Corporate Statement

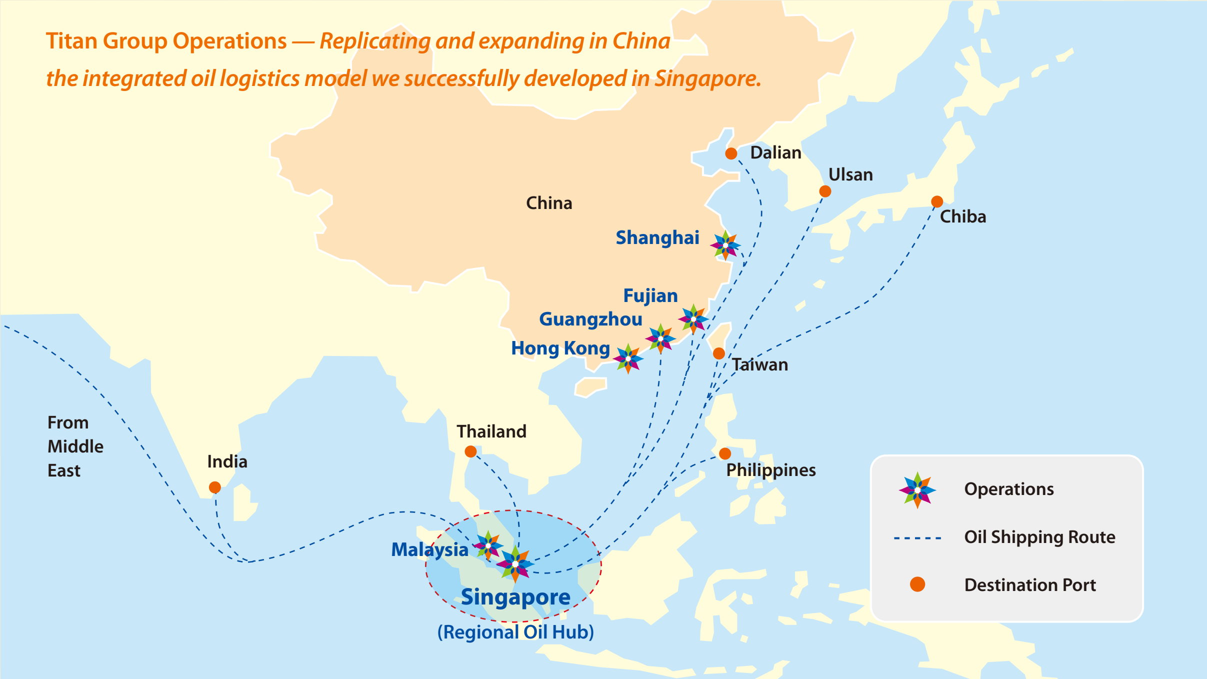
TSOI TIN CHUN
Chairman

BARRY C. CHEUNG
Chief Executive

During 2006 Titan made further progress towards its goal of becoming a unique, fully integrated oil logistics company in Asia. We opened our first on-shore storage facility in Nansha and pushed ahead with our other China projects.

The Group's revenue for the year was HK$11,460 million, up 9.5% over 2005, while earnings before interest, tax, depreciation and amortization (EBITDA) rose by 18% to HK$868 million, excluding a vessels disposal gain of HK$131 million recorded in 2005.

The results of the transportation business were, however, affected by unexpectedly soft market conditions for Very Large Crude Carriers (VLCCs), most notably in the historically buoyant fourth quarter. This, in conjunction with a 23% increase in interest expenses and the effect of the 2005 vessel disposal gain, resulted in a decline in Group earnings. Profit attributable to shareholders decreased by 67% to HK$100 million and earnings per share also decreased in similar proportion to HK2.07 cents. Against this background, the Board has decided not to declare a dividend.



Whilst the unexpected VLCC market conditions resulted in lower net earnings, the increased diversification of the Group's businesses away from the volatile VLCC business, coupled with the continuing development of our integrated oil logistics capabilities in China, provides a clearly defined roadmap towards earnings growth and stability.

We have also announced that Titan has entered into an agreement under which Warburg Pincus will, subject to certain conditions, invest a total of HK$1,365 million (US$175 million) in Titan and China StorageCo, a special-purpose vehicle through which we will hold our China terminals. We are very excited about our coming partnership with Warburg Pincus and believe that the additional capital will facilitate our growth and secure our goal of becoming a unique, fully integrated oil logistics company in Asia.

The Year in Review

Revenues for the supply business decreased by 14% to HK$4,811 million, while segment results decreased 28% to HK$39 million. This was mainly due to the reversal of an unrealized mark-to-market gain from 2005 and negative import margins in the China market in the first half of 2006. In June we introduced a new Oil Services Team to extract greater synergies from other operations and take advantage of available storage at the Nansha terminal. The new team, once in place, was able to significantly improve the margins of the supply business in the second half.

In transportation, revenues increased over 18% to HK$2,082 million. Segment results for the year, excluding the vessels disposal gain in 2005, increased by a modest 7% to HK$445 million. Results were affected by lower average vessel earnings in the unexpectedly soft VLCC market and significantly higher average fuel prices, although operational excellence helped mitigate these effects. We also converted an older VLCC to a Floating Storage Unit (FSU) to take advantage of strong market demand.

