Titan Petrochemicals Group Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 1192)

INTERIM REPORT 2019

DIRECTORS

Executive Directors

Mr. Zhang Qiandong
Mr. Chen Bingyan
(Ceased as Co-Chairman on 31 May 2019 and removed as Executive Director on 27 June 2019)
Dr. Liu Liming (Retired on 31 May 2019)

Non-executive Directors

Mr. Lai Wing Lun (Chairman)
(Re-elected as Chairman on 31 May 2019)
Mr. Osman Mohammed Arab
Ms. Meng Ke Xin (Appointed on 31 May 2019)

Independent Non-executive Directors

Mr. Lau Fai Lawrence
Mr. Sun Feng
Mr. Cheung Hok Fung Alexander
Mr. Teng Yue (Removed on 27 June 2019)

AUDIT COMMITTEE

Mr. Lau Fai Lawrence (Chairman)
Mr. Sun Feng
Mr. Lai Wing Lun

REMUNERATION COMMITTEE

Mr. Lau Fai Lawrence (Chairman)
Mr. Sun Feng
Mr. Lai Wing Lun

NOMINATION COMMITTEE

Mr. Sun Feng (Chairman)
Mr. Lau Fai Lawrence
Mr. Lai Wing Lun

COMPANY SECRETARY

Mr. Wong Chi Shing

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd Hong Kong Branch
Citic Bank International (China) Limited
Bank of China Limited

AUDITORS

Elite Partners CPA Limited

SOLICITORS

Michael Li & Co.
Guangdong Kings Law Firm

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th floor North Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

COMPANY WEBSITE

http://www.petrotitan.com

STOCK CODE

1192

FINANCIAL REVIEW

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

For the six months ended 30 June 2019 (the "**Period**"), the unaudited consolidated revenue of the Group was approximately HK$105,575,000, whereas the revenue of the Group was approximately HK$25,769,000 for the six months ended 30 June 2018 (the "**Comparative Period**").

During the Period, the Group's trading of bulk commodities recorded revenue of approximately HK$74,245,000 (HK$5,173,000 for the Comparative Period). Revenue of approximately HK$31,330,000 was generated from shipbuilding, ship-repairing and manufacturing of steel structure during the Period (HK$20,059,000 for the Comparative Period).

During the Period, the Group recorded other income of approximately HK$4,014,000 (HK$3,563,000 for the Comparative Period). The Group gained income from the scrap return in the People's Republic of China ("**PRC**") of approximately HK$1,818,000 during the Period. The other income for the Comparative Period was mainly due to the granted subsidies from the shipbuilding and ship-repairing sectors in PRC of approximately HK$2,135,000 during the first half of year 2018. The Group recorded other gain of approximately HK$13,639,000 representing fair value gain on the investment property in PRC during the Period, whereas the other loss of the Group was approximately HK$454,239,000 for the Comparative Period. For the Comparative Period, the amount mainly represented the provision for impairment of certain assets amounting to approximately HK$454,131,000. After the evaluation and assessment of the recoverability and ageing analysis by the Board, the Board considered no further recoverability issue of such relatively long-outstanding receivable amounts, and therefore no provision was made during the Period.

The Group's general and administrative expenses decreased from approximately HK$100,675,000 for the Comparative Period to approximately HK$56,840,000 for the Period, mainly including the decrease in depreciation and amortisation of approximately HK$32,029,000 and employees cost of approximately HK$14,230,000 comparing to the Comparative Period. The Group will keep monitoring the general and administrative expenses in order to maximize the return of shareholders and investors.

Finance costs for the Period was approximately HK$100,437,000, representing mainly the interests of bank and other loans amounting to approximately HK$20,826,000 and loan interest due to ultimate holding company amounting to approximately HK$72,307,000.

During the Period, the Group recorded a loss attributable to owners of the Company of approximately HK$120,121,000. The decrease of loss attributable to owners of the Company was mainly because there was no provision for impairment of certain assets during the Period. In the first half of year 2018, due to the inaccessibility of the financial information and records of investment and long-outstanding receivable amounts, the Group made the provision for impairment of related assets. The Group will continue to pursue recovery action including through legal proceedings or disposal of the above-mentioned impaired investment to third parties to speed up the recovery and maximize return.

Besides that, the general and administrative expenses and finance costs of the Company were closely monitored and hence those costs were gradually decreased. The decrease of such costs and expenses was mainly resulted from the decrease of depreciation and amortisation and employees cost. Moreover, there was no interest on convertible bonds during the Period. The Group will continue to adopt cost-saving measures to maximize the return.

The basic loss per share was approximately HK2.44 cents for the Period, and the basic loss per share was approximately HK13.16 cents for the Comparative Period.

As at 30 June 2019, the cash and cash equivalents of the Group amounted to approximately HK$2,361,000, representing a decrease of approximately HK$8,944,000 as compared with the cash and cash equivalents of approximately HK$11,305,000 as at 31 December 2018. The decrease of cash and cash equivalents was mainly resulted from the operating of shipyard factories and Hong Kong office. The Group will strive to seek for different means to strengthen the financial position.

BUSINESS REVIEW

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

Revenue of the Group for the Period was approximately HK$105,575,000, which was mainly attributable to the income from the shipbuilding, ship-repairing and manufacturing of steel structure and also the trading of bulk commodities business. For the Comparative Period, most of the revenue of the Group was also from the shipbuilding, ship-repairing and manufacturing of steel structure.

The Group recorded a loss attributable to owners of the Company of approximately HK$120,121,000 for the Period, as compared to the loss attributable to owners of the Company of approximately HK$647,339,000 for the Comparative Period. The decrease of loss attributable to owners of the Company during the Period was mainly due to (1) incurrence of employee costs which amounted to approximately HK$16,755,000 for the Period (HK$22,500,000 for the Comparative Period) and depreciation and amortisation costs which amounted to approximately HK$33,003,000 during the Period (HK$53,936,000 for the Comparative Period), being recorded in the books under the category of general and administration expenses; (2) an exceptional gain on deconsolidation of a subsidiary of approximately HK$14,439,000 for the Period; (3) the provision for impairment of certain assets amounting to approximately HK$454,131,000 for the Comparative Period while there was no such item in the first half of year 2019.

SHIPBUILDING, SHIP-REPAIRING AND MANUFACTURING OF STEEL STRUCTURE

The Company exerted its effort on its ship-repairing and shipbuilding business in China's coastal regions and/or to make alliance with a number of leading local large-scale ship repair base to ensure the rational use of production facilities and deployment of resources, to build up the Asian ship-repairing platform (in terms of dock capacity) and to strengthen the business size in an orderly manner so as to enable the Company to achieve sustainable development.

The market conditions in the marine related service industry remain challenging and sluggish due to global commodity prices being sustained at low levels. The Company will review and optimise the business of the Company in due course and formulate appropriate cost-effective and efficient measures for its shipbuilding and marine engineering business.

In the fourth quarter of 2017, the Group acquired 江蘇宏強船舶重工有限公司 ("**OPCO**") which is operating a large shipyard in Qidong City, Jiangsu Province. The city is only 68 Kilometers away from Shanghai Pudong. Qidong is a major shipbuilding and offshore engineering base in China, with hundreds of shipbuilding and offshore engineering companies. The location of the shipyard has unique advantages for the shipbuilding business, including favorable weather and water conditions for shipbuilding, close proximity to its major suppliers and subcontractors and easy access to a large pool of shipbuilding specialists and skilled workers in the region.

