision or judgement has been issued by the Court of First Instance in Hong Kong.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other litigation or claims of material importance which were pending or threaten against any member of the Group.

## 7. EXPERTS AND CONSENTS

The followings are the qualification of the expert(s) whose letter(s) and report(s) are contained in this circular:

<b>Name</b>	<b>Qualification</b>
Prudential Surveyors (Hong Kong) Limited (“Prudential Surveyors”)	Professional valuer

Prudential Surveyors has given and has not withdrawn its consent to the issue of this circular with the inclusion of its report(s) or letter(s), as the case may be, and reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Prudential Surveyors was not beneficially interested in the share capital of any member of the Group, nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any members of the Group nor did they have any interest, either direct or indirect, in any assets which had been since 31 December 2019 (being the date to which the latest published audited accounts of the Group were made up) acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group.

## 8. MATERIAL CONTRACTS

Save as the Sale and Purchase Agreement in relation to the Disposal, and the two placing agreements for placing of convertible bonds dated 18 February 2020 entered into between the Company and each of Merdeka Securities Limited and Sino Capital Securities Limited respectively, there has been no material contract entered into by members of the Group within the two years preceding the Latest Practicable Date.

**9. MISCELLANEOUS**

- a. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda; and the head office and the principal place of business in Hong Kong is at Room 802, 8/F., OfficePlus@Wanchai, No. 303 Hennessy Road Wanchai, Hong Kong.
- b. The branch share registrar of the Company is Tricor Tengis Limited, which is located at Level 54, Hopewell Centre, No. 183 Queen's Road East, Hong Kong.
- c. The secretary of the Company is Mr. Lam Wai Hung, who is a member of the Association of Chartered Certified Accountants.
- d. The English text of this circular shall prevail over the Chinese text, in case of any inconsistency.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours at the head office and principal place of business of the Company in Hong Kong at Room 802, 8/F., OfficePlus@Wanchai, No. 303 Hennessy Road Wanchai, Hong Kong, up to and including the date of the SGM:

- a. the memorandum of association and bye-laws of the Company;
- b. the annual reports of the Company for the three financial years ended 31 December 2019 and the interim report of the Company for the six months ended 30 June 2020;
- c. the material contracts referred to in the section headed "8. Material Contracts" in this appendix;
- d. the valuation report prepared by Prudential Surveyors (Hong Kong) Limited in relation to the Land, the text of which is set out in appendix II to this circular;
- e. the written consent as referred to in the paragraph headed "7. Experts and Consents" in this appendix; and
- f. this circular.

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## NOTICE OF SGM

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# Titan Petrochemicals Group Limited

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1192)**

## NOTICE OF SGM

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “**SGM**”) of Titan Petrochemicals Group Limited (the “**Company**”) will be held at The Collab, 24/F, OfficePlus@Wanchai, 303 Hennessy Road, Wanchai, Hong Kong on 9 March 2021 at 10:30 a.m. for the purpose of considering and, if thought fit, passing the following resolution with or without amendments as ordinary resolution of the Company:

### ORDINARY RESOLUTION

**“THAT**

- (a) the sale and purchase agreement dated 31 December 2020 and executed on 4 January 2021 (the “**Sale and Purchase Agreement**”) entered into between 舟山甬泰船務有限公司 (Zhoushan Yongtai Shipping Co., Ltd.\*), a subsidiary of the Company, as the vendor (the “**Vendor**”) and 福建金鉗投資有限公司 (Fujian Jinqian Investments Co., Ltd.\*) as purchaser (the “**Purchaser**”) in relation to, among other things, the sale and purchase of 100% registered capital (the “**Equity Interests**”) of 泰山石化(福建)有限公司 (Titan Petrochemicals (Fujian) Ltd.\*) (the “**Target Company**”) for a consideration of RMB1 and the transactions contemplated thereunder be and are ratified, confirmed and approved and any directors of the Company (the “**Directors**”) be and are hereby authorised to do all such acts and things and execute all such documents which they consider necessary, desirable or expedient for the implementation of and give effect to the Sale and Purchase Agreement and the transactions contemplated thereunder); and
- (b) any Director be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements (whether under common seal or not) and to do all such acts or things deemed by him/her/them to be incidental to, ancillary to or in connection with the matters contemplated in the Sale and Purchase Agreement and the transactions contemplated thereunder as he/she/they may in his/her/their absolute discretion consider necessary, desirable or expedient to give effect

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## NOTICE OF SGM

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to the Sale and Purchase Agreement and the implementation of all transactions contemplated thereunder and to agree with such variation, amendment or waiver as, in the opinion of the Directors, in the interests of the Company and its shareholders as a whole.”

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

Hong Kong, 22 February 2021

***Registered office***

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

***Principal place of business in Hong Kong***

Room 802, 8/F.  
OfficePlus@Wanchai  
No. 303 Hennessy Road  
Wanchai  
Hong Kong

*Notes:*

1. Any member entitled to attend and vote at the SGM is entitled to appoint one, or if such member is a holder of more than one Share, more proxies to attend and vote in his/her stead. Where a member appoints more than one proxy, the instrument of proxy shall state which proxy is entitled to vote on a poll. A proxy need not be a member of the Company.
2. A proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.
3. In order to be valid, the form of proxy must be duly lodged at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong together with a power of attorney or other authority, if any, under which it is duly signed or a notarially certified copy of that power of attorney or authority, not less than 48 hours before the time for the SGM or any adjourned meeting.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised to sign the same.
5. Where there are joint holders of any share, any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders is present at any meeting, the vote of the such holder so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall be deemed joint holders thereof.

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## NOTICE OF SGM

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6. Shareholders of the Company who are entitled to attend and vote at the SGM are those whose names appear as shareholders of the Company on the register of members of the Company as at the close of business on Monday, 8 March 2021. In order to be eligible to attend and vote at the SGM, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Monday, 8 March 2021.
  7. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the SGM or any adjournment thereof, should he so wish, and in such event, the form of proxy shall be deemed to be revoked.
- \* *The English translation of Chinese names or words in this notice, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names and words.*

*As at the date of this notice, the executive Director is Mr. Zhang Qiandong; the non-executive Directors are Mr. Lai Wing Lun (Chairman) and Mr. Osman Mohammed Arab; and the independent non-executive Directors are Mr. Lau Fai Lawrence, Mr. Sun Feng and Mr. Cheung Hok Fung Alexander.*