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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.



TSC Offshore Group Limited

TSC 海洋集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8149)

CONNECTED TRANSACTION

THE SUPPLY AGREEMENT

At around 4:00 p.m. on 29 February 2008, Qingdao TSC entered into Supply Agreement with YRO in respect of the sale of BOP handling and transport system to YRO of which Qingdao TSC will fabricate pieces of main structure (BOP handling and transport system) of one semi-submersible upon request by YRO. The Sub-Contract Price for the Sub-Contract Works is in the sum of RMB19,600,000.

GENERAL

Qingdao TSC is a wholly-owned subsidiary of the Company and is principally engaged in design, manufacture, and sales of equipment for oil and gas industry.

YRO is a non-wholly owned subsidiary of YRS and is principally engaged in building offshore rigs and other offshore construction and engineering. 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 is a connected person of the Company and the Supply Agreement constitute connected transactions of the Company under Chapter 20 of the GEM Listing Rules. The Supply Agreement is subject to Independent Shareholders' approval at the EGM.

A circular containing, among other things, details of the Supply Agreement 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 Agreement will be despatched to the Shareholders as soon as practicable.

* *For identification purpose only*

THE SUPPLY AGREEMENT

At around 4:00 p.m. on 29 February 2008, Qingdao TSC, a wholly-owned subsidiary of the Company, entered into Supply Agreement in respect of the sale BOP handling and transport system to YRO of which Qingdao TSC will fabricate pieces of main structure (BOP handling and transport system) of one semi-submersible upon request by YRO.

Scope of work

Pursuant to the Supply Agreement, the Group shall fabricate, supply, commission and test the Sub-Contract Works, check of installation, integrate the Sub-Contract Works with any materials supplied by YRO; and provide engineering supports and other services required for the manufacture of the Sub-Contract Works.

Contract value

The Sub-Contract Price of the Supply Agreement for the Sub-Contract Works is in the sum of RMB19,600,000.

Payment terms

The consideration of the Supply Agreement shall be settled in cash in accordance with five production sequential milestones, namely commencement of plate cutting, completion of assembly, completion of function test and load test for the Sub-Contract Works, delivery of the Sub-Contract Works to YRO, and delivery of the Sub-Contract Works from YRO to the end user as stipulated of the Supply Agreement. The consideration of the Supply Agreement shall be fully paid upon delivery of the respective set of the Sub-Contract Works.

Warranty period

Qingdao TSC shall provide warranty for the Sub-Contract Works for a period up to 12 months after delivery of the Sub-Contract Works by YRO to the end user or 18 months upon Sub-Contract Works complete delivery to YRO, whichever comes first. Qingdao TSC shall reimburse YRO for the reasonable costs incurred by such work of repair, rectification, replacements, making good of defects, imperfections and other faults in the event that such works cannot be timely or reasonably carried out by Qingdao TSC.

Liquidated damages

If the effective delivery of the Sub-Contract Works to YRO is delayed and the agreed completion date has passed due to the Qingdao TSC's fault, then if at the said date the Qingdao TSC has not been granted an extension of time and the Sub-Contract Works remain incomplete, the Sub-Contract Price shall be reduced by 0.1% for each full day for which thereafter delivery of the relevant blocks of the Sub-Contract Works to YRO is delayed but the total deduction amount can not be exceed over 10% of the Sub-Contract Price.

Condition precedent

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

Completion

The Supply Agreement shall only be effective upon the approval by the EGM of the Company.

The terms of the Supply Agreement are based on arm's length negotiations. The consideration was determined based on the cost-plus basis of the Sub-Contract Works. The sale of BOP handling and transport system 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 Agreement is on normal commercial terms; and fair and reasonable. The Directors (excluding the independent non-executive Directors) consider that the terms of the Supply Agreement offered to YRO are no less favourable than those to be offered to independent third parties.

REASONS FOR AND BENEFITS OF THE YRO SALES

Qingdao TSC is a wholly-owned subsidiary of the Company and is principally engaged in design, manufacture, and sales of equipment for oil and gas industry.

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.

YRO is a non-wholly owned subsidiary of YRS and is principally engaged in building offshore rigs and other offshore construction and engineering.

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 disclosed in the Company's announcement dated 21 May 2007. As a strategic investor of the Company, YRO purchases the Sub-Contract Works on mutual interests of the YRS Group and the Group.

The YRO Sales are conducted in the ordinary and usual course of business of the Group. The contract value of the Supply Agreement is in the sum of RMB19,600,000, representing 9% 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. Furthermore, the YRO sales will raise profit and credit of the Group in the oil and gas industries. More importantly, the Group successfully penetrates and commences into the BOP handling and transport system as a result of the YRO sales, and therefore a landmark in the Group's history. The provision of new product lines would increase the revenue base of the Group.

In view of the aforesaid, the Directors (excluding the independent non-executive Directors) believe that the YRO Sales are in the interests of the Company and the Shareholders as a whole. The Directors also consider that the terms of the Supply Agreement offered to YRO are in the interests of the Company and the Shareholders as a whole. The Company will constitute the independent board committee to advise the Independent Shareholders in respect of the Supply Agreement.

GENERAL

Save as the sale of cantilever and drilling turnkey equipment packages to YRS as disclosed in the Company's announcements dated 16 July 2007 and 27 August 2007 and the circular dated 7 August 2007; sale of electrical power control system to YRO and sales of structural design drawings for three cantilever and drilling turnkey packages to YRS as disclosed in the Company's announcements dated 27 November 2007 and 28 December 2007 and the circular dated 12 December 2007; and sale of four sets of burner boom to YRO as disclosed in the Company's announcements dated 12 December 2007 and 22 January 2008 and the circular dated 31 December 2007, there were no other prior transactions between the Company and (i) YRS; (ii) YRSI; and/or (iii) their respective associates since all the above connected transactions were related to the sale of offshore drilling equipments and related services to YRO and YRS within a 12-month period, the Company would aggregate all the above connected transactions and are subject to the reporting, announcement and independent shareholders' approval 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 is a connected person of the Company and the Supply Agreement constitutes connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

YRO and its associates (including YRSI) have a material interest in the YRO Sales, therefore they 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 Agreement is 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 Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) details of the Supply Agreement; (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 Agreement; (iii) the recommendation from the independent board committee of the Company to the Independent Shareholders in relation to the Supply Agreement; 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
“BOP”	blow out preventor
“Company”	TSC Offshore Group Limited (formerly known as 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
“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 Agreement and the transactions contemplated thereunder
“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\$0.10 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sub-Contract Price”	the consideration for the completion of the Sub-Contract Works by Qingdao TSC, YRO shall pay Qingdao TSC the price in the sum of RMB19,600,000. The price is inclusive of all taxes and duties payable in respect of the Sub-Contract Works
“Sub-Contract Works”	BOP handling and transport system to be supplied by Qingdao TSC to YRO pursuant to the Supply Agreement
“Supply Agreement”	one conditional sub-contract sale and purchase agreement entered into between Qingdao TSC and YRO on 29 February 2008 in relation to the supply of the BOP handling and transport system to YRO

“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 Sub-Contract Works by Qingdao TSC to YRO pursuant to the Supply Agreement
“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
“%”	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
TSC Offshore Group Limited
Jiang Bing Hua
Executive Chairman

Hong Kong, 4 March 2008

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.tscoffshore.com on a continuous basis for at least five years from the date of its posting.