In the first half of year 2019, OPCO successfully built and sold one bulk carrier with carrying capacity of over 42,300 ton, the selling price of which was US dollars 22.0 million. At present, OPCO is well managed. Its effective contract as follow: (1) processing supplied material for a bulk carrier with carrying capacity of around 60,000 ton; (2) processing supplied material for three stainless steel ships; (3) six projects on steel structure business; and (4) other business including quay rental service. Its expected effective contract as follow: (1) processing supplied material for a bulk carrier with carrying capacity of around 60,000 ton; (2) processing supplied material for a stainless steel ships; and (3) two projects on steel structure business. It is expected that OPCO could run business smoothly with the current contract for at least two years.

As of the end of June, a bulk carrier with carrying capacity of around 60,000 ton was built and is expected to be launched in November 2019; three stainless steel ships had been completed in stages, and two projects on steel structure business have finished.

TRADING OF COMMODITIES

The Group had set up a wholly-owned subsidiary with principal activity of domestic oil trading. In the first half of year 2019, the Group had around RMB60 million revenue from trading of domestic oil. The Group would continue to look for new trading business in the second half of year 2019.

During the Period, the Group recorded revenue of its trading business of various bulk commodities products like petroleum, petrochemical and other related products which achieved sales of approximately HK$74,245,000 which the amount of revenue was over ten times to the sales of approximately HK$5,173,000 in Comparative Period. The management from time to time reviews the global market trend of bulk commodities trading business and will deploy internal resources whenever this sector of business is fruitful to the Group.

QUANZHOU LAND

The Group obtained the construction planning permit in April 2019 and construction commencement permit in June 2019 from the government of PRC which allow the Group to start the construction in Quanzhou in Fujian Province. After the Group found the contractor through bidding, the construction project is in the initial stage of land excavation. For the plan in the second half of year 2019, part of the properties built will be leased out for long-term investment or otherwise sold. If the property investment business could run successfully, it is expected to solve the Group's funding issue and we would keep watch over this new business.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2019, the Group's net liabilities amounted to approximately HK$2,352.9 million, compared to net liabilities amounted to approximately HK$2,243.8 million as at 31 December 2018.

The Group financed its operations mainly through the loans from the ultimate holding company, the banks and other independent lenders, and convertible preferred shares. As at 30 June 2019, the Group had:

- cash and bank balances of approximately HK$2.4 million (31 December 2018: HK$11.3 million). These balances were comprised of:

  — an equivalent of approximately HK$170,000 (31 December 2018: HK$7.4 million) denominated in US dollars ("**USD**");

  — an equivalent of approximately HK$3,000 (31 December 2018: HK$Nil million) denominated in Singapore dollars ("**SG$**");

  — an equivalent of approximately HK$1.6 million (31 December 2018: HK$1.8 million), denominated in Renminbi ("**RMB**"). The conversion of RMB denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the government of the PRC; and

  — approximately HK$587,000 (31 December 2018: HK$2.1 million) ("**HK$**").

- bank and other loans of approximately HK$452.1 million (31 December 2018: HK$467.0 million). The Group's bank and other loans having maturity within one year amounted to approximately HK$219.9 million (31 December 2018: HK$229.3 million). The effective interest rates ranged from 4.75% to 8.5% per annum as at 30 June 2019 (31 December 2018: 4.75% to 8.5% per annum);

- loan from the ultimate holding company of approximately HK$1,735.3 million (31 December 2018: HK$1,738.5 million), of which having maturity within one year amounted to approximately HK$347.1 million (31 December 2018: HK$260.8 million). The effective interest rate was 8.26% per annum as at 30 June 2019 (31 December 2018: 8.26% per annum); and

- convertible preferred shares issued by the Company with liability portion of approximately HK$416 million (31 December 2018: HK$408.7 million).

CHARGES ON ASSETS

The Group's loans, were secured or guaranteed by:

- construction in progress with an aggregate carrying value of approximately HK$714.8 million (31 December 2018: HK$714.1 million);
- machineries with an aggregate net carrying value of approximately HK$7.9 million (31 December 2018: HK$19.6 million);
- buildings with an aggregate net carrying value of approximately HK$179.2 million (31 December 2018: HK$196.9 million);
- prepaid land lease payments with an aggregate net carrying value of approximately HK$275.2 million (31 December 2018: HK$276.7 million);
- investment property with an aggregate net carrying value of approximately HK$227.3 million (31 December 2018: HK$214.1 million);
- corporate guarantees to Shanghai Pudong Development Bank executed by the subsidiaries of the ultimate holding company; and
- personal guarantees executed by a related party and a former director of the Company to Shanghai Pudong Development Bank.

GEARING RATIO

The Group's current ratio was 0.05 (31 December 2018: 0.07). The gearing ratio of the Group, calculated as the amount due to the ultimate holding company and bank and other loans divided by total assets, was 1.71 (31 December 2018: 1.64).

CAPITAL EXPENDITURES AND COMMITMENTS

During the Period, there was no addition in capital expenditures of property, plant and equipment (HK$3,279,000 for Comparative Period).

During the Period, the Group disposed property, plant and equipment amounting to approximately HK$47,000 (HK$13,000 for Comparative Period).

As at 30 June 2019, no capital expenditure commitment contracted by the Group but not provided for (31 December 2018: Nil). All contracts for ship-repairing facilities in PRC had already expired over several years, the Group's management expected that those contracts were remote and there would be no capital expenditure incurred and no provision would be made and accounted for all such commitment.

PROSPECTS

In 2019, the Company will continue to seek breakthroughs in the above industries. In the beginning of 2019, OPCO had successfully delivered one bulk carrier which brought considerable income to the Group before. The Company will also actively make use of its extensive experience and deploy resources in the bulk trade industry. The Company had signed framework agreements with the customers on new trade conduits. To achieve the above targets, the Board will seek for various financial means to enrich the equity capital of the Group in order to build solid foundation for the sustainability and improvement in profitability of its principal business.

Looking forward, the Group will grasp new potential business opportunities in the challenging environment, with the expertise and strategic leadership under the management, so that the Group will aim at new profit growth point for its business, so as to maximize the returns to all the shareholders and investors.

OPCO had signed a contract which it will help two bulk carrier to process supplied material, and the total expected revenue would be over Renminbi 42 million per bulk carrier. OPCO will also deploy more resources on amendment work on vessels. Moreover, OPCO will fully utilize the resources to strengthen the manufacturing of steel structure; the Group optimistically forecast that the revenue from the manufacturing of steel structure and shipbuilding will be over Renminbi 50 million and Renminbi 80 million respectively during the year of 2019.

Since the gradual implementation of BWM convention (壓載水公約) and the increase demand of ship vessels desulphurization and the macro ship-repairing industry will be recovered during the year 2019, it will provide a good opportunity to OPCO to maintain its operation and business. The Management of OPCO will grasp such rosy opportunity and deploy more resources internally on refitted ship, manufacturing of steel structure, vessels processing with supplied material, so that OPCO will be targeted as multi-operation unit.

Facing the dramatic changes in the real estate sector and the rapid improvement of people's living standard, the Group believes that the cornerstone position of the real estate sector, the demand of property arising from the urbanization process as well as people's pursuit of a better life will remain unchanged.

The Group has the comprehensive building plan to develop a parcel of land (stated as "**investment properties**" in the consolidated statement of financial position) located in Quanzhou at Fujian, PRC. The area of the planned land use is 26,000 square meters. The marketable service area is around 75,000 square meters. According to the preliminary plan, one block of office tower, two block of staff hostel and one block of commercial building would be developed.

