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This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.



EMER International Group Limited

埃謨國際集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8149)

CONNECTED TRANSACTIONS

Financial Adviser to EMER International Group Limited



Quam Capital Limited

THE SUPPLY AGREEMENTS

On 27 November 2007, Qingdao TSC, a wholly-owned subsidiary of the Company, entered into three conditional sales agreements with YRO in respect of the sale of three sets of electrical power control system to YRO. The contract value for the Equipment is approximately RMB69.3 million in aggregate.

The DESIGN AGREEMENTS

On 27 November 2007, TSCUSA, a wholly-owned subsidiary of the Company, entered into three conditional sales agreements with YRS in respect of the sale of three sets of structural design drawings for three cantilever and drilling turnkey packages. The contract value for the Designs is approximately US\$1.2 million (equivalent to approximately RMB8.9 million) in aggregate.

The Supply Agreements and the Design Agreements are not inter-conditional on each other.

GENERAL

YRO is a non-wholly owned subsidiary of YRS. As at the date of this announcement, YRS through its wholly-owned subsidiary, YRSI, owns approximately 10.9% of the issued share capital of the Company. Therefore, YRO and YRS are connected persons of the Company and the Supply Agreements and the Design Agreements constitute connected transactions of the Company under Chapter 20 of the GEM Listing Rules. The Supply Agreements and the Design Agreements are subject to Independent Shareholders' approval at the EGM.

A circular containing, among other things, details of the Supply Agreements and the Design Agreements; and the advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in relation to the Supply Agreements and the Design Agreements will be despatched to the Shareholders as soon as practicable.

THE SUPPLY AGREEMENTS

On 27 November 2007, Qingdao TSC, a wholly-owned subsidiary of the Company, and YRO entered into three conditional sales agreements in respect of the sale of three sets of electrical power control system to YRO.

Scope of work

Pursuant to the Supply Agreements, the Group shall design, supply, commission and test the Equipment; integrate the Equipment with other systems of YRO; and provide engineering supports and other services required for the manufacture of the Equipment.

Contract value

The contract value of the Supply Agreements for the Equipment is approximately RMB69.3 million in aggregate.

Payment terms

The consideration of each of the Supply Agreements shall be settled in cash in accordance with five progress milestones such as obtaining the satisfactory results on the factory acceptance test for the Equipment and delivery of the Equipment as stipulated in each of the Supply Agreements. The consideration shall be fully paid upon delivery of each of the Equipment.

Warranty period

Qingdao TSC shall provide warranty for the Equipment supplied for a period of 18 months upon the receipt of each of the Equipment by YRO or 12 months upon delivery of the vessels by YRO to the end user, whichever occurs earlier. YRO has the option to extend the warranty period.

Liquidated damages

If Qingdao TSC fails to deliver any of the Equipment or fails to perform any of the services within the stipulated delivery schedule, with the exception of force majeure, Qingdao TSC shall pay YRO liquidated damages not exceeding 10% of the total value of the goods involved in the late delivery. Such liquidated damages payable shall be subject to an aggregate maximum liability equal to 10% of the consideration of the respective Supply Agreement.

Condition precedent

The Supply Agreements are conditional upon the approval by the Independent Shareholders in respect of the resolution for the Supply Agreements and the transactions contemplated thereunder at the EGM.

Completion

Each of the YRO Sales shall be completed by no later than 15 July 2008, 15 September 2008 and 15 November 2008 respectively.

The terms of the Supply Agreements are based on arm's length negotiations. The consideration was determined based on the estimated costs of the Equipment. The sale of electrical power control systems is an extension of the Group's existing products and no similar systems were sold by the Group prior to the proposed YRO Sales. The Directors consider that (i) the YRO Sales are of revenue nature and conducted in the ordinary and usual course of business of the Group pursuant to Rule 19.04(1)(g) and note 1 of the GEM Listing Rules; and (ii) the terms of the Supply Agreements are on normal commercial terms; and fair and reasonable. The Directors consider that the terms of the Supply Agreements offered to YRO are no less favourable than those to be offered to independent third parties.

