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Titan Petrochemicals Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1192)

PROPOSED EXCHANGE OFFER FOR EXISTING NOTES INVOLVING AN ISSUE OF NEW SHARES UNDER GENERAL MANDATE

The Company entered into a dealer manager agreement on 7 December 2009 to appoint Goldman Sachs (Asia) L.L.C. as the sole global coordinator, lead arranger and co-dealer manager and ING Bank N.V., Singapore Branch, as co-dealer manager, to make the Exchange Offer and to solicit consents in connection with the Consent Solicitation.

The Exchange Offer

The Company proposes to offer in exchange for any and all of the Existing Notes from each Eligible Holder validly tendered under the Exchange Offer and not validly withdrawn, for each US\$1,000 principal amount of Existing Notes: (i) US\$199.00 in principal amount of New Notes, (ii) 3,075 New Shares (credited as fully paid at HK\$0.22 per New Share, being the closing price per Share on 4 December 2009), and (iii) a cash payment of US\$12.50.

The Exchange Offer will proceed only upon the fulfillment or waiver by the Company of certain conditions precedent described further below.

The Company will issue up to US\$62,756,640 (approximately HK\$486,364,000) aggregate principal amount of New Notes in the Exchange Offer. The Company has received

approval-in-principle from the SGX-ST for the listing of the New Notes on the Official List of the SGX-ST. Approval-in-principle granted for the listing of the New Notes to the SGX-ST is not to be taken as an indication of the merits of the Company or the New Notes.

The Company will issue up to a maximum of 969,732,000 New Shares in the Exchange Offer. These New Shares, which will be issued pursuant to the General Mandate, together represent approximately 14.8% of the existing issued share capital of the Company and approximately 12.9% of the issued share capital as enlarged by the issue of the New Shares. Application will be made for the listing of and permission to deal in the New Shares on the Stock Exchange.

The Consent Solicitation

Concurrently with the Exchange Offer, the Company is also soliciting consents from holders of Existing Notes to proposed amendments to the terms of the Existing Notes. The proposed amendments, if approved and effected, will result in (i) the elimination of substantially all of the covenants in the Existing Notes Indenture; and (ii) the elimination or modification of certain events of default under the Existing Notes.

General

Shareholders, holders of the Existing Notes and potential investors in the Company should note that completion of the Exchange Offer is subject to the fulfillment or waiver of certain conditions as set forth in the Memorandum and summarised in this announcement. No assurance can be given that the Exchange Offer will be completed and the Company reserves the right to amend, withdraw or terminate the Exchange Offer subject to certain conditions. The Company may, in its sole discretion, waive certain of the conditions to the Exchange Offer. **As the Exchange Offer may or may not proceed, Shareholders, holders of the Existing Notes and potential investors in the Company should exercise caution when dealing in the Shares or the Existing Notes.**

The Company entered into a dealer manager agreement on 7 December 2009 to appoint Goldman Sachs (Asia) L.L.C. as the sole global coordinator, lead arranger and co-dealer manager, and ING Bank N.V., Singapore Branch, as co-dealer manager, in each case in connection with the Exchange Offer and the Consent Solicitation.

Under the Exchange offer, the Company proposes to offer in exchange for the Existing Notes tendered accepted and not validly withdrawn a combination of cash, New Notes and New Shares. Certain details of the Exchange Offer and the Consent Solicitation are summarised below.

THE EXCHANGE OFFER

Background

The Directors refer to the Company's announcement dated 11 March 2005 of the placing of US\$400 million (approximately HK\$3,100 million) in aggregate principal amount of the Existing Notes which will fall due in March 2012. The Company has been seeking to identify and organize a group of holders of Existing Notes to enter into negotiations with it in connection with the Exchange Offer and Consent Solicitation. The Company understands that

an informal ad hoc committee consisting of certain holders of the Existing Notes had been formed and is being represented by Milbank, Tweed, Hadley & McCloy LLP in Hong Kong.

As of the date of this announcement, the aggregate outstanding principal amount of the Existing Notes is US\$315,360,000 (approximately HK\$2,444,040,000). Payment obligations under the Existing Notes are guaranteed on a senior basis, subject to certain limitations, by the Existing Notes Subsidiary Guarantors and charges over the entire issued share capital of the Existing Notes Charged Subsidiaries. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the holders of the Existing Notes and their ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company.

Terms of the Exchange Offer

The Company proposes to offer to exchange any and all of the Existing Notes of each Eligible Holder validly tendered under the Exchange Offer and not validly withdrawn prior to the Expiration Time, for each US\$1,000 principal amount of Existing Notes: (i) US\$199.00 in principal amount of New Notes, (ii) 3,075 New Shares (credited as fully paid at HK\$0.22 per New Share, being the closing price per Share on 4 December 2009), and (iii) a cash payment of US\$12.50.

Holders of Existing Notes validly tendered and not validly withdrawn prior to the Expiration Time, in the Exchange Offer and accepted will waive any and all rights with respect to the Existing Notes (other than the right to receive the consideration offered in exchange therefor) and will release and discharge the Company from any and all claims such holders may have, now or in the future, arising out of or related to such Existing Notes, including any and all accrued and unpaid interest thereon.

The Company will send or make available to Eligible Holders the Memorandum containing the Exchange Offer on or around 7 December 2009. The Exchange Offer is expected to be open for acceptance until 5:00 p.m., New York City time on 6 January 2010.