The Board has from time to time been reviewing the financial position and optimizing the assets structure of the Group and may seek legal advice in order to safeguard the present assets and resources of the Group as well as finding different means to investigate some loopholes that the ex-management might have brought to the Group and further announcement will be made to update the shareholders and the investors.

The Group will continue to adopt diversified business strategies to cope with the risks of the domestic economy downturn in China, and allocate resources flexibly to seize any possible investment opportunities.

The Group believes that the business will expand stably and generate fruitful value to the shareholders and investors. Ultimately, the Group will continue to strengthen its overall financial and operation position in preparation for any possible changes in the industry or any new opportunities. The Group is cautiously optimistic with the Group's business performance for the second half of 2019.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

The Group had no material acquisitions, disposals and significant investment during the Period.

LITIGATIONS

For details of the litigations of the Company, please refer to note 22 of the notes to the condensed consolidated financial statements under the section of "Contingent Liabilities" in this report.

CAPITAL STRUCTURE

For details of the capital structure of the Company, please refer to note 19 of the notes to the condensed consolidated financial statements under the section of "Share Capital" in this report.

FOREIGN EXCHANGE EXPOSURE

The Group operated in PRC and Hong Kong and primarily used RMB for the business in PRC and HK$ in Hong Kong. The Group was exposed to foreign exchange risk based on fluctuations between HK$ and RMB arising from its core operation in the PRC. The Group does not undertake any derivatives financial instruments or hedging instruments for speculative purposes. The Group will constantly review the economic situation and its foreign currency risk profile. It is generally acknowledged that the People's Bank of China exercises real-time foreign exchange control in PRC. It would be difficult to adopt measures in order to hedge exchange risk of foreign currencies and the Group will minimise the adverse impact caused by loss from exchange as mentioned above.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2019, the Group had 190 employees (31 December 2018: 199), of which 179 employees (31 December 2018: 188) worked in PRC, all of which were from OPCO, Quanzhou shipyard, and Shanghai office, and 11 employees (31 December 2018: 11) were based in Hong Kong. Remuneration packages including basic salaries, bonuses and benefits-in-kind, were structured by reference to market terms and individual merit and are reviewed on an annual basis based on performance appraisals. No share options were granted to employees of the Group during the Period (Nil for Comparative Period).

DIVIDENDS

The Board does not recommend the payment of an interim dividend for the Period (Nil for the Comparative Period).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATIONS

As at 30 June 2019, 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 Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") (the "**Model Code**") were as follows:

	Number of issued ordinary shares held				
Name of Director	**Capacity**	**Personal interests**	**Corporate interests**	**Total interests**	**Percentage of issued share capital**
Mr. Osman Mohammed Arab ("**Mr. Arab**")(Note 1)	Interest of a controlled corporation	—	2,378,940,978	2,378,940,978	48.35%
Mr. Zhang Qiandong ("**Mr. Zhang**")(Note 2)	Interest of a controlled corporation	—	879,891,665	879,891,665	17.88%
	Beneficial owner	12,425,000	—	12,425,000	0.25%

Notes:

1. 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 2,378,940,978 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.

2. Sino Team Capital Development Limited ("**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 879,891,665 ordinary shares of the Company through two controlled corporations, and is also beneficially interested in 12,425,000 ordinary shares of the Company, representing in aggregate approximately 18.13% of the total number of issued shares of the Company.

Save as disclosed above, as at 30 June 2019, 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OF THE COMPANY

Save as disclosed under the heading "Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares of the Company or Any Other Associated Corporations" above, at no time during the period under review 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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

At 30 June 2019, 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(Note 1)	Corporate Interest	2,362,556,185	69,375,000	48.01%/1.10%
Sino Team(Note 2)	Corporate Interest	791,666,667	—	16.09%
Mr. Zhang(Note 2)	Beneficial Interest Corporate Interest	12,425,000 879,891,665	— —	0.25% 17.88%
Mr. Arab(Note 3)	Interest of a controlled corporation	2,378,940,978	—	48.35%
Mr. Wong Kwok Keung ("**Mr. Wong**")(Note 3)	Interest of a controlled corporation	2,378,940,978	—	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 our announcements 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 our announcements 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 our announcement 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 879,891,665 ordinary shares of the Company through two controlled corporations, and is also beneficially interested in 12,425,000 ordinary shares of the Company, representing in aggregate approximately 18.13% of the total number of issued shares of the Company.

3. Mr. Arab is jointly interested with Mr. Wong, as joint and several liquidators of Fame Dragon in 2,378,940,978 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.

Save as disclosed above, as at 30 June 2019, 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 Part XV 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 International Investment Limited ("**Fame Dragon**") relating to the ownership of the said Shareholding as referred in the First Letter.

* *For recognition only*

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

Further announcement(s) will be made as and when appropriate by the Company.

SHARE OPTION SCHEMES

A share option scheme (the "**2002 Share Option Scheme**") was approved and adopted by the then shareholders of the Company on 31 May 2002 (as amended on 24 June 2010) and terminated on 20 June 2011, for a period of 10 years commencing on the adoption date.

On 20 June 2011, a share option scheme (the "**2011 Share Option Scheme**") was approved and adopted by the then shareholders of the Company, for a period of 10 years commencing on the adoption date. The scheme limit under 2011 Share Option Scheme is refreshed and was approved and adopted by the shareholders of the Company at the annual general meeting held on 26 June 2017, and the Company is allowed to grant further options under the 2011 Share Option Scheme carrying the rights to subscribe for a maximum of 3,203,888,773 shares. As the share consolidation became effective on 5 September 2017, 400,486,096 shares may be issued under the 2011 Share Option Scheme.

Subject to the terms and conditions of the 2011 Share Option Scheme, the Board may, at its discretion, grant share options to any eligible person to subscribe for the shares in the Company within the validity period of the scheme.

As at 30 June 2019, no share options remain outstanding under the 2002 Share Option Scheme and 2011 Share Option Scheme respectively. No share option was granted, exercised, cancelled or lapsed during the period.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's bye-laws or the laws of Bermuda, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2019.

CORPORATE GOVERNANCE

Compliance with Corporate Governance Code

The Company has applied the principles of, and complied with the code provisions of Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange, except for certain deviations which are summarised below:

In accordance to provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

On 31 May 2019, the Board resolved that the Board should be changed from a Co-chairmen system to a single chairman system. Mr. Lai Wing Lun had been re-elected as the Chairman of the Board immediately. Mr. Chen Bingyan had ceased to be Co-chairman of the Board.

The Company has no chief executive as at the date of this report and will arrange for the appointment of chief executive of the Company as soon as practicable in order to fill the vacancy arising from the resignation of Mr. Tang Chao Zhang on 29 October 2018.

In accordance to provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

Mr. Cheung Hok Fung Alexander, the independent non-executive Director, was unable to attend the special general meeting of the Company on 27 June 2019 as he had other engagements.

Change of Directors and Chief Executives

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information of Directors and chief executives of the Company are as follows:

- At the annual general meeting of the Company held on 31 May 2019 (the "**AGM**"), the proposed resolution relating to the re-election of Dr. Liu Liming as Director was not passed at the AGM. Accordingly, Dr. Liu Liming had retired as an executive Director with effect from the conclusion of the AGM.
- Ms. Meng Ke Xin had been appointed as a non-executive Director with effect from the conclusion of the AGM.
- At the special general meeting of the Company held on 27 June 2019 (the "**SGM**"), the proposed resolutions relating to: (i) the removal of Mr. Chen Bingyan as an executive Director and from any position in any of the Board Committee of the Company with effect from the date of the SGM; and (ii) removal of Mr. Teng Yue as an independent non-executive Director with effect from the date of the SGM were passed in the SGM. Accordingly, Mr. Chen Bingyan and Mr. Teng Yue had been removed as Directors respectively.