THE DESIGN AGREEMENTS

On 27 November 2007, TSCUSA, a wholly-owned subsidiary of the Company, entered into three conditional sales agreements with YRS in respect of the sale of three sets of structural design drawings for three cantilever and drilling turnkey packages.

Scope of work

Pursuant to the Design Agreements, the Group shall design and provide the drawings for the structure of three sets of cantilever and drilling turnkey packages, including the interface with drilling rigs.

Contract value

The contract value of the Design Agreements for the Designs is approximately US\$1.2 million (equivalent to approximately RMB8.9 million) in aggregate.

Payment terms

The consideration of each of the Design Agreements shall be settled in cash in accordance with five progress milestones such as obtaining the approval for the drawings of the Designs and submission of the Designs to YRS. The consideration shall be fully paid upon submission of each of the Designs.

Liquidated damages

If TSCUSA fails to deliver any of the Designs or fails to perform any of the services within the stipulated delivery schedule, with the exception of force majeure, TSCUSA shall pay YRS liquidated damages.

Condition precedent

The Design Agreements are conditional upon the approval by the Independent Shareholders in respect of the resolution for the Design Agreements and the transactions contemplated thereunder at the EGM.

The Supply Agreements and the Design Agreements are not inter-conditional on each other.

Completion

The YRS Sales shall be completed within 7 months from the date of the Design Agreements.

The terms of the Design Agreements are based on arm's length negotiations. The consideration was determined based on the estimated costs of provision of the Designs. The sale of structural designs for cantilever and drilling turnkey packages is an extension of the Group's existing business and no similar designs were sold by the Group prior to the proposed YRS Sales. The Directors consider that (i) the YRS Sales are of revenue nature and conducted in the ordinary and usual course of business of the Group pursuant to Rule 19.04(1)(g) and note 1 of the GEM Listing Rules; and (ii) the terms of the Design Agreements are on normal commercial terms; and fair and reasonable. The Directors consider that the terms of the Design Agreements offered to YRS are no less favourable than those to be offered to independent third parties.

REASONS FOR AND BENEFITS OF THE YRO SALES AND THE YRS SALES

The Group is a product and service provider of onshore and offshore drilling rigs in oil and gas industries. It is principally engaged in the manufacture and sale of onshore and offshore drilling and handling equipment (such as drilling rig control systems, mud pumps and jacking control systems), oilfield supplies (including expendables and accessories for drilling rigs) and also the provision of turnkey solutions for offshore rigs.

The YRS Group is principally engaged in the construction of various marine and offshore rigs including jack-up drilling rigs, semi-submersible drilling rigs, platform supply vessels and luxury yachts. YRSI, a wholly-owned subsidiary of YRS, became a substantial Shareholder in May 2007. As a strategic investor of the Company, YRO and YRS purchase the Equipment and the Designs on mutual interests of the YRS Group and the Group. The YRO Sales and the YRS Sales are conducted in the ordinary and usual course of business of the Group. The contract value of the Supply Agreements is approximately RMB69.3 million in aggregate, representing almost one-third of the Group's turnover of approximately RMB216.4 million for the year ended 31 December 2006. Therefore, the YRO Sales will increase the turnover of the Group considerably. Furthermore, the Group currently only produces a part of the electrical power control system for onshore drilling rigs. The YRO Sales represent the Group's first project in providing a complete electrical power control system for offshore jack-up rigs, and therefore a landmark in the Group's history. The YRS Sales is also an extension of the Group's business of the provision of turnkey solutions for offshore rigs. The provision of new product lines would increase the revenue base of the Group.

In view of the aforesaid, the Directors believe that the YRO Sales and the YRS Sales are in the interests of the Company and the Shareholders as a whole. The Directors also consider that (i) the terms of the Supply Agreements offered to YRO; and (ii) the terms of the Design Agreements offered to YRS are in the interests of the Company and the Shareholders as a whole.

GENERAL

Save as the sale of cantilever and drilling turnkey equipment packages to YRS as disclosed in the Company's announcement dated 16 July 2007 and circular dated 7 August 2007, there were no other prior transactions between the Company and (i) YRS; (ii) YRSI; and/or (iii) their respective associates which would require aggregation pursuant to Rule 20.25 of the GEM Listing Rules.