Subject to the terms and the conditions described in the Memorandum, the Company will accept any and all Existing Notes that are validly tendered and not withdrawn on or prior to the Expiration Time. The Company will pay the Exchange Offer Consideration on the seventh New York business day after the Expiration Time (expected to be 15 January 2010) if the conditions to the Exchange Offer and Consent Solicitation have been satisfied. The Existing Notes tendered and not validly withdrawn, and accepted under the Exchange Offer will be cancelled.

On completion of the Exchange Offer there is proposed to be executed an intercreditor agreement between the Existing Notes Trustee and the New Notes Trustee governing certain collateral to be shared between, amongst other parties, the holders of Existing Notes and the holders of New Notes.

The New Notes

The New Notes will be governed by the New Notes Indenture. They will be due in 2015 with a single repayment, unless earlier redeemed pursuant to the terms of the New Notes Indenture. The New Notes will bear interest at the rate of 8.50% per annum, payable semi-annually in arrears on 15 March and 15 September of each year, commencing 15 March 2010. In respect

of the interest payments due on 15 March 2010 and 15 September 2010, the Company may elect to issue additional New Notes to satisfy all or a portion of the interest payments due, instead of making cash payment. However, if the Company makes such an election, the principal amount of the additional New Notes that fall to be issued to satisfy the interest payment will be calculated on the basis of interest at the rate of 9.50% per annum for the relevant New Notes for which interest is not paid in cash.

Guarantees and security

The New Notes will rank at least *pari passu* in right of payment with all other unsecured, unsubordinated indebtedness of the Company, including the Existing Notes (subject to any priority rights of such unsecured unsubordinated indebtedness pursuant to applicable law). The obligations of the Company under the New Notes will be guaranteed by the New Notes Subsidiary Guarantors, and will be secured by pledges over the shares of the New Notes Charged Subsidiaries, *pari passu* with the Existing Notes. Under the terms of the Existing Notes and the terms which is expected to be defined in the New Notes, new “restricted subsidiaries” other than those organised under the laws of the PRC, will be required to guarantee the New Notes and their share capital (and the share capital of China StorageCo) owned by the Company or other restricted subsidiaries will be charged for the benefit of holders of the Existing Notes and the New Notes. Initial "Restricted subsidiaries" under the New Notes are proposed to include all subsidiaries of the Company other than China StorageCo and its subsidiaries, Titan Oil Storage China Investment Limited, Zhen Rong Titan Company Limited and Zhen Rong Titan Pte Ltd.

Redemption

At any time and from time to time on or after 15 March 2011, the Company may redeem the New Notes, in whole or in part, at a redemption price equal to the percentage of the principal amount set forth below plus accrued and unpaid interest to the redemption date if redeemed during the twelve month period beginning on 15 March of each of the years indicated below.

Period	Redemption Price
2011.....	117.00%
2012.....	108.50%
2013.....	104.25%
2014.....	102.125%

The Company may at its option redeem the New Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the New Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

The Company may also in certain circumstances redeem: (i) up to 100% of the aggregate principal amount of the New Notes with the net cash proceeds of one or more sales of the common stock of the Company in an offering at a redemption price of 117% of the principal amount of the New Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; (ii) all and not some of the New Notes at a redemption price equal to 100% of the principal amount of the New Notes if at the time when a notice is given, at least 90% in

aggregate principal amount of the New Notes issued on the date on which the New Notes are originally issued have already been redeemed, purchased or cancelled; or (iii) all of the then-outstanding New Notes at a redemption price equal to 100% of the principal amount to be redeemed thereof, together with accrued and unpaid interest (including any tax gross up amounts specified in the New Notes Indenture), if the Company or a New Notes Subsidiary Guarantor would become obligated to pay certain additional amounts due to certain changes in specified tax laws or certain other circumstances. The Company will give not less than 30 days' nor more than 60 days' notice of any redemption.

The Company will be required within 30 days following a Change of Control to notify, amongst others, the holders of the New Notes and the New Notes Trustee and not later than 60 days following such notice, make an offer to purchase all outstanding New Notes at a purchase price equal to 101% of the principal amount thereof *plus* accrued and unpaid interest, if any, to (but not including) the offer to the payment date of such offer. "Change of Control" means the occurrence of one or more of the following events: (i) the merger, amalgamation, or consolidation of the Company with or into another person or the merger or amalgamation of another person with or into the Company, or the sale of all or substantially all the assets of the Company to another person; (ii) the Permitted Holders are the beneficial owners of less than 30% of the total voting power of the Voting Stock of the Company (as defined in the New Notes Indenture); (iii) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as such term is used in Rule 13d-3 of the Exchange Act), directly or indirectly, of total voting power of the voting stock of the Company greater than such total voting power held beneficially by the Permitted Holders; (iv) individuals who on the date of first issue of the New Notes constituted the board of directors of the Company, together with any new directors whose election by the board of directors was approved by a vote of at least two-thirds of the directors then still in office who were either directors or whose election was previously so approved, cease for any reason to constitute a majority of the board of directors of the Company then in office; or (v) the adoption of a plan relating to the liquidation or dissolution of the Company.