With reference to the announcement of the Company dated 30 July 2019, the Company noted that there are certain typographical mistakes in the personal biographical details of Mr. Sun Feng. In particular, Mr. Sun Feng was a deputy director of the Fujian provincial government office in Beijing (福建省人民政府駐北京辦事處副主任) from 1996 to 2002 (instead of June to October 2016 as disclosed in the circular of the Company dated 10 July 2018) and Mr. Sun Feng was the chairman of 中安集團 instead of CITIC Guoan Group (中信國安集團).

Save as disclosed above, the Directors are not aware of any other change in the information of Directors and chief executives of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules as at the date of this report.

Amendments to the Bye-Laws

The amendments to the Bye-Laws had been approved by the Shareholders by way of a special resolution at the Annual General Meeting on 31 May 2019 and had become effective on the same date. The new Bye-Laws was published on 24 July 2019 and is available on the websites of the Company (http://www.petrotitan.com) and HKEx (http://www.hkexnews.hk) respectively.

Code of Conduct for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct for securities transactions by Directors and the relevant employees of the Group. The Company, having made specific enquiries to all Directors, confirmed that all Directors have complied with the required standard of dealings set out therein throughout the Period.

Audit Committee

As at the date of this report, the Audit Committee of the Company consists of two independent non-executive Directors, namely Mr. Lau Fai Lawrence and Mr. Sun Feng and one non-executive Director, namely Mr. Lai Wing Lun. The Audit Committee is chaired by Mr. Lau Fai Lawrence who is a practising certified public accountant. The Audit Committee had reviewed the accounting principles and practices adopted by the Group and discussed with the management in respect to the financial reporting matters, including review of the unaudited interim results of the Group for the Period, and was of the opinion that such statements complied with the applicable accounting standards and the Listing Rules and that adequate disclosures had been made.

For the details of Audit Committee's duties and powers, please refer to the announcement of the Company under the section of "Duties and Powers" of the Terms of Reference of Audit Committee of the Company dated 11 March 2019.

By Order of the Board

Zhang Qiandong
Executive Director

30 August 2019

	Notes	Six months ended 30 June 2019 (Unaudited) HK$'000	2018 (Unaudited) HK$'000
Revenue	4	**105,575**	25,769
Cost of sales		**(97,340)**	(20,332)
Gross profit		**8,235**	5,437
Other income		**4,014**	3,563
Other gain/(loss)	5	**13,639**	(454,239)
Share results of associated companies		**(167)**	(1,498)
General and administrative expenses		**(56,840)**	(100,675)
Gain on deconsolidate of a subsidiary		**14,439**	—
Finance costs	6	**(100,437)**	(105,406)
Loss before tax	7	**(117,117)**	(652,818)
Income tax (expense)/credit	8	**(3,410)**	3,840
Loss for the period		**(120,527)**	(648,978)
Loss for the period attributable to:			
Owners of the Company		**(120,121)**	(647,339)
Non-controlling interests		**(406)**	(1,639)
		(120,527)	(648,978)
Loss per share attributable to owners of the Company			
Basic and diluted (HK cents)	10	**(2.44)**	(13.16)

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Loss for the period	**(120,527)**	(648,978)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**11,376**	3,998
Other comprehensive income for the period, net of tax	**11,376**	3,998
Total comprehensive loss for the period	**(109,151)**	(644,980)
Total comprehensive loss attributable to:		
Owners of the Company	**(108,727)**	(643,341)
Non-controlling interests	**(424)**	(1,639)
	(109,151)	(644,980)

	Notes	30 June 2019 (Unaudited) HK$'000	31 December 2018 (Audited) HK$'000
Non-current assets			
Property, plant and equipment	11	**912,502**	935,932
Prepaid land lease payments		**275,173**	276,716
Investment property	12	**227,320**	214,076
Interests in associated companies		**9,350**	9,517
Total non-current assets		**1,424,345**	1,436,241
Current assets			
Inventories		**31,662**	24,970
Trade receivables	13	**40,479**	40,370
Prepayments, deposits and other receivables		**35,776**	53,054
Cash and cash equivalents		**2,361**	11,305
Total current assets		**110,278**	129,699
Current liabilities			
Trade payables	14	**169,369**	172,982
Other payables and accruals	15	**457,231**	449,115
Bank and other loans	16	**219,890**	229,335
Interest payable of bank and other loans		**104,011**	93,799
Tax payable		**—**	40
Amounts due to the ultimate holding company	17	**776,988**	620,062
Liabilities portion of convertible preferred shares	18	**416,028**	408,724
Total current liabilities		**2,143,517**	1,974,057
Net current liabilities		**(2,033,239)**	(1,844,358)
Total assets less current liabilities		**(608,894)**	(408,117)

	Notes	30 June 2019 (Unaudited) HK$'000	31 December 2018 (Audited) HK$'000
Non-current liabilities			
Bank and other loans	16	232,202	237,627
Amounts due to the ultimate holding company	17	1,388,236	1,477,726
Deferred tax liabilities		123,608	120,319
Total non-current liabilities		1,744,046	1,835,672
Net liabilities		(2,352,940)	(2,243,789)
Equity			
Attributable to owners of the Company			
Share capital	19	393,645	393,645
Deficits	20	(2,759,202)	(2,650,475)
		(2,365,557)	(2,256,830)
Non-controlling interests		12,617	13,041
Total deficits		(2,352,940)	(2,243,789)

The accompanying notes form an integral part of these condensed consolidated financial statements.

	Total equity attributable to the owners of the Company												
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Convertible bond reserve HK$'000	Share option reserve HK$'000	Asset revaluation reserve HK$'000	Fair value through other comprehensive income reserve HK$'000	PRC statutory reserve HK$'000	Exchange fluctuation reserve HK$'000	(Accumulated losses)/ Retained profits HK$'000	Subtotal HK$'000	Non-controlling interest HK$'000	Total HK$'000
At 1 January 2018 (Audited)	393,645	4,834,143	18,261	372	83	108,105	—	175	157,459	(5,281,139)	231,104	15,560	246,664
Adjustment on initial application of HKFRS 9	—	—	—	—	—	—	(1,160)	—	—	—	(1,160)	—	(1,160)
Adjusted balance at 1 January 2018	393,645	4,834,143	18,261	372	83	108,105	(1,160)	175	157,459	(5,281,139)	229,944	15,560	245,504
Loss for the period	—	—	—	—	—	—	—	—	—	(647,339)	(647,339)	(1,639)	(648,978)
Other comprehensive income	—	—	—	—	—	—	—	—	3,998	—	3,998	—	3,998
Total comprehensive income/(loss)	—	—	—	—	—	—	—	—	3,998	(647,339)	(643,341)	(1,639)	(644,980)
Expire of convertible bonds	—	—	—	(372)	—	—	—	—	—	372	—	—	—
Lapse of share options	—	—	—	—	(83)	—	—	—	—	83	—	—	—
Acquisition of non-controlling interest	—	—	—	—	—	—	—	—	5,607	(4)	5,603	22,522	28,125
Disposal of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	(26)	(26)
At 30 June 2018 (Unaudited)	393,645	4,834,143	18,261	—	—	108,105	(1,160)	175	167,064	(5,928,027)	(407,794)	36,417	(371,377)
At 1 January 2019 (Audited)	**393,645**	**4,834,143**	**18,261**	**—**	**—**	**108,105**	**—**	**175**	**254,029**	**(7,865,188)**	**(2,256,830)**	**13,041**	**(2,243,789)**
Loss for the period	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(120,121)**	**(120,121)**	**(406)**	**(120,527)**
Other comprehensive income	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**11,394**	**—**	**11,394**	**(18)**	**11,376**
Total comprehensive income/(loss)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**11,394**	**(120,121)**	**(108,727)**	**(424)**	**(109,151)**
At 30 June 2019 (Unaudited)	**393,645**	**4,834,143**	**18,261**	**—**	**—**	**108,105**	**—**	**175**	**265,423**	**(7,985,309)**	**(2,365,557)**	**12,617**	**(2,352,940)**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Net cash used in operating activities	**(6,955)**	(40,482)
Cash flows from investing activities		
Interest received	**1**	707
Purchase of property, plant and equipment	**—**	(1,400)
Sale proceeds from disposal of property, plant and equipment	**—**	2
Net cash outflow from acquisition of a subsidiary	**—**	(7,993)
Net cash inflow from disposal of subsidiaries	**—**	3,150
Net cash generated from/(used in) investing activities	**1**	(5,534)
Cash flows from financing activities		
Repayment of bank and other loans	**—**	(5,900)
Sale proceeds from available-for-sale financial assets	**—**	8,403
Interest paid	**(1,692)**	—
Net cash (used in)/generated from financing activities	**(1,692)**	2,503
Net decrease in cash and cash equivalents	**(8,646)**	(43,513)
Cash and cash equivalents as at 1 January	**11,305**	83,385
Effect of foreign exchange rate changes, net	**(298)**	(5,766)
Cash and cash equivalents at 30 June	**2,361**	34,106