YRO is a non-wholly owned subsidiary of YRS. As at the date of this announcement, YRS through its wholly-owned subsidiary, YRSI, owns approximately 10.9% of the issued share capital of the Company. Therefore, YRO and YRS are connected persons of the Company and the Supply Agreements and the Design Agreements constitute connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

YRSI and its associates are required to abstain from voting at the EGM. Save as disclosed above, to the best knowledge of the Directors, having made all reasonable enquiries, no other Shareholder is required to abstain from voting at the EGM. The Supply Agreements and the Design Agreements are subject to the approval by the Independent Shareholders by poll. The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve the Supply Agreements, the Design Agreements and the transactions contemplated thereunder.

A circular containing, among other things, (i) details of the Supply Agreements and the Design Agreements; (ii) the advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in relation to the Supply Agreements and the Design Agreements; (iii) the recommendation from the independent board committee of the Company to the Independent Shareholders in relation to the Supply Agreements and the Design Agreements; and (iv) the notice of the EGM will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“associates”	has the meaning ascribed thereto in the GEM Listing Rules
“Board”	the board of Directors
“Company”	EMER International Group Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on GEM
“connected person”	has the meaning ascribed thereto in the GEM Listing Rules and the word “connected” shall be construed accordingly
“Design Agreements”	three conditional agreements dated 27 November 2007 entered into between TSCUSA and YRS in relation to the sale of the Designs to YRS; and “Design Agreement” means any one of these agreements
“Designs”	three sets of structural design drawings for cantilever and drilling turnkey packages to be sold by TSCUSA to YRS pursuant to the Design Agreements

“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, to approve the Supply Agreements, the Design Agreements and the transactions contemplated thereunder
“Equipment”	three sets of electrical power control system to be supplied by Qingdao TSC to YRO pursuant to the Supply Agreements
“GEM”	Growth Enterprises Market of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	the Shareholders other than YRSI and its associates
“PRC”	The People’s Republic of China
“Qingdao TSC”	Qingdao TSC Offshore Equipment Co., Ltd., a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary shares of HK\$0.1 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supply Agreements”	three conditional agreements entered into between Qingdao TSC and YRO on 27 November 2007 in relation to the supply of the Equipment to YRO; and “Supply Agreement” means any one of these agreements
“TSCUSA”	TSC Manufacturing and Supply, LLC, a company incorporated under the laws of the state of Texas, US and a wholly-owned subsidiary of the Company
“US”	the United States of America

“US\$”	US Dollars, the lawful currency of US, and the exchange rate between US\$ and RMB for the purpose of this announcement is US\$1.00 = RMB7.40
“YRO”	Yantai Raffles Offshore Limited, a company established in the PRC with limited liability and a non-wholly owned subsidiary of YRS
“YRO Sales”	sale of the Equipment by Qingdao TSC to YRO pursuant to the Supply Agreements
“YRS”	Yantai Raffles Shipyard Limited, a company incorporated under the laws of Singapore with limited liability and the shares of which are traded on the Oslo Over-the-Counter Market
“YRS Group”	YRS and its subsidiaries
“YRSI”	YRS Investments Limited, a wholly-owned subsidiary of YRS
“YRS Sales”	sale of the Designs to YRS pursuant to the Design Agreements
“%”	per cent

As at the date of this announcement, Mr. Jiang Bing Hua, Mr. Zhang Menggui, Mr. Zhang Hongru and Mr. Chen Yunqiang are executive Directors; Mr. Kenny Chan Ngai Sang, Mr. Bian Junjiang and Mr. Guan Zhichuan are independent non-executive Directors; and Mr. Jiang Longsheng is the non-executive Director.

By Order of the Board
EMER International Group Limited
Jiang Bing Hua
Executive Chairman

Hong Kong, 27 November 2007

This announcement will remain on the “Latest Company Announcements” page of the GEM website for at least seven days and on the website of the Company at www.emergroup.com on a continuous basis for at least five years from the date of its posting.

* *For identification purpose only*