Restrictions and events of default

The New Notes contain certain restrictions on the Company and the restricted subsidiaries with respect to (i) incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock; (ii) declaring dividends on its capital stock or purchasing or redeeming capital stock; (iii) making any principal prepayment or redemption of indebtedness that is subordinated to the New Notes or the guarantees by the New Notes Subsidiary Guarantors; (iv) making investments or other specified restricted payments; (v) issuing or selling capital stock of restricted subsidiaries; (vi) guaranteeing indebtedness; (vii) selling assets; (viii) creating liens; (ix) entering into sale and leaseback transactions; (x) entering into agreements that restrict the restricted subsidiaries' ability to pay dividends, transfer assets or make intercompany loans; (xi) entering into transactions with certain equity holders or affiliates; or (xii) effecting a consolidation or merger.

Notwithstanding the foregoing restrictions, under certain circumstances the New Notes permit the Company and its restricted subsidiaries to make investments of up to US\$80 million in China StorageCo. In addition, the New Notes permit the Company and its restricted subsidiaries which hold, directly or indirectly, interest in the Titan Quanzhou Shipyard Co. Ltd, to incur or guarantee up to RMB2 billion of indebtedness to finance the expansion and capital requirements of the Shipyard, which indebtedness may be secured by assets of the Shipyard.

The events of default under the New Notes include, among other things: (a) default in the payment of principal; (b) default in the payment of interest; (c) default in the performance or breach of certain covenants under the New Notes; (d) default by the Company or certain of its subsidiaries in the repayment of indebtedness having an outstanding principal amount of US\$10 million or more other than the New Notes; (e) bankruptcy, insolvency proceedings against or consent to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or certain of its subsidiaries; and (f) any default by the Company or certain of its subsidiaries in the performance of any of their respective obligations under the New Notes. If an event of default occurs and is continuing, the New Notes Trustee may, and shall upon the written request of holders of at least 25% in aggregate principal amount of outstanding New Notes, foreclose on the security.

Listing

The Company has received approval-in-principle from the SGX-ST for the listing of the New Notes on the Official List of the SGX-ST. Admission of the New Notes to the SGX-ST is not to be taken as an indication of the merits of the Company or the New Notes.

The New Shares

As mentioned above, part of the Exchange Offer Consideration is to be satisfied by the issue of New Shares credited as fully paid at HK\$0.22 per New Share, with reference to the closing price of the Shares on 4 December 2009. The closing price per Share on 4 December 2009 was HK\$0.221. The issue price for each New Share represents:-

- (i) a discount of approximately 1.82% over the closing price of HK\$0.224 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 0.91% over the average closing price of HK\$0.222 per Share for the last five consecutive trading days on the Stock Exchange up to and including the Last Trading Day; and
- (iii) a discount of approximately 1.82% to the average closing price of HK\$0.224 per Share for the last ten consecutive trading days on the Stock Exchange up to and including the Last Trading Day.

The Directors (including the independent non-executive Directors) consider the issue price to be fair and reasonable.

Assuming the Exchange Offer is accepted in full, a total of 969,732,000 New Shares will be issued, representing (i) approximately 14.8% of the existing issued share capital of the Company; and (ii) approximately 12.9% of the issued share capital of the Company as enlarged by the issue of the 969,732,000 New Shares. The New Shares will be issued pursuant to the General Mandate which has not, prior to the date of this announcement, been utilized. The issue of the New Shares is not subject to Shareholders' approval as the New Shares will be issued under the General Mandate.

The New Shares, when issued and allotted, will rank pari passu in all respects with the fully paid Shares in issue on the same date.

Application will be made by the Company to the SFC (HKEC Listing) Committee of the Securities and Futures Commission of Hong Kong for the granting of the listing of, and permission to deal in, the New Shares.

Consent Solicitation to amend terms of the Existing Notes

Concurrently with the Exchange Offer, the Company is also soliciting consents from holders of Existing Notes to the proposed amendments to the terms of the Existing Notes. The proposed amendments, if approved and effected, will result in (i) the elimination of substantially all of the covenants in the Existing Notes Indenture; and (ii) the elimination or modification of certain events of default under the Existing Notes.

The New Notes Trustee and the Existing Notes Trustee

The Bank of New York Mellon has agreed to act as the New Notes Trustee.

On 1 December 2009, Deutsche Bank Trust Company Americas gave the Company written notice of its resignation as Existing Notes Trustee. The Existing Notes Indenture provides that the resignation of the Existing Notes Trustee will be effective only upon the acceptance by a successor trustee of its appointment under the Existing Notes Indenture. The Existing Notes Indenture also provides that the Company must promptly appoint a successor trustee. If, within 30 days of the receipt of the Existing Notes Trustee's notice of resignation, the Company has not appointed a successor trustee or the successor trustee has not accepted its appointment, it, or holders of a majority in principal amount of the outstanding Existing Notes, may apply any court of competent jurisdiction for the appointment of a successor trustee. The Company intends to appoint The Bank of New York Mellon as successor trustee, but The Bank of New York Mellon has not yet accepted such appointment. Further announcement will be made in accordance with the rules of the SGX-ST in connection with the appointment of the New Notes Trustee as and when appropriate.

