

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



Titan Petrochemicals Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1192)

UPDATE ON THE STATUS OF PROPOSED DISPOSAL OF 95% EQUITY INTEREST IN TITAN QUANZHOU SHIPYARD

AND

FURTHER UPDATE ON STORAGEECO

AND

FURTHER UPDATE ON THE COMPANY

UPDATE ON THE STATUS OF PROPOSED DISPOSAL OF 95% EQUITY INTEREST IN TITAN QUANZHOU SHIPYARD

Grand China Logistics has commenced legal proceedings against the Company, Titan TQSL and Titan Fujian to seek an order for, amongst other things the termination of the GCL Sale and Purchase Agreement and repayment of monies paid. The Company intends to defend such action vigorously.

FURTHER UPDATE ON STORAGEECO

SSL has exercised its redemption rights under the StorageCo Preferred Shares and the StorageCo Convertible Notes, and has applied for an order to appoint joint and several provisional liquidators and joint and several liquidators for, and to liquidate, StorageCo. The application to appoint joint and several provisional liquidators for StorageCo was dismissed by the BVI Court on 27 June 2012 (BVI time). The application, amongst other things, to appoint joint and several liquidators is expected to be heard in the BVI on 16 July 2012 (BVI time). On 21 June 2012, the Company received an indicative offer from an independent third party to

invest in StorageCo through a capital injection at an indicative price of approximately US\$260 million for 51% stake in StorageCo, subject to adjustments based on further due diligence. However, it should be noted that this possible transaction may or may not proceed or may proceed on a different basis. Further announcements will be made as and when appropriate.

FURTHER UPDATE ON THE COMPANY

SPHL has exercised its redemption rights under the Listco Preferred Shares, and has filed a petition in Bermuda for an order to wind up and to appoint a provisional liquidator against the Company. This petition is expected to be heard in Bermuda on 16 August 2012 (Bermuda time).

The Company is also in active discussions with an independent third party to invest in the Company by subscription of new shares and to provide interim financing for the purposes of funding the operations of StorageCo and has received on 12 July 2012 a non-binding indicative letter of terms which the Company is considering. It is contemplated that the issue of new shares by the Company is likely to result in a change of control of the Company and will be conditional upon a whitewash waiver under the Takeovers Code being granted, so that the transaction will not proceed if a whitewash waiver is not available. However, these discussions may or may not culminate in any transaction and (save for the requirement that any change of control arising from the transaction will proceed only if a whitewash waiver is obtained and not otherwise) other aspects of the transaction structure may change. Further announcements, including monthly announcements setting out the progress of the discussions, will be made as and when appropriate in accordance with the Listing Rules and the Takeovers Code.

The commencement of litigation in respect of the GCL Sale and Purchase Agreement, the commencement of liquidation proceedings in respect of StorageCo and the notice to redeem the Listco Preferred Shares do not, in themselves, constitute an event of default under the Listco PIK Notes and the Listco Convertible Notes. In addition, the issue of the petition to wind up and to appoint a provisional liquidator against the Company does not become an event of default under the Listco PIK Notes and the Listco Convertible Notes unless such petition remains undismissed or unstayed for a period of 60 consecutive days.

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

UPDATE ON THE STATUS OF PROPOSED DISPOSAL OF 95% EQUITY INTEREST IN TITAN QUANZHOU SHIPYARD

Reference is made to the announcement of Titan Petrochemicals Group Limited (the “Company”) dated 13 December 2010 and the circular dated 4 January 2011 in relation to, amongst other things, the Company's proposed disposal of the 95% equity interest in Titan Quanzhou Shipyard and the Company's announcement dated 18 March 2012 setting out an update on the financial position of the Company (“March Update Announcement”). Terms defined in the March Update Announcement shall have the same meanings when used in other parts of this announcement, unless the context requires otherwise.