Storage revenues doubled to HK$96 million and segment result grew substantially by 81% to HK$25 million. Revenue came mainly from our FSUs off Singapore, with increased integration among the Group's other operations under the new Oil Services Team. Storage revenues also saw an initial contribution from the Titan Nansha Petrochemical Terminal, which began operations in October 2006. Based on strong demand, we are accelerating Phase II expansion, with completion now targeted for 2008.

There was good progress, meanwhile, at our other terminal projects. The 90,000 m^3 Phase I of the Titan Fujian Petrochemical Terminal at Quanzhou became operational in the first quarter of 2007. In August, work began on the 420,000 m^3 Phase I of the Yangshan Petrochemical Terminal near Shanghai, which is due for completion in the first half of 2008.

Distribution revenues grew 46% to HK$4,471 million, while segment result increased significantly by 97 % to HK$37 million. This was primarily from the strong Singapore market, where our market share also increased; Titan is now among the top 10 suppliers in Singapore, the world's largest bunker market.

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Financial Resources

Cash flow remained positive during the year, and capital expenditure was 77% lower than last year. At year end 2006, the Group had a cash position of HK$373 million and unused facilities of HK$4,176 million for its continuing operations. The Group's gearing stood at 0.57, an improvement compared to 0.64 twelve months earlier.

Corporate Development

Our vision is to provide our customers with integrated energy services of the highest quality and value. We realize that achieving this requires continuous investment in our people and the consistent cultivation of a strong corporate culture.

Building further on the developments of 2005 we launched an initiative to publicize the Titan vision, mission and core values of quality, integrity, openness, teamwork, people excellence and social responsibility. This was followed by an employee program implemented across the Group at every level to reinforce these messages.

We have also continued to develop and refine our corporate governance practices, as befits a world-class company. We hired a specialist US firm to identify risk priorities and map out a comprehensive internal audit program. This was approved last December, and we will begin implementation soon. We have also made several improvements following valuable advice from our independent non-executive Directors.

Our investment in state-of-the-art systems continues to benefit efficiency and risk management. The SAP system in China and the new *Allegro* trading system at our supply business both became operational in 2006, and they have enhanced the flow of information across the Group, strengthened management supervision and increased business integration.

We have also continued to attract, groom and retain the talent we need to drive the business forward. David Lim has been appointed President, Transportation, succeeding Ib Fruergaard, who remains on the board as a non-executive Director, ensuring a smooth transition of the management in this business sector. Yoon Wai Nam was appointed as Chief Financial Officer, Christopher Yong as President, Oil Services, and Lam Kin Wai as Vice-President of Corporate Communications. All are highly experienced individuals who are helping the Group manage and sustain its growth.

The Way Ahead

In 2007 we will continue to pursue our goal of becoming a fully integrated oil logistics company, replicating on a larger scale in China the model we have successfully developed in Singapore. Activities are being planned to take full advantage of the opportunities for inter-segment synergies and ensure that our assets are deployed in the most profitable areas.

We expect the supply operation to continue its positive momentum of the second half of 2006 as it integrates more closely with our storage, distribution and transportation businesses. The Oil Services Team will further expand Titan's global supply sources of oil

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products and extend our customer network by setting up a similar team in China to develop the Chinese domestic market.

In transportation, VLCC rates during the first quarter of 2007 have remained soft, and the challenging market conditions are expected to continue. Although demand for oil is likely to rise from the low levels of late last year, increased supply of tanker tonnage is likely to hold rates in check.

In light of this situation and the increased demand for oil storage, we have converted two of our smaller VLCCs to FSUs, and we plan to convert more tonnage so that by the end of this year no more than six single-hull VLCCs are in operation, compared to 12 at the end of 2006. We are also pursuing more period charter business. Overall, this marks a deliberate strategic move to decrease our exposure to the volatile VLCC market, which should stabilize revenue flow, maximize utilization and lead to increased synergies with our other businesses.

We expect the Phase I terminals in both Nansha and Fujian to increasingly contribute to our results. We are encouraged by the favorable responses received by our sales teams, who are now actively marketing our storage services to customers in China.

With the Nansha terminal fully operational, we expect significant increases in our distribution and supply operations which should, in turn, increase their contribution.

Although we expect the distribution business to face more competition, we are confident that we can address this by leveraging our integrated oil logistics strategy. This business will also benefit from extra capacity following the delivery of the first new double-hulled bunker barge towards the end of the year. In addition to expanding capacity, the FSU business will improve its range of service offerings to reach more customers.

Summary

Everyone including our fellow directors and all employees at Titan have put in much hard work during the year to push the business forward, and their dedication deserves our thanks.

The increasing development of our businesses in oil supply, storage and distribution will transform the composition of our earnings from this year onwards to a more balanced portfolio, reducing our exposure to the VLCC market. We therefore believe that our businesses are on a much firmer footing, offer greater diversity and flexibility, and will produce a higher quality of earnings.

Finally, we look forward to welcoming Warburg Pincus as a strategic shareholder, which will benefit Titan not only through the investment of capital but through access to a wealth of expertise which complements our own.

Tsoi Tin Chun	**Barry Cheung Chun Yuen,** ***JP***
Chairman	*Chief Executive*