CONDITIONS PRECEDENT TO THE EXCHANGE OFFER AND CONSENT SOLICITATION

The consummation of the Exchange Offer and Consent Solicitation is subject to the following conditions, any of which, except for conditions 2, 3, 4, 5, 8 and 9 below, the Company may waive in its sole discretion:

- (1) not less than 90% in aggregate outstanding principal amount of Existing Notes, not including any Existing Notes subject to repurchase, shall have been validly tendered and not validly withdrawn (for which consents for the Consent Solicitation will be deemed to have been validly delivered and not validly revoked) prior to the Expiration Time;
- (2) receipt of consent of the holders of at least a majority of the aggregate principal amount of outstanding Existing Notes not owned by the Company or any of its affiliates;
- (3) the ninth supplemental indenture to the Existing Notes Indenture having been executed;
- (4) granting of the listing and of permission to deal in the New Shares to be issued pursuant to the Exchange Offer by the SFC (HKEC Listing) Committee of the Securities and Futures Commission of Hong Kong;
- (5) granting of consent by Warburg Pincus to the consummation of the Exchange Offer and

Consent Solicitation;

- (6) no action or event shall have occurred or been threatened, no action shall have been taken, and no statute, rule, regulation, judgment, order, stay, decree or injunction shall have been promulgated, enacted, entered, enforced or deemed to be applicable to the Exchange Offer and Consent Solicitation or the exchange of Existing Notes for the Exchange Offer Consideration under the Exchange Offer by or before any court or governmental regulatory or administrative agency, authority or tribunal, including, without limitation, taxing authorities, that either:
 - a. challenges the making of the Exchange Offer and Consent Solicitation or the exchange of Existing Notes for the Exchange Offer Consideration under the Exchange Offer and Consent Solicitation or might, directly or indirectly, prohibit, prevent, restrict or delay consummation of, or might otherwise adversely affect in any material manner, the Exchange Offer and Consent Solicitation or the exchange of Existing Notes for New Notes under the Exchange Offer; or
 - b. in its reasonable judgment, could materially adversely affect its business, condition (financial or otherwise), income, operations, properties, assets, liabilities or prospects or materially impair the contemplated benefits to it of the Exchange Offer and Consent Solicitation;
- (7) nothing has occurred or may occur that would or might, in its reasonable judgment, prohibit, prevent or delay the Exchange Offer and Consent Solicitation or impair the Group from realizing the anticipated benefits of the Exchange Offer and Consent Solicitation;
- (8) there shall not have occurred (a) any general suspension of or limitation on trading in securities on the SGX-ST, the Stock Exchange or in the over-the-counter market, whether or not mandatory, (b) any material adverse change in the prices of the Existing Notes or the Shares, (c) a material impairment in the general trading market for debt securities, (d) a declaration of a banking moratorium or any suspension of payments in respect of banks by federal or state authorities in Hong Kong, whether or not mandatory, (e) a commencement of a war, armed hostilities, a terrorist act or other national or international calamity directly or indirectly relating to Hong Kong, (f) any limitation, whether or not mandatory, by any governmental authority on, or other event having a reasonable likelihood of affecting, the extension of credit by banks or other lending institutions in Hong Kong, (g) any material adverse change in the securities or financial markets in Hong Kong generally or (h) in the case of any of the foregoing existing at the time of the commencement of the Exchange Offer and Consent Solicitation, a material acceleration or worsening thereof; and
- (9) the Existing Notes Trustee, with respect to the Existing Note Indenture, and the New Note Trustee, with respect to the New Notes Indenture, shall not have objected in any respect to, or taken any action that could, in its reasonable judgment, adversely affect the consummation of the Exchange Offer and Consent Solicitation or the exchange of Existing Notes for the Exchange Offer Consideration under the Exchange Offer, nor shall either the Existing Notes Trustee or the New Note Trustee have taken any action that challenges the validity or effectiveness of the procedures used by the Company in making the Exchange Offer and Consent Solicitation, the exchange of Existing Notes for the Exchange Offer Consideration under the Exchange Offer.

Under the terms of the Existing Notes Indenture, consent of a simple majority of the aggregate outstanding principal amount of Existing Notes is required for any proposed amendments to the terms of the Existing Notes.

EFFECTS ON SHAREHOLDING STRUCTURE CAPITALISATION AND NET ASSET VALUE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) assuming 75% Acceptance; and (iii) assuming 90% Acceptance and in each case that there is no other change in the issued share capital and shareholding in the Company from the date of this announcement up to the date of issue of the New Shares pursuant to the Exchange Offer:-

	As at the date of this announcement		Immediately after issue of New Shares pursuant to 75% Acceptances		Immediately after issue of New Shares pursuant to 90% Acceptances	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Mr. Tsoi and his associates (<i>Note 1</i>)	3,556,353,661	54.2	3,556,353,661	48.8	3,556,353,661	47.8
Eligible Holders (<i>Note 2</i>)	-	-	727,299,000	10.0	872,758,800	11.8
Public Shareholders	<u>3,006,107,060</u>	<u>45.8</u>	<u>3,006,107,060</u>	<u>41.2</u>	<u>3,006,107,060</u>	<u>40.4</u>
Total	<u>6,562,460,721</u>	<u>100</u>	<u>7,289,759,721</u>	<u>100</u>	<u>7,435,219,521</u>	<u>100</u>

Notes:

- This includes Shares held by companies controlled by Mr. Tsoi and/or his spouse, including Titan Oil Pte Ltd., Great Logistics Holdings Limited, Titan Shipyard Investment Company Limited and Vision Jade Investments Limited. If specified net profit before tax targets in the "earn-out" arrangement pursuant to the Shipyard Purchase Agreement (as defined, and announced, in the Company's announcement dated 21 September 2009) in respect of the financial years ending 31 December 2009 and 31 December 2010 are met or exceeded, the Company is required to issue 88,607,711 Shares and 177,203,422 Shares, respectively to Titan Oil Pte. Ltd., Vision Jade Investment Limited and Titan Shipyard Investment Company Limited.*
- For illustration purposes only, the Company has assumed that holders of all Existing Notes are Eligible Holders.*
- As at the date of this announcement, the Company has outstanding 555 million convertible redeemable preferred shares of HK\$0.01 held by Warburg Pincus each convertible into 555 million Shares at the prevailing conversion price (which is subject to adjustment), an outstanding warrants to subscribe up to HK\$195 million Shares at the prevailing subscription price of HK\$0.644 per Share and there were outstanding options granted under the share option scheme adopted by the Company dated 31 May 2002 to subscribe for an aggregate of 296,890,000 Shares.*

UP-DATE ON THE TRADING POSITION OF THE GROUP AND REASONS FOR AND THE BENEFITS OF THE EXCHANGE OFFER AND ISSUE OF NEW SHARES

The Group is a provider of oil logistic and marine services in the Asia Pacific region, in particular, China. The Group has also established both onshore and offshore oil storage facilities in strategic locations in China and South East Asia, including the operation of floating storage units in Malaysian waters serving vessels trading between the Indian Ocean and Pacific Ocean. Since October 2007, the Group has also been operating shipbuilding facilities and is developing its ship repair facilities at its Shipyard in Quanzhou, China, with the goal of expanding its Shipyard to become one of the largest ship repair yards in Asia.

Trading position of the Group

As disclosed in the Group's published financial statements, the financial year 2008 and the first half of 2009 saw continued deterioration of the Group's financial condition, attributable to unfavourable market conditions, the discontinuation of the Group's oil trading business and build out of the Group's marine services and oil storage business segments which had and continues to require significant capital expenditures if they are to achieve their full potential.

The Board has reviewed and continues to review options for improving the Group's financial position and re-aligning its capital structure to better fit the Group's current financial condition and prospects. The Group may repurchase additional amounts of Existing Notes depending on the favorability of trading prices and availability of cash. In addition to considering suitable opportunities for raising debt and equity financing for the Group's marine services segment and onshore storage business, the Group continues its efforts to manage its expenses and to seek to improve its liquidity position by reducing headcount and administrative expenses and continuing to dispose of its non-core assets. This entails amongst other things, continued evaluation the viability and profitability of the operations of the Group's vessels as FSUs and the prices that may be obtained from the disposal of the Group's VLCCs and other vessels.

The Group is highly leveraged relative to its cash flow and its liquidity position has been declining. The cash position of the Group deteriorated significantly during 2008. The proceeds of the sale of a vessel by a subsidiary of the Company (as announced in August 2009) for US\$21.4 million, were applied to make the interest payment due 18 September 2009 on the Existing Notes, and to provide cash for other general corporate purposes. The remaining vessels of the Group are used in its floating storage and transportation businesses, which are its primary sources of cash flow. The Group is continuing to develop the Shipyard and its onshore storage business. To meet its cash requirements, the Group may need to adopt strategies to raise additional cash, including possible sales of additional vessels.

The Company's onshore storage business and its marine services segment are operated primarily through its subsidiaries organized under PRC laws. Most of the Group's cash and bank balances are held by subsidiaries of the Company in the PRC. PRC laws and restrictive covenants in the Group's bank credit facilities and other financial agreements restrict the ability of its subsidiaries in the PRC to make cash available to the Group. Distributions to the Company of the cash and bank balances held in the Group's onshore storage business are also restricted under the terms of the arrangement with Warburg Pincus announced on 28 March 2007.

In order to finance a portion of the capital expenditures required to complete the remaining phases of expansion of the Shipyard and the onshore storage business and to service the debts of these businesses, the Company intends to use substantially all of the cash flows that may be generated over the next several years from the operations of its marine services segment and its onshore storage business. Accordingly, the Company does not expect that any earnings or cash flows from these subsidiaries will be available to service its debts or the debts of other subsidiaries. After 30 June 2009, the subsidiaries of the Company in the PRC were granted short-term and long-term facilities denominated in Renminbi in an aggregate amount of up to RMB672.9 million (approximately HK\$764.7 million) and a trade facility denominated in U.S. dollars in an amount of up to US\$5.6 million (approximately HK\$43.4 million). The proceeds of the loans have been and will be used to finance the capital expenditures of the Shipyard and China terminals and for working capital purposes in the distribution segment of the Group (as an ancillary service provided to the customers of the China terminals).

The Group's planned capital expenditures to complete the remaining phases of expansion of the Shipyard and onshore storage business are as follows:-

- As of 30 June 2009, the Group expects that the completion of the contemplated phase two and phase three expansion of the Shipyard will require a total of approximately HK\$1,900 million (approximately US\$245 million). The second and third phases consist of the development of the Shipyard repair facility. The second phase is expected to be completed in the second quarter of 2010 and the third phase is expected to be completed in the fourth quarter of 2010. The Group is contractually committed to spend approximately HK\$1,674.9 million (approximately US\$216.1 million) on the remaining development of its Shipyard.
- The completion of the Group's onshore storage business is expected to require a total of HK\$5,900 million (approximately US\$761 million), which its plans to obtain from debt and/or equity financing and operating cash flow generated in the business. Subject to financing being obtained, expansion of the Nansha terminal is anticipated to be completed in the third quarter of 2012 and is expected to cost approximately HK\$1,450 million (approximately US\$187 million), expansion of the Quanzhou terminal is anticipated to be completed in the fourth quarter of 2012 and is expected to cost approximately HK\$1,500 million (approximately US\$194 million). The expansion of the Yangshan terminal, of which the Group holds a minority interest, is anticipated to be completed in the third quarter of 2012 and cost approximately HK\$2,950 million (approximately US\$381 million), HK\$170 million (approximately US\$20 million) of which represents the Group's expected contribution.