1. BASIS OF PREPARATION

These unaudited consolidated financial statements for the six months ended 30 June 2019 have been prepared in accordance with Hong Kong Accounting Standard (the "**HKAS**") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**").

The unaudited consolidated financial statements for the six months ended 30 June 2019 do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2018.

The accounting policies and the basis of preparation adopted in the preparation of these unaudited interim consolidated financial statements are consistent with those adopted in the Group's annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, except for the adoption of the revised HKFRSs as disclosed in note 3 below.

The unaudited consolidated financial statements for the six months ended 30 June 2019 have been prepared under the historical cost convention, except for derivative financial instruments, which have been measured at fair value and are presented in Hong Kong Dollars and all values are rounded to the nearest thousand except when otherwise indicated. The functional currency of the Group is Renminbi and the presentation currency is Hong Kong Dollars.

2. ADOPTION OF NEW OR REVISED HKFRSS

(a) Adoption of new or revised HKFRSs effective on 1 January 2019

During the current period, the Group has applied for the first time the following new standard, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2019.

HKFRS 16	Leases
HK (IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 3 Business Combinations; HKFRS 11 Joint Arrangements; HKAS 12 Income Taxes; and HKAS 23 Borrowing Costs

Save as disclosed in the changes in accounting policies for HKFRS 16 in Note 3, the adoption of the above new or revised HKFRSs in the current period has no material impact on the amounts reported and/or disclosures set out in these unaudited condensed consolidated financial statements.

2. ADOPTION OF NEW OR REVISED HKFRSS (CONTINUED)

(b) New or revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to HKAS 1 and HKAS 8	Definition of Material

The Group is currently in the process of making an assessment of the impact of the new and revised HKFRSs but is not yet in a position to state whether they would have a material impact on the Group's results and financial position.

3. CHANGES IN ACCOUNTING POLICIES

The Group has initially adopted HKFRS 16 Leases from 1 January 2019. Other new or revised standards that are effective from 1 January 2019 do not have a material impact on the Group's financial statements.

HKFRS 16 replaces HKAS 17 Leases and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The lessor accounting requirements brought forward from HKAS 17 are substantially unchanged.

The Group has applied HKFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated, i.e. it is presented as previously reported, under HKAS 17 and related interpretations. Details of the changes in accounting policies are disclosed below.

(a) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under HKAS 17 Leases and HK(IFRIC)-Int 4 Determining Whether an Arrangement contains a Lease ("HK(IFRIC)4"). The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under HKFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases, i.e. these leases are on-balance sheet. However, the Group has elected not to recognise right-of-use assets and lease liabilities for some short-term leases (i.e. where the lease term is 12 months or less). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(i) Significant accounting policies

The Group recognises right-of-use assets and lease liabilities at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

(ii) Transition

On transition, for leases classified as operating leases under HKAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments, if any.

(c) Impact on financial statements

The adoption of HKFRS 16 in the current period has no material impact on the amounts reported and/or disclosures set out in these unaudited condensed consolidated financial statements.

4. REVENUE, OTHER INCOME AND SEGMENT INFORMATION

For management purposes, the Group identifies its business units based on their products and services and are principally engaged in (a) trading of commodities; and (b) shipbuilding, ship-repairing and manufacturing of steel structure.

Management monitors the results of its operating segments separately for the purposes of making decisions about resource allocations and performance assessments. Segment results represent the profit or loss before tax from continuing operations before taking into account interest income from bank and loan, other income and loss, unallocated expenses (including general and administrative costs) and finance costs.

The accounting policies of the operating segments are same as the Group's accounting policies described in the Company's annual report for the year ended 31 December 2018.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices. No intersegment sales was generated for the Period (2018: Nil).

4. REVENUE, OTHER INCOME AND SEGMENT INFORMATION (CONTINUED)

The following tables present the unaudited segment information for the six months ended 30 June 2019 and 2018.

Six months ended 30 June 2019

	Shipbuilding, ship-repairing and manufacturing of steel structure HK$'000	Trading of commodities HK$'000	Unallocated HK$'000	Consolidated HK$'000
Segment revenue				
— Revenue from external customers	31,330	74,245	—	105,575
Segment results	8,644	(409)	—	8,235
Adjusted for:				
— Interest income	1	—	—	1
— Other income	3,333	679	1	4,013
— Other expenses	(44,485)	(4,846)	(7,509)	(56,840)
	(32,507)	(4,576)	(7,508)	(44,591)
Add: Depreciation and amortisation	32,846	116	41	33,003
Operating loss before interest, tax depreciation and amortisation	339	(4,460)	(7,467)	(11,588)
Share results of associated companies	—	(89)	(78)	(167)
Deconsolidation of a subsidiary	—	—	14,439	14,439
Fair value gain on investment property	—	—	13,639	13,639
(Loss)/profit before interest, tax, depreciation and amortisation	339	(4,549)	20,533	16,323
Depreciation and amortisation	(32,846)	(116)	(41)	(33,003)
Finance costs	(84,858)	(7,304)	(8,275)	(100,437)
(Loss)/profit before tax	(117,365)	(11,969)	12,217	(117,117)

4. REVENUE, OTHER INCOME AND SEGMENT INFORMATION (CONTINUED)

Six months ended 30 June 2018

	Shipbuilding, ship-repairing and manufacturing of steel structure HK$'000	Trading of commodities HK$'000	Unallocated HK$'000	Consolidated HK$'000
Segment revenue				
— Revenue from external customers	20,059	5,173	537	25,769
Segment results	5,296	5	136	5,437
Adjusted for:				
— Interest income	2	234	471	707
— Other income	961	(31)	1,926	2,856
— Other expenses	(69,117)	(6,681)	(24,877)	(100,675)
	(62,858)	(6,473)	(22,344)	(91,675)
Add: Depreciation and amortisation	52,814	154	968	53,936
Operating loss before interest, tax depreciation and amortisation	(10,044)	(6,319)	(21,376)	(37,739)
Loss on disposal of subsidiaries	—	—	(108)	(108)
Share results of associated companies	—	(78)	(1,420)	(1,498)
Provision for impairment loss of available-for-sale financial assets	—	—	(190,160)	(190,160)
Provision for impairment loss of trade receivables	(160,114)	(103,857)	—	(263,971)
Loss before interest, tax, depreciation and amortisation	(170,158)	(110,254)	(213,064)	(493,476)
Depreciation and amortisation	(52,814)	(154)	(968)	(53,936)
Finance costs	(92,944)	(10,266)	(2,196)	(105,406)
Loss before tax	(315,916)	(120,674)	(216,228)	(652,818)

