
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in TSC Offshore Group Limited (the “Company”), you should at once hand this circular, together with the enclosed form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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TSC Offshore Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8149)

CONTINUING CONNECTED TRANSACTION

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



A letter from the Board is set out from pages 4 to 8 of this circular. A letter from the Independent Board Committee is set out on page 9 of this circular. A letter from Guangdong Securities containing its advice to the Independent Board Committee and the Independent Shareholders is set out from pages 10 to 16 of this circular.

The notice convening the EGM to be held at Suite 2001, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong on Friday, 18 July 2008 at 10:00 a.m. or any adjournment thereof is set out from pages 26 to 27 of this circular. A form of proxy for use at the EGM or any adjournment thereof is enclosed. Whether or not you propose to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company’s principal place of business at Unit 1612, 16/F., China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

This circular will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least seven (7) days from the date of its posting and on the website of the Company at www.tsoffshore.com.

24 June 2008

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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DEFINITIONS

In this circular, the following expressions have the meanings set out below unless the context requires otherwise:

“Annual Caps”	the proposed annual caps for the Transaction
“Articles”	the articles of association of the Company
“associate(s)”	shall have the meaning as ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Commencement Date”	the date of which the conditions precedent in the Master Agreement are fulfilled
“Company”	TSC Offshore 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 under the GEM Listing Rules and the word “connected” shall be construed accordingly
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be held on 18 July 2008 to consider and, if thought fit, approve by the Independent Shareholders the Master Agreement and the Annual Caps
“Equipment”	the equipment used on offshore platforms including but not limited to power control package, jacking control system, BOP handling and transport, burner boom, etc.
“GEM”	the Growth Enterprises Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries

DEFINITIONS

“Guangdong Securities” or “Independent Financial Adviser”	Guangdong Securities Limited, a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as defined under the SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Master Agreement and the Annual Caps
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising the independent non-executive Directors, namely Mr. Chan Ngai Sang, Kenny, Mr. Bian Junjiang and Mr. Guan Zhichuan to advise the Independent Shareholders in respect of the Master Agreement and the Annual Caps
“Independent Shareholders”	Shareholders other than YRSI and its associates
“independent third party(ies)”	shall have the meaning as ascribed to it under the GEM Listing Rules
“Latest Practicable Date”	20 June 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Master Agreement”	the agreement entered into between the Company and YRS on 4 June 2008 in relation to the Transaction
“PRC”	the People’s Republic of China
“Products”	the Equipment and the Turnkey Project(s)
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company

DEFINITIONS

“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the sale of the Products by the Group to YRS Group as contemplated under the Master Agreement
“Turnkey Project(s)”	the project(s) related to offshore platforms including (i) cantilever and drill floor projects; (ii) rack material cutting projects; (iii) other material processing projects; and (iv) design, engineering and consulting service projects
“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.

LETTER FROM THE BOARD



TSC Offshore Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8149)

Executive Directors:

Mr. Jiang Bing Hua
Mr. Zhang Menggui
Mr. Chen Yunqiang
Mr. Zhang Hongru

Non-executive Director:

Mr. Jiang Longsheng

Independent non-executive Directors:

Mr. Chan Ngai Sang, Kenny
Mr. Bian Junjiang
Mr. Guan Zhichuan

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal

Place of Business:

Unit 1612, 16/F.
China Merchants Tower
Shun Tak Centre
200 Connaught Road Central
Hong Kong

24 June 2008

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION

INTRODUCTION

Reference is made to the announcement of the Company dated 4 June 2008 regarding the Transaction. On 4 June 2008, the Company (as seller) entered into the Master Agreement with YRS (as buyer) in relation to the sale of the Products (which include the Equipment and the Turnkey Project(s)) by the Company to YRS for the two years ending 31 December 2009.

Pursuant to the Master Agreement, the Directors expected that the Annual Caps for the Transaction for the two years ending 31 December 2009 will be approximately RMB589 million and approximately RMB1,028 million respectively.

LETTER FROM THE BOARD

The purpose of this circular is (i) to provide you with information on the Master Agreement and the Annual Caps; (ii) to set out the recommendations of the Independent Board Committee and the Independent Financial Adviser in relation to the Master Agreement and the Annual Caps; and (iii) to give you a notice of EGM at which resolution will be proposed to consider and, if thought fit, approve the Master Agreement and the Annual Caps.

TERMS OF THE MASTER AGREEMENT

Date:	4 June 2008
Effective period:	From the Commencement Date to 31 December 2009 (both days inclusive).
Seller:	The Company
Buyer:	YRS
Nature of transaction:	Pursuant to the Master Agreement, the Company agreed to sell and YRS agreed to purchase the Products (which include the Equipment and the Turnkey Project(s)). It is agreed that each sale and purchase of the Equipment and the Turnkey Project(s) will be performed by the respective subsidiaries of the Company and YRS under separate contracts to be entered into in accordance with the terms and conditions of the Master Agreement.
Annual Caps:	The Annual Caps under the Master Agreement for the two years ending 31 December 2009 are approximately RMB589 million and approximately RMB1,028 million respectively.
Basis of the Annual Caps:	The Annual Caps were determined by the Company after taking into account of (i) the estimated demand for the Products during the relevant years from YRS; and (ii) the expected selling price of the Products during the relevant years.

The Group and YRS Group agreed that the Transaction shall be conducted on normal commercial terms, in particular: (i) the Transaction will be on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties to the Company; (ii) the Transaction will be in the ordinary and usual course of business of the Company and conducted after arm's length negotiations; and (iii) the Transaction will not exceed the Annual Caps for the two years ending 31 December 2009.