In order to comply with its loan covenants, the Company does not anticipate that it will be able to pay any dividends in the near future. There is no assurance that the Group will not incur additional net and operating losses for the foreseeable future.

The Company believes that if it does not reduce significantly its outstanding debt, there is a substantial risk it may in the foreseeable future have insufficient cash flows from its operations to be able to meet in full its debt service obligations, comply with certain financial covenants to which the Company is subject, and that the Company may be in a negative liquidity position by March 2010. The Group's assets may have to be disposed of at distressed prices. The proceeds of the sale of the assets of the Group serving as collateral for the Existing Notes may not be sufficient to satisfy the obligations of the Company under the Existing Notes. The aggregate fair market value of the 11 owned vessels of the Group as

at 15 October 2009 (as reported by Ritchie & Bisset, an independent firm of consulting engineers, marine & cargo surveyors) is US\$93.7 million (approximately HK\$726.2 million).

As of 30 June 2009, a member of the Group was in breach of certain financial covenants under a term loan facility with a relevant lender, for which it has obtained temporary waivers expiring on 29 December 2009. The outstanding amount is small relative to the Group's overall level of indebtedness. If the Group is not in compliance with these financial covenants upon the release of its audited financial statements for the year ending 31 December 2009, such non-compliance will constitute an event of default under the term loan facility. Furthermore, some of the debt agreements of the Group contain cross-acceleration or cross-default provisions. As a result, any default under the term loan facility could result in the acceleration of certain other debts of the Group. The Group has been successful in obtaining temporary waivers from the lender, and would expect to seek an extension of the waivers if needed.

Apart from the issue of HK\$156 million in principal amount of convertible notes by China StorageCo to WP1 (as part of an agreement of China StorageCo to raise up to HK\$312.6 million funding through convertible notes issues to its shareholders) announced by the Company on 14 July 2009, the Group has not raised funds through the issue of equity securities in the 12 months preceding the date of this announcement. The subscription by the Group of its pro rata share of convertible notes of China StorageCo will constitute a "restricted payment" under the Existing Notes, and, unless the Exchange Offer is consummated and the restricted payment covenant is removed from the Existing Notes, the Group does not have, and does not expect to have, the capacity to make such restricted payment and subscribe for those convertible notes. The New Notes will expressly permit the Group to subscribe for the convertible notes of China StorageCo. If the Group is not able to subscribe for China Storage Co's convertible notes prior to the expiration of its option to do so, and if Warburg Pincus converts all of its convertible notes issued by China StorageCo, the Group's interest in China StorageCo will be reduced from 50.1% to 45.55%, and it will cease to be the Company's subsidiary of and will lose control of China StorageCo. The proposed issue of New Shares pursuant to the Exchange Offer will not raise new cash.

Reasons for and benefits of the Exchange Offer and the issue of New Shares

In light of the Group's deteriorating financial position, current market conditions and the significant future capital expenditure requirements of the marine services and onshore storage business of the Group, the Group has been considering available options for improving its viability and opportunities to capitalize on the potential of the marine services and onshore storage business. The Group believes that it must realign its capital structure to better fit its current financial condition and prospects. The Group is conducting the Exchange Offer to improve its capital structure by reducing its cash flow burden and extend the maturity profile of its long-term debt.

Through the Exchange Offer, the Company is offering holders of Existing Notes the opportunity to exchange their Existing Notes for New Notes with an extended maturity and terms designed to allow the Group to take the steps necessary to transform its business and to give the Group the flexibility to invest in its marine service segment and onshore storage business. The Exchange Offer Consideration also includes a cash payment and New Shares that potentially allow exchanging holders of Existing Notes to benefit if the Group is able to restructure its business and grow it successfully. The Exchange Offer Consideration

(including the issue of the New Shares) as a whole will increase the Company's permanent capital base, reduce its gearing and broaden its shareholder base.

The effect of the Exchange Offer on the capitalization of the Group will depend upon the amount of Existing Notes which are validly tendered and accepted for exchange. If 90% of the outstanding Existing Notes are tendered and accepted for exchange pursuant to the Exchange Offer, then upon completion of the Exchange Offer: (1) cash in the amount of HK\$27.5 million (approximately US\$3.5 million) will be paid to tendering Eligible Holders, reducing the consolidated cash balances of the Group by that amount; (2) the carrying amount of Existing Notes outstanding will be reduced to HK\$248.7 million (approximately US\$32.1 million); (3) New Notes in an aggregate principal amount of HK\$437.7 million (approximately US\$56.5 million) will be issued to tendering Eligible Holders; and (4) 872,758,800 New Shares will be issued to tendering Eligible Holders, which will increase the issued capital of the Company by HK\$8.7 million (approximately US\$1.1 million) and increase the reserves of the Group by HK\$1,764.3 million (approximately US\$227.6 million). The overall effect of these changes will be to reduce the total capitalization of the Group by HK\$27.5 million (approximately US\$3.5 million).