5. OTHER GAIN/(LOSS)

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Fair value gain on investment property *(Note 12)*	**13,639**	—
Provision for impairment of available-for-sale financial assets *(Note a)*	**—**	(190,160)
Provision for impairment of trade receivables *(Note b)*	**—**	(263,971)
Others	**—**	(108)
	13,639	(454,239)

Notes:

(a) Provision for impairment of available-for-sale financial assets

In the first half of year 2017, the Group invested approximately HK$112,928,000 by the consideration shares to acquire 100% of the issued share capital of an entity where its subsidiaries and associated company are principally engaged in repairing and reconstruction of marine and offshore drilling platforms, marine engineering equipment and facilities. During the Comparative Period, the Group had a dispute with the original vendor, and the Group strived to have access to the books and records of this entity and its subsidiaries and associated company, but failed to obtain any substantive information. The Board doubted the recoverability of this amount and therefore, the provision for impairments of the available-for-sale financial assets was made at 30 June 2018.

Besides this, the Group invested HK$49,000,000 in an investment which mainly consisted of preferred shares of a private entity that was incorporated in Hong Kong. It is principally engaged in investments and mergers and acquisitions in the shipbuilding industry and the upstream and downstream of the ship-engineering industry chains.

As at 30 June 2018, the Group had been unable to gain access to the financials of this entity in the recent months and, inter alia unable to assess the recoverability of such investment, therefore, the impairment was provided for the available-for-sale financial assets under the conservative view.

(b) Provision for impairment of trade receivables

After the evaluation and assessment of the recoverability and ageing analysis by the Board, the Board considered and doubted the recoverability of such relatively long-outstanding receivable amounts, and therefore relevant provision was made to reflect the true and fair view.

6. FINANCE COSTS

	Six months ended 30 June 2019 (Unaudited) HK$'000	2018 (Unaudited) HK$'000
Interests on:		
Bank and other loans	**20,826**	19,686
Loan from the ultimate holding company	**72,307**	76,423
Titan Preferred Shares	**7,304**	7,304
Convertible bonds	**—**	1,993
	100,437	105,406

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting) the amounts as set out below:

	Six months ended 30 June 2019 (Unaudited) HK$'000	2018 (Unaudited) HK$'000
Employee benefits expenses (excluding directors' remuneration):		
Wages and salaries	**15,013**	18,091
Pension scheme contributions	**1,248**	3,678
	16,261	21,769
Auditors' remuneration	**490**	544
Minimum lease payments under operating leases: leasehold buildings	**9,749**	4,778
Amortisation of prepaid land lease payments	**1,362**	4,659
Depreciation of property, plant and equipment	**31,641**	49,277
Bank interest income	**(1)**	(482)
Interest received from loan receivable	**—**	(225)
Loss on disposal of investment in subsidiaries	**—**	108
Provision for impairment of available-for-sale financial assets	**—**	190,160
Provision for impairment of trade receivables	**—**	263,971
Foreign exchange differences, net	**(28)**	873

8. INCOME TAX (EXPENSE)/CREDIT

Taxes on profits have been calculated at the rates of tax prevailing in the jurisdictions where the Group operates.

Hong Kong

No provision for Hong Kong profits tax has been made as the subsidiaries of the Group did not generate any assessable profits in Hong Kong for the Period (HK$Nil for the Comparative Period).

Singapore

No provision for taxation has been made as the subsidiaries of the Group in Singapore did not generate any assessable profit for the Period (HK$Nil for the Comparative Period).

Mainland China

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

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Current tax	**—**	—
Deferred taxation	**(3,410)**	3,840
	(3,410)	3,840

9. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the Period (Nil for the Comparative Period).

10. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

Loss

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Loss for the period attributable to owner of the Company for the purpose of basic and diluted loss per share	**120,121**	647,339

Number of shares

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**4,920,560,060**	4,920,560,060

Note:

No adjustment has been made to the basic loss per share amount presented for the Period as Titan Preferred Shares outstanding had an anti-dilutive effect on the basic loss per share amount presented.

11. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group did not acquire any property, plant and equipment (HK$3,279,000 for the Comparative Period).

During the Period, the Group disposed property, plant and equipment amounting to approximately HK$47,000 (HK$13,000 for the Comparative Period).

12. INVESTMENT PROPERTY

The Group's property interests held under operating leases for investment purpose are measured using the fair value model and are classified and accounted for as investment property. That investment property is held on a long-term basis and is situated in PRC.

At 30 June 2019, the investment property under the condensed consolidated statement of financial position with an aggregate net carrying value of approximately HK$227,320,000 (31 December 2018: HK$214,076,000) was pledged to secure the bank and other loans granted to the Group.

The fair value of the investment property is determined at the end of each reporting period based on its market value and by adopting direct comparison method. Direct comparison method assumes the property is capable of being sold in its existing status with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant markets. The fair value of the Group's investment property as at 30 June 2019 has been arrived at on the basis of a valuation carried out on the respective dates by Ravia Global Appraisal Advisory Limited (31 December 2018: Ravia Global Appraisal Advisory Limited), an independent qualified valuer not connected to the Group. The investment property located in Mainland China with medium term lease categorised as Level 2 fair value measurement was determined by making reference to the comparable market transactions/asking prices as available in the relevant markets where appropriate. There was no transfer among Level 1, Level 2, and Level 3.

The person in charge of the valuation report is a member of The Hong Kong Institute of Surveyors. The valuation was performed in accordance with "The HKIS Valuation Standards 2017 Edition" published by The Hong Kong Institute of Surveyors.

13. TRADE RECEIVABLES

The Group reviews the credit terms of trade receivables from time to time and allows credit terms to well-established customers ranging from 30 to 180 days. Efforts are made to maintain strict control over outstanding receivables and overdue balances are reviewed regularly by management. The management of the Group was of the opinion that provision for impairment was necessary in respect of these balances as there had been a significant change in credit quality.

Provision for impairment of trade receivables of approximately HK$263,971,000 recognised during the Comparative Period was based on estimated irrecoverable amounts by reference to the creditability of individual customers, past default experience, subsequent settlement and payment history of the customers. After consulting with the Company's legal adviser, the Group had adopted the legal steps to recover the outstanding amounts. The Group was unable to estimate the possible recoverability of this amount, therefore, provision for impairment of trade receivables has been made based on the prudence view. Trade receivables are non-interest bearing.