On 30 May 2012, 泰山石化（福建）有限公司 (Titan Petrochemicals (Fujian) Ltd*) (“Titan Fujian”) received a summons issued by 上海市第一中級人民法院 (Shanghai No.1 Intermediate People's Court) (the “Shanghai Intermediate Court”) with Grand China Logistics as plaintiff and the Company and two wholly-owned subsidiaries of the Company, Titan TQSL Holding Company Ltd (泰山泉州船厂控股有限公司) (“Titan TQSL”) and Titan Fujian, as defendants, that seeks an order for, amongst other things, termination of the sale and purchase agreement dated 11 December 2010 between Titan TQSL, Titan Fujian, the Company and Grand China Logistics in respect of the sale and purchase of the Group’s 95% equity interest in Titan Quanzhou Shipyard (the “GCL Sale and Purchase Agreement”) and repayment to Grand China Logistics of an aggregate of RMB740 million (approximately HK\$912.57 million) together with accrued interest or for the Company to fulfil its obligation under its guarantee to repay such amount. It has also come to the notice of the Company that a restriction may have been imposed on any transfer of the Group’s equity interest in Titan Quanzhou Shipyard. However, the Group has not been served any order of court or other notice in respect of it as required by applicable laws. On 18 June 2012, the Company, Titan TQSL and Titan Fujian filed an objection to the jurisdiction of the Shanghai Intermediate Court and requested that the matter be transferred to the 上海市高級人民法院 (Shanghai Higher People's Court). The Company has sought PRC legal advice in respect of the claims and the freezing order, against which the Company intends vigorously to contest.

As disclosed in the March Update Announcement, the Company obtained the requisite regulatory and shareholder approvals specified in the terms of the GCL Sale and Purchase Agreement and the first two stage payments (totalling RMB800 million (approximately HK\$986.56 million) thereby became due and payable. However, only RMB740 million (approximately HK\$912.57 million) has been paid to date. As a result and in order to preserve the rights of the Group, registration of the transfer of the equity interest in Titan Quanzhou Shipyard under the Proposed Disposal with the relevant PRC authority has not been effected. The third and fourth stage payments aggregating RMB665.67 million (approximately HK\$820.90 million) which are triggered by such registration have also not been paid to date.

The Company wishes to clarify that on 24 July 2011, Titan TQSL, Titan Fujian, the Company and Grand China Logistics entered into a supplemental agreement pursuant to which the parties agreed, amongst other things, (i) to cancel the two net profit “guarantees” for the financial years ended 31 December 2011 and ending 31 December 2012 which, if met, would have resulted in two stage payments (in addition to the four stage payments referred to above) of up to RMB 200 million each but otherwise could result in the Company’s obligation to make up any shortfall; and (ii) instead to replace those two stage payments by fixed payments as to RMB80 million on or before 31 December 2011 and as to RMB120 million on or before 31 December 2012 respectively. The effect of this agreement is that the maximum consideration payable for the Proposed Disposal was reduced from RMB1,865.67 million (approximately HK\$2,300.74 million) to a fixed consideration of RMB1,665.67 million (approximately HK\$2,054.10 million), in circumstances where previously, the minimum was RMB1,465.67 million (approximately HK\$1,807.46 million). This arrangement provided contractual certainty of, and accelerated the timing for, the two stages of payments and reduced the downside risks to the Company on the net profit guarantees. However, no further payments have in fact been received up to the date of this announcement.

FURTHER UPDATE ON STORAGECO

Reference is made to the March Update Announcement and the announcement (the "May Update Announcement") of the Company dated 6 May 2012.

Actions taken by SSL

On 18 June 2012, the Company received from Saturn Storage Limited ("SSL") two notices to exercise its redemption rights under:-

- (i) the StorageCo Preferred Shares, at a redemption amount equal to the higher of (a) 175% of the initial subscription price of the StorageCo Preferred Shares (being HK\$1,365 million); or (b) the market price (to be determined by an approved investment bank) of the StorageCo Shares into which such StorageCo Preferred Shares being redeemed can be converted (subject to a cap of HK\$2,730 million upon the full redemption of the StorageCo Preferred Shares), as if they were converted on the date of the notice of redemption, together with any accrued and unpaid dividends; and
- (ii) the StorageCo Convertible Notes, at 175% of the principal amount of the StorageCo Convertible Notes (being HK\$273 million), together with any accrued and unpaid interest.

StorageCo is required to pay the redemption monies for the StorageCo Preferred Shares within 90 days after the date of the redemption notice. The amount for the redemption of the StorageCo Convertible Notes is due immediately. As StorageCo is an investment holding company through which the Company (indirectly) and SSL hold their interest in China onshore storage business, StorageCo does not have immediately available funds to make such payment.

On 18 June 2012 (BVI time), SSL served on StorageCo (i) an application (the "Provisional Liquidators Application") at the Eastern Caribbean Supreme Court (the "BVI Court") in the High Court of Justice, British Virgin Islands ("BVI") for an order, amongst other things, to appoint joint and several provisional liquidators for StorageCo; and (ii) an application (the "Liquidators Application") at the BVI Court to, amongst other things, liquidate StorageCo pursuant to BVI laws and to appoint joint and several liquidators for StorageCo. The Provisional Liquidators Application was dismissed by the BVI Court on 27 June 2012 (BVI time). The Liquidators Application is expected to be heard in the BVI on 16 July 2012 (BVI time).