Taking into account the above, the Directors (including the independent non-executive Directors) consider that the terms of the Exchange Offer, including the terms upon which the New Notes and the New Shares are to be issued, are fair and reasonable and the making of the Exchange Offer is in the interests of the Company and the Shareholders as a whole.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the meanings set out below:–

"75% Acceptance"	75% of the principal amount of the Existing Notes having been tendered and accepted for the Exchange Offer
"90% Acceptance"	90% of the principal amount of the Existing Notes having been tendered and accepted for the Exchange Offer
"Applicable Premium"	with respect to a New Note at any redemption date, the greater of (1) 1.00% of the principal amount of such New Note and (2) the excess of (A) the present value at such redemption date of the redemption price of the New Note at 15 March, 2011 (such redemption price being set forth in the table appearing above under the caption "Optional Redemption") plus all required interest payment due on the New Note through 15 March, 2011 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the adjusted treasury rate plus 100 basis points, over (B) the principal amount of such New Note on such redemption date
"Board"	the board of Directors
"China StorageCo"	Titan Group Investment Limited, a company incorporated in

the British Virgin Islands owned as to 50.1% by TOSIL and 49.9% by WP1

"Company"	Titan Petrochemicals Group Limited (Stock code: 1192), a company incorporated under the laws of Bermuda with limited liability and whose Shares are listed on the Main Board of the Stock Exchange
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Consent Solicitation"	a solicitation of consents from Eligible Holders to amend the terms of the Existing Notes, further details are set out in the section headed "Consent Solicitation to amend terms of the Existing Notes" in this announcement and the section headed "Exchange Offer and Consent Solicitation" in the Memorandum
"Directors"	the directors of the Company
"Eligible Holder"	eligible holders of the Existing Notes who have either completed and returned an eligibility letter, or on whose behalf their broker, dealer, custodian, trust company or other nominee has completed and returned such eligibility letter, which states, among other things, that such holders are (i) either (A) "qualified institutional buyers" as that term is defined in Rule 144A under the Exchange Act, or (B) persons other than "US persons" who are located outside the United States, as those terms are defined in Rule 902 of Regulation S under the Exchange Act, and (ii) not residents of, or persons located in, the Republic of Italy
"Exchange Act"	U.S. Securities Exchange Act of 1934, as amended
"Exchange Offer"	an offer to be made by the Company upon the terms and subject to the conditions set forth in the Memorandum, to exchange the Existing Notes for the Exchange Offer Consideration
"Exchange Offer Consideration"	the consideration payable by the Company in respect of the Exchange Offer, which consists of a combination of (i) a cash payment; (ii) New Notes; and (iii) New Shares, details of which are set out in section headed "Terms of the Exchange Offer" in this announcement and the section headed "Exchange Offer and Consent Solicitation" in the Memorandum
"Existing Note(s)"	the 8.5% Guaranteed Senior Note(s) due 2012 issued by the Company with an original principal amount of US\$400,000,000 (approximately HK\$3,100,000,000), of which US\$315,360,000 (approximately HK\$2,444,040,000) remains outstanding

"Existing Notes Charged Subsidiaries"	all subsidiaries of the Company which are not organised under the laws of the PRC, other than Titan Oil Storage China Investment Limited and the subsidiaries of China StorageCo
"Existing Notes Indenture"	the indenture dated 17 March 2005 entered into by the Company, the Existing Notes Subsidiary Guarantors and the Existing Notes Trustee in respect of the issue of the Existing Notes, as amended and supplemented from time to time
"Existing Notes Subsidiary Guarantors"	Ascend Success Investments Limited, Brookfield Pacific Ltd., Estonia Capital Ltd., Far East Bunkering Services Pte. Ltd., Harbour Sky Investments Limited, NAS Management Pte. Ltd., Neptune Associated Shipping Pte. Ltd., Ocean Vanguard Assets Limited, Petro Titan (H.K.) Limited, Petro Titan Pte. Ltd., Roswell Pacific Ltd., Sewell Global Ltd., Sino Mercury Pte. Ltd., Sino Ocean Development Limited, Sino Venus Pte. Ltd., Titan Aries Pte. Ltd., Titan Asian Tiger Limited, Titan Bunkering (HK) Limited, Titan Bunkering Investment Limited, Titan Bunkering Pte. Ltd., Titan Chios Pte. Ltd., Titan Derivatives Investment Limited, Titan FSU Investment Limited, Titan Gemini Pte. Ltd., Titan Leo Pte. Ltd., Titan Libra Pte. Ltd., Titan Mars Limited, Titan Mercury Limited, Titan Mercury Shipping Pte. Ltd., Titan Neptune Shipping Pte. Ltd., Titan Ocean Pte. Ltd., Titan Oil (Asia) Ltd., Titan Oil (HK) Co. Limited, Titan Oil Finance Limited, Titan Oil Storage Investment Limited, Titan Oil Trading (Asia) Limited, Titan Orient Lines Pte. Ltd., Titan Oriental Tiger Limited, Titan Pisces Pte. Ltd, Titan Resources Management Limited, Titan Resources Management (S) Pte. Ltd., Titan Shipyard Holdings Limited, Titan Solar Pte. Ltd., Titan Storage Limited, Titan TQSL Holding Company Ltd, Titan Virgo Pte. Ltd., Titus International Ltd., Wendelstar International Ltd. and Wynham Pacific Ltd., Zhen Rong Titan Company Limited and Zhen Rong Titan Pte. Ltd.
"Existing Notes Trustee"	Deutsche Bank Trust Company Americas, as trustee of the Existing Notes Indenture
"Expiration Time"	the deadline for Eligible Holders to validly tender Existing Notes in order to qualify for delivery of the Exchange Offer Consideration, which is, unless extended, the time at 5:00 p.m., New York City time on 6 January 2010
"FSUs"	floating storage units
"Group"	the Company and its subsidiaries
"General Mandate"	a general mandate granted to the Directors at the annual general meeting of the Company held on 26 June 2009 which authorised the Directors to issue, allot and deal with up to 1,294,771,802 new Shares