	30 June 2019 (Unaudited) HK$'000	31 December 2018 (Audited) HK$'000
Trade receivables	**298,068**	298,235
Less: Provision for impairment of trade receivables	**(257,589)**	(257,865)
	40,479	40,370

An aged analysis of trade receivables at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2019 (Unaudited) HK$'000	31 December 2018 (Audited) HK$'000
0–90 days	**21,897**	38,058
91–180 days	**—**	306
181–365 days	**18,582**	1,535
Over one year	**—**	471
	40,479	40,370

14. TRADE PAYABLES

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

An aged analysis of the trade payables as at the end of the reporting period, based on the date of receipt of goods purchased and services rendered, is as follows:

	30 June 2019 (Unaudited) HK$'000	31 December 2018 (Audited) HK$'000
0–90 days	**16,256**	110,303
91–180 days	**244**	1,885
181–365 days	**100,457**	4,225
Over one year	**52,412**	56,569
	169,369	172,982

15. OTHER PAYABLES AND ACCRUALS

	30 June 2019 (Unaudited) HK$'000	31 December 2018 (Audited) HK$'000
Amount due to a deconsolidated jointly-controlled entity	**48,618**	60,495
Contract liabilities	**91,643**	93,057
Accrued expenses	**117,125**	68,750
Others	**199,845**	226,813
	457,231	449,115

16. BANK AND OTHER LOANS

Bank and other loans are interest-bearing with fixed and floating interest rates ranging from 4.75% to 8.5% per annum. As at 30 June 2019, the Group's bank and other loans having maturities within one year and over one year amounted to approximately HK$219.9 million and HK$232.2 million respectively (31 December 2018: HK$229.3 million and HK$237.6 million respectively).

17. AMOUNTS DUE TO THE ULTIMATE HOLDING COMPANY

As at 30 June 2019, the Group had amounts due to the ultimate holding company of approximately HK$2,165.2 million (31 December 2018: HK$2,097.8 million) which included a loan from the ultimate holding company of approximately HK$2,161.8 million (31 December 2018: HK$2,094.6 million) of which maturity within one year amounted to approximately HK$347.1 million (31 December 2018: HK$260.8 million). The effective interest rate of loan from the ultimate holding company was 8.26% per annum as at 30 June 2019 (31 December 2018: 8.26% per annum).

18. CONVERTIBLE PREFERRED SHARES

In 2007, the Company issued 555,000,000 convertible preferred shares (the "**Titan Preferred Shares**") at the stated value of HK$0.56 per share. The fair value of the liability portion of the Titan Preferred Shares was estimated at the issuance date. Upon effective of the share consolidation on 5 September 2017, the Company's every eight issued and unissued existing share of HK$0.01 each be consolidated into one consolidated share of HK$0.08 each. The adjusted number of convertible preferred shares after the share consolidation was 69,375,000 at the date of the report.

On 4 July 2012, the Company received from Saturn Petrochemical Holdings Limited ("**SPHL**") a notice to redeem all of the Company's outstanding 555,000,000 preferred shares (adjusted number of convertible preferred share: 69,375,000) held by it at a redemption amount equal to the notional value of the Company's preferred shares (being HK$310,800,000) together with any accrued and unpaid dividends.

On 10 October 2013, SPHL entered into certain arrangements, including the execution of an instrument of transfer, a declaration of trust and an irrevocable power of attorney by SPHL in favour of Docile Bright Investments Limited ("**DBIL**"), a wholly owned subsidiary of GZE whereby DBIL became entitled to the benefit of all interests arising under or in connection with the Titan Preferred Shares.

The Company and DBIL (as the lawful attorney of SPHL) subsequently entered into a deed dated 22 August 2014 (as supplemented and amended on 27 February 2015 and 28 May 2015, 30 July 2015 and 16 October 2015) (the "**Listco Preferred Shares Modification Deed**") in relation to, among others, the extension of the redemption period of the Titan Preferred Shares and the restriction of the conversion of the Titan Preferred Shares.

As disclosed in the Company's announcements dated 28 May 2015, 7 August 2015, 5 November 2015 and on 28 May 2015, 30 July 2015, 16 October 2015, 5 May 2016 and 29 April 2016, the Company and DBIL entered into supplemental agreements, pursuant to which the parties agreed to extend the long stop date for the satisfaction of the conditions under the Listco Preferred Shares Modification Deed to 31 July 2015, 31 August 2015, 30 April 2016 and 31 August 2016 respectively.

The Listco Preferred Shares Modification Deed became effective on 24 June 2016.

The convertible preferred shares became redeemable in accordance with the terms thereof on 15 July 2019.

19. SHARE CAPITAL

	30 June 2019 Number of shares	30 June 2019 Nominal value of shares HK$'000	31 December 2018 Number of shares	31 December 2018 Nominal value of shares HK$'000
Authorised:				
Ordinary shares of HK$0.08 each as at 1 January 2019/2018	10,000,000,000	800,000	10,000,000,000	800,000
Ordinary shares of HK$0.08 each as at 30 June 2019 and 31 December 2018	10,000,000,000	800,000	10,000,000,000	800,000
Convertible preferred shares of HK$0.08 each as at 1 January 2019/2018	69,375,000	5,550	69,375,000	5,550
Convertible preferred shares of HK$0.08 each as at 30 June 2019 and 31 December 2018	69,375,000	5,550	69,375,000	5,550
Issued and fully paid:				
Ordinary shares of HK$0.08 each as at 1 January 2019/2018	4,920,560,060	393,645	4,920,560,060	393,645
Ordinary shares of HK$0.08 each as at 30 June 2019 and 31 December 2018	4,920,560,060	393,645	4,920,560,060	393,645
Convertible preferred shares of HK$0.08 each as at 1 January 2019/2018	69,375,000	5,550	69,375,000	5,550
Convertible preferred shares of HK$0.08 each as at 30 June 2019 and 31 December 2018	69,375,000	5,550	69,375,000	5,550

20. DEFICITS

Share premium

The application of share premium is governed by Section 40 of the Act. The share premium account may be distributed in the form of fully paid bonus shares.

Contributed surplus

The contributed surplus arose as a result of the Group reorganisation carried out on 18 May 1998 and represents the excess of the nominal value of the shares of the subsidiaries acquired, pursuant to the Group reorganisation, over the nominal value of the Company's shares issued in exchange therefor.

Convertible bond reserve

The convertible bond reserve represents the value of the unexercised/repurchased equity component of convertible bonds issued by the Company recognised in accordance with the accounting policy adopted for convertible bonds.

Share option reserve

The share option reserve comprises the fair value of the share options granted by the Company which are yet to be exercised. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to accumulated losses should the related options expire or lapse.

Asset revaluation reserve

The asset revaluation reserve of the Group, after deduction of deferred tax liabilities, arose as a result of the restatement to fair value of certain prepaid land/seabed lease payments upon reclassification to investment property.

Fair value through other comprehensive income ("FVTOCI reserve")

The FVTOCI reserve of the Group, arose as a result of the fair value of equity investment classified as FVTOCI.

PRC statutory reserve

PRC statutory reserve represents the application of 10% of profit after taxation, calculation in accordance with the accounting standards and regulations applicable to subsidiaries of the Company established in the PRC. When the balance of such statutory surplus reserve reaches 50% of the entity's share capital, any further appropriation is optional.

Exchange fluctuation reserve

Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (HK$) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Such exchange differences accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operations.

21. COMMITMENTS

As all contracts for ship-repairing facilities in PRC had already expired over several years, the Group's management expected that those contracts were remote and there would be no capital expenditure incurred and therefore no provision would be made and accounted for all such commitments as at 30 June 2019 (31 December 2018: RMB136,687,000).

22. CONTINGENT LIABILITIES

a) BVI Proceedings

On 18 June 2012, the Company received two notices from Saturn Storage Limited ("**SSL**") to exercise its redemption rights under the TGIL preferred shares and the TGIL convertible unsecured notes (the "**TGIL Notes Due 2014**"), and SSL applied for an order to appoint joint and several provisional liquidators for, and to liquidate Titan Group Investment Limited ("**TGIL**").