These developments and the Company's efforts in preserving its rights and its investment in StorageCo increase the pressure on the liquidity needs of the Company.

Immediately before the exercise of the redemption rights by SSL referred to above, StorageCo had in issue 479,310 StorageCo Shares (held as to 438,375 by Titan Oil Storage Investment Limited (a wholly-owned subsidiary of the Company) and 40,935 by SSL) and 399,200 StorageCo Preferred Shares. With the redemption of the StorageCo Preferred Shares by SSL, the Company will indirectly hold 91.46% of the entire issued share capital of StorageCo. However, as the liquidation proceedings are in process as disclosed above,

investors should note that the outcome thereof may also affect the accounting treatment of StorageCo in the consolidated financial statements of the Company.

Indicative offer from an independent third party in respect of StorageCo

On 21 June 2012, the Company received an indicative offer from an independent third party to invest in StorageCo through a capital injection at an indicative price of approximately US\$260 million for 51% stake in StorageCo, subject to adjustments based on further due diligence. However, it should be noted that this possible transaction may or may not proceed or may proceed on a different basis and third party consents may be required (which may or may not be given) in order to implement any such investment. Further announcements will be made as and when appropriate.

FURTHER UPDATE ON THE COMPANY

Actions taken by SPHL

On 4 July 2012, the Company received from Saturn Petrochemical Holdings Limited (“SPHL”) a notice to redeem all of the outstanding 555,000,000 Listco Preferred Shares held by it at a redemption amount equal to the notional value of the Listco Preferred Shares (being HK\$310.8 million) together with any accrued and unpaid dividends. Redemption monies are payable 30 business days after the date of the redemption notice.

On 9 July 2012 (Bermuda time), SPHL served on the Company a petition (the “Petition”) at the Supreme Court of Bermuda for an order, amongst other things, to wind up and to appoint a provisional liquidator against the Company. The Petition is expected to be heard in Bermuda on 16 August 2012 (Bermuda time).

Discussions with respect to possible financing to the Company

The Company is in active discussions with an independent third party to invest in the Company by subscription of new shares and to provide interim financing for the purposes of funding the operations of StorageCo and has received on 12 July 2012 a non-binding indicative letter of terms which the Company is considering. It is contemplated that the issue of new shares by the Company is likely to result in a change of control of the Company and will be conditional upon a whitewash waiver under The Code on Takeovers and Mergers (the “Takeovers Code”) being granted, so that the transaction will not proceed if a whitewash waiver is not available. However, these discussions may or may not culminate in any transaction and (save for the requirement that any change of control arising from the transaction will proceed only if a whitewash waiver is obtained and not otherwise) other aspects of the transaction structure may change. Further announcements, including monthly announcements setting out the progress of the discussions, will be made as and when appropriate in accordance with the Listing Rules and the Takeovers Code.

GENERAL

As at the date of this announcement, the Listco Senior Notes, the Listco PIK Notes and the Listco Convertible Notes remain outstanding. The commencement of litigation in respect of the GCL Sale and Purchase Agreement and the commencement of liquidation proceedings in respect of StorageCo and the notice to redeem the Listco Preferred Shares do not, in

themselves, constitute an event of default under the Listco PIK Notes and the Listco Convertible Notes. In addition, the issue of the petition to wind up and to appoint a provisional liquidator against the Company does not become an event of default under the Listco PIK Notes and the Listco Convertible Notes unless such petition remain undismissed or unstayed for a period of 60 consecutive days. The management of the Company continues to communicate with the holders of the Listco Senior Notes, the Listco PIK Notes and the Listco Convertible Notes in respect of a possible restructuring of the respective debts. There are no specific proposal(s) for debt restructuring at this time or assurance that such restructuring proposal(s) can be successfully agreed. Further announcements will be made as and when appropriate.

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

By Order of the Board
Titan Petrochemicals Group Limited
Patrick Wong Siu Hung
Executive Director

Hong Kong, 12 July 2012

In this announcement, an exchange rate of HK\$1.00:RMB0.8109 has been used for illustration purposes. No assurance is given that these currencies may be exchanged at these rates or at all.

As at the date of this announcement, the Executive Directors are Mr. Zhao Xu Guang (Chairman), Mr. Patrick Wong Siu Hung and Mr. Fu Yong Yuan; the Non-Executive Director is Mr. Tsoi Tin Chun; and the Independent Non-executive Directors are Mr. John William Crawford, JP, Mr. Abraham Shek Lai Him, JP and Mr. Shane Frederick Weir.

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

** For identification purposes only*