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Last Trading Day"	7 December 2009, being the last full trading day of the Shares before the release of this announcement
"Listing Committee"	the listing sub-committee of the board of directors of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Memorandum"	an exchange offer and consent solicitation memorandum to be issued by the Company in connection with the Exchange Offer and the Consent Solicitation
"Mr. Tsoi"	Mr. Tsoi Tin Chun
"New Notes"	the Variable Rate Guaranteed Senior Notes due 2015 to be issued by the Company in a maximum principal amount of US\$62,756,640 (approximately HK\$486,364,000) pursuant to the Exchange Offer
"New Notes Indenture"	the indenture into by and among the Company, the New Notes Subsidiary Guarantors and the New Notes Trustee in respect of the issue of the New Notes
"New Notes Charged Subsidiaries"	all subsidiaries of the Company which are not organized under the laws of the PRC, other than Titan Oil Storage China Investment Limited, Zhen Rong Titan Company Limited, Zhen Rong Titan Pte Ltd and the subsidiaries of China StorageCo
"New Notes Subsidiary Guarantors"	Ascend Success Investments Limited, Brookfield Pacific Ltd., Estonia Capital Ltd., Far East Bunkering Services Pte. Ltd., Harbour Sky Investments Limited, NAS Management Pte. Ltd., Neptune Associated Shipping Pte. Ltd., Ocean Vanguard Assets Limited, Petro Titan (H.K.) Limited, Petro Titan Pte. Ltd., Roswell Pacific Ltd., Sewell Global Ltd., Sino Mercury Pte. Ltd., Sino Ocean Development Limited, Sino Venus Pte. Ltd., Titan Aries Pte. Ltd., Titan Asian Tiger Limited, Titan Bunkering (HK) Limited, Titan Bunkering Investment Limited, Titan Bunkering Pte. Ltd., Titan Chios Pte. Ltd., Titan Derivatives Investment Limited, Titan FSU Investment Limited, Titan Gemini Pte. Ltd., Titan Leo Pte. Ltd., Titan Libra Pte. Ltd., Titan Mars Limited, Titan Mercury Limited, Titan Mercury Shipping Pte. Ltd., Titan Neptune Shipping Pte. Ltd., Titan Ocean Pte, Ltd., Titan Oil (Asia) Ltd., Titan Oil (HK) Co. Limited, Titan Oil Finance Limited, Titan Oil Storage Investment Limited, Titan Oil Trading (Asia) Limited, Titan Orient Lines Pte. Ltd., Titan Oriental Tiger Limited, Titan Pisces Pte. Ltd, Titan Resources Management Limited,

Titan Resources Management (S) Pte. Ltd., Titan Shipyard Holdings Limited, Titan Solar Pte. Ltd., Titan Storage Limited, Titan TQSL Holding Company Ltd, Titan Virgo Pte. Ltd., Titus International Ltd., Wendelstar International Ltd. and Wynham Pacific Ltd.

"New Notes Trustee"	The Bank of New York Mellon, as trustee of the New Notes Indenture
"New Share(s)"	new Share(s) falling to be allotted and issued by the Company pursuant to the Exchange Offer
"Noteholder(s)"	holder(s) of the Notes or the New Notes (as the context requires)
"Permitted Holders"	Mr. Tsoi, his Affiliates (as defined in the New Notes Indenture) and any person both the capital stock and the voting stock of which (or in the case of a trust, the beneficial interests of which) are owned 80% by Mr. Tsoi or his Affiliates
"PRC"	the People's Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Macau and Taiwan
"SGX-ST"	Singapore Exchange Securities Trading Limited
"Share(s)"	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
"Shareholders"	holders of the Shares
"Shipyard"	the Company's shipyard located in Quanzhou, China
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"TOSIL"	Titan Oil Storage Investment Limited, a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands
"VLCC"	Very Large Crude Carriers
"Warburg Pincus"	funds controlled or managed by Warburg Pincus LLC or any of its affiliates
"WP1"	Saturn Storage Limited, a wholly-owned subsidiary of Warburg Pincus (Bermuda) Private Equity IX, L.P. a private equity investment fund managed by Warburg Pincus LLC
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC

"US\$" United States dollar, the lawful currency of the United States of America

"%" per cent.

In this announcement exchange rates of HK\$7.75: US\$1 and RMB0.88: HK\$1 have been used for illustration purposes. No assurance is given that these currencies may be exchanged at these rates or at all.

By Order of the Board
Titan Petrochemicals Group Limited
Tsoi Tin Chun
Chairman

Hong Kong, 7 December 2009

As at the date of this announcement, the Executive Directors are Mr. Tsoi Tin Chun and Mr. Patrick Wong Siu Hung, the Independent Non-executive Directors are Miss Maria Tam Wai Chu, JP, Mr. Abraham Shek Lai Him, JP and Mr. John William Crawford, JP.