On 17 July 2012 (BVI time), the Eastern Caribbean Supreme Court (the "**BVI Court**") ordered (the "**Order**") the liquidation of TGIL and that Russell Crumpler of KPMG (BVI) Limited together with, Edward Middleton and Patrick Cowley of KPMG be appointed as joint and several liquidators of TGIL with standard powers under the BVI Insolvency Act 2003. The fourth liquidator, Stuart Mackellar of Zolfo Cooper (BVI) Limited, was appointed with limited powers.

On 18 July 2012 (BVI time), Titan Oil Storage Investment Limited ("**TOSIL**"), a wholly owned subsidiary of the Company, and a shareholder of TGIL filed a notice of appeal at the Court of Appeal of the Eastern Caribbean Supreme Court (the "**BVI Court of Appeal**") against the above order and applied for a stay of execution thereof pending the determination of the appeal. The stay application was subsequently withdrawn. Further details in respect of the above are included in the Company's announcement dated 20 July 2012.

The BVI Court of Appeal was stayed until 20 March 2013 (BVI time) by consent of TOSIL as appellant and SSL and TGIL as respondents. The Appeal has been withdrawn as part of the settlement of all litigation relating to the Group pursuant to the settlement deed. The appeal is subsequently withdrawn and dismissed as of 8 July 2019.

A number of distributions to the creditors of TGIL is still in progress until the liquidators of TGIL are released from all the obligations under the Order.

b) PRC Proceedings

(i) 泉州船舶工業有限公司 (Titan Quanzhou Shipyard Co., Ltd*) ("**TQS**"), a wholly-owned subsidiary of the Company, as the second defendant, was claimed by Shanghai Pudong Development Bank Fuzhou Branch ("**SPDB**") in Xiamen Maritime Court for overdue bank loan by GZE. The lawyer of TQS attended the Court hearing and defended that TQS was not the appropriate defendant for this claim by SPDB against GZE. The Court rendered a judgment on 27 December 2017, declaring that SPDB had withdrawn all the claims against TQS which was the second defendant. For details, please refer to the announcements of the Company dated 31 August 2016, 17 November 2017 and 24 January 2018, respectively.

(ii) As per a writ of summons (Hui Action No.: 2483) (the "**Summons**") of the People's Court of Hui'an County, Fujian Province of the PRC (the "**Court**"), the responsible person of TQS, had been summoned to appear before the Enforcement Division of the Court on the afternoon of 15 September 2017. The Summons is in relation to an outstanding case involving a sale and purchase agreement, which is being enforced by the Court. As the case seems to be related to the debts of TQS incurred before the resumption of the Company, which had been assumed by Fame Dragon, a direct controlling shareholder of the Company.

For details, please refer to the announcement of the Company dated 18 September 2017.

* *For identification purpose only*

22. CONTINGENT LIABILITIES (CONTINUED)

b) PRC Proceedings (Continued)

(iii) 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**"), a subsidiary of the Company, informed the Company that the Intermediate People's Court of Wuxi City in Jiangsu Province, the PRC 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. On 29 June 2007, Shishi Yitai and 廣州南沙振戎倉儲有限公司 (Guangzhou Nansha Zhenrong Storage Co., Ltd.*) ("**Nansha Storage**"), which is currently a subsidiary of the substantial shareholder of the Company, GZE, entered into a shareholding entrustment agreement, pursuant to which Nansha Storage should hold, as a nominee shareholder, the abovementioned 70% equity interest for and on behalf of Shishi Yitai. The Company was informed that the Freeze of Shares was resulted from the legal proceedings of GZE and Nansha Storage in China. The total asset of Southern China Petrochemical Exchange Centre represents less than 5% of the total asset of the Group and its business is not the principal business of the Group.

For details, please refer to the announcement of the Company dated 26 September 2017.

(iv) TQS had received a civil judgment ((2015) Fujian Min Chu Zi No.:153) (the "**Civil Judgment**") on 12 November 2017 issued by the China Fujian Provincial People's High Court (the "**Court**") and informed the Company on 13 November 2017. The Civil Judgment is in relation to the debts dispute between GZE, the controlling shareholder of the Company, and its creditor 廈門市金財投資有限公司 (Xiamen Jincai Investment Company Limited*) ("**Jincai Investment**"). In that case, as GZE was indebted to Jincai Investment, whereas TQS was indebted to GZE, Jincai Investment had, based on its subrogated rights, filed legal proceeding against TQS with the Court and requested TQS for direct repayment. The Court decided to agree with the partial requests of Jincai Investment and as per the Civil Judgment, TQS was ordered to repay directly to Jincai Investment for GZE's loan principal and interest indebted to Jincai Investment in the total amount of RMB527,619,419.

For details, please refer to the announcements of the Company dated 13 November 2017 and 17 November 2017 respectively.

(v) TQS had received a notice of maturity debt note (2016) Guangdong 01 Zhi 552, one of 553 (the "**Notice of Maturity Debt Note**") issued by Guangdong Province Intermediate People's Court, Guangzhou City. The Notice of Maturity Debt Note involved the financial disputes between GZE and its creditors, 陽泉煤業集團國際貿易有限公司 (Yangquan Coal Industry Group International Trade Company Ltd*), and the court had ordered to freeze the rights of the maturity of debts owned by GZE in TQS, in the limit of RMB249,328,173.

For details, please refer to the announcements of the Company dated 31 August 2016 and 24 January 2018 respectively.

c) Hong Kong Proceedings

There was no Hong Kong proceeding as at 30 June 2019.

* *For identification purpose only*

23. MATERIAL RELATED PARTY TRANSACTIONS

Loan from the ultimate holding company

As at 30 June 2019, the loan due to GZE was approximately HK$2,161.8 million (31 December 2018: HK$2,094.6 million). The loan was secured, carried an interest rate at basic lending rate of the People's Bank of China per annum.

The loan from the GZE denominated in RMB with the amount of approximately RMB$680.6 million (equivalent to approximately HK$773.6 million) and RMB1,221.4 million (equivalent to approximately HK$1,388.2 million) are repayable within one year and beyond one year respectively and was secured by:

i) construction in progress with an aggregate carrying value of approximately HK$714.8 million (31 December 2018: HK$714.1 million);

ii) prepaid land lease payments with an aggregate net carrying value of approximately HK$270.2 million (31 December 2018: HK$271.3 million);

iii) buildings with an aggregate net carrying value of approximately HK$167.0 million (31 December 2018: HK$175.2 million); and

iv) machineries with an aggregate net carrying value of approximately HK$7.2 million (31 December 2018: HK$9.7 million).

24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Group's financial assets that are measured at fair value on a recurring basis

The Group's financial assets at fair value through profit and loss are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are quoted prices (unadjusted) in active market for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market date (unobservable inputs).

25. SUBSEQUENT EVENTS

The Group had received a statutory demand notice (the "**Statutory Demand**") dated 15 July 2019 from the legal adviser acting for Sino Charm International Limited ("**Sino Charm**") pursuant to section 162(a) of the Bermuda Companies Act 1981 (as amended) pursuant to which Sino Charm requires the Company to pay the amount of HK$96,571,078.77, being the principal amount of the convertible bonds issued by the Company to Sino Charm together with interest accrued thereon, within 21 days from the date of service of the Statutory Demand. Pursuant to the Statutory Demand, Sino Charm shall be entitled to apply to the Supreme Court of Bermuda for winding-up if the Company fails to pay the said sum.

The Company is seeking legal advices on the matter and further announcement(s) will be made by the Company as and when appropriate in compliance with the Listing Rules.

For details, please refer to the announcement of the Company dated 17 July 2019.