LETTER FROM THE BOARD

INFORMATION ON YRS GROUP

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. As at the Latest Practicable Date, YRS was a substantial Shareholder which through its wholly-owned subsidiary, YRSI, owned approximately 10.9% of the issued share capital of the Company.

Save and except for the connected transactions as announced by the Company on 16 July 2007, 27 November 2007, 12 December 2007 and 4 March 2008, there was no similar transaction regarding the sale and purchase of the Products which had been conducted between the Group and YRS Group in the 12 months prior to the Latest Practicable Date.

REASONS FOR THE TRANSACTION

The Group is a product and service provider of onshore and offshore drilling rigs in oil and gas industries. It is principally engaged in (i) 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 (ii) the provision of turnkey solutions for offshore rigs.

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, YRS Group intended to purchase the Products on mutual interests of YRS Group and the Group.

As aforementioned, the Transaction will be conducted in the ordinary and usual course of business of the Company. The Directors expected that the Transaction will provide a stable source of revenue to the Group and will save administrative time of the Group. In view of the aforesaid, the Directors (excluding the independent non-executive Directors) believe that the Transaction is in the interests of the Company and the Shareholders as a whole. The Directors (excluding the independent non-executive Directors) also consider that the terms of the Master Agreement and the Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

GEM LISTING RULES IMPLICATION

As at the Latest Practicable Date, YRS was a substantial Shareholder which through its wholly-owned subsidiary, YRSI, owned approximately 10.9% of the issued share capital of the Company. Accordingly, the Transaction constitutes continuing connected transaction for the Company under Chapter 20 of the GEM Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules. The Company will seek approval of the Independent Shareholders by way of poll on the entering into of the Master Agreement and the Annual Caps at the EGM. Since YRS is a substantial Shareholder and has material interests in the Master Agreement, YRS and its associates are required to abstain from voting on the resolution approving the Master Agreement and the Annual Caps at the EGM.

LETTER FROM THE BOARD

The Independent Board Committee, comprising Mr. Chan Ngai Sang, Kenny, Mr. Bian Junjiang and Mr. Guan Zhichuan (all being independent non-executive Directors), has been formed to advise the Independent Shareholders in respect of the Master Agreement and the Annual Caps. To the best of the Directors' knowledge and belief, none of the independent non-executive Directors of the Independent Board Committee has a material interest in the Transaction.

Guangdong Securities has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders regarding the Master Agreement and the Annual caps. Your attention is drawn to the letter of advice from Guangdong Securities, which contains its recommendation and the principal factors and reasons it has taken into account in arriving at its recommendation. The letter is set out under the section headed "Letter from Guangdong Securities" of this circular.

THE EGM

A notice for convening the EGM is set out from pages 26 to 27. The EGM will be convened for the purpose of considering and, if thought fit, passing the ordinary resolution to approve the Master Agreement and the Annual Caps. A form of proxy for the use at the EGM is enclosed with this circular.

Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's principle place of business at Unit 1612, 16/F., China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong, as soon as possible and in any event not less than 24 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or any adjourned meeting thereof) should you wish to do so. The voting at the EGM will be taken by way of poll. An announcement will be made by the Company following the conclusion of the EGM to inform you of its results.

PROCEDURES FOR DEMANDING A POLL

Pursuant to Article 66 of the Articles, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded: (a) by the chairman of such meeting; or (b) by at least three Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or (c) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation, by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or (d) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and holding the Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid

LETTER FROM THE BOARD

up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right; or (e) by any Director or Directors who, individually or collectively, hold proxies in respect of the Shares representing 5% or more of the total voting rights at such meeting.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the transactions under the Master Agreement, including the Annual Caps, were entered into after arm's length negotiations and reflect normal commercial terms and that the terms of the Master Agreement are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Independent Shareholders to vote in favour of the relevant ordinary resolution proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular.

Yours faithfully,
On behalf of the Board
TSC Offshore Group Limited
Jiang Bing Hua
Executive Chairman



TSC Offshore Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8149)

24 June 2008

To the Independent Shareholders

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTION

We refer to the circular dated 24 June 2008 issued by the Company (the “Circular”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

The Independent Board Committee has been established by the Board for the purpose of advising the Independent Shareholders in connection with the Master Agreement and the Annual Caps, details of which are set out in the “Letter from the Board” of the Circular. The Independent Board Committee comprises the three independent non-executive Directors. Guangdong Securities has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders regarding the Master Agreement and the Annual Caps.

Having considered the principal reasons and factors considered by, and the advice from Guangdong Securities, as set out in its letter of advice from pages 10 to 16 of the Circular, we are of the opinion that the Master Agreement is in the interests of the Company and the Shareholders as a whole and the terms of which (including the Annual Caps) are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Master Agreement and the Annual Caps.

Yours faithfully,

For and on behalf of

Independent Board Committee

Mr. Chan Ngai Sang, Kenny

*Independent non-executive
Director*

Mr. Bian Junjiang

*Independent non-executive
Director*

Mr. Guan Zhichuan

*Independent non-executive
Director*

LETTER FROM GUANGDONG SECURITIES

Set out below is the text of a letter received from Guangdong Securities, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the Transaction for the purpose of inclusion in this circular.



Unit 2505-06, 25/F.
Low Block of Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

24 June 2008

*To: The independent board committee and the independent shareholders
of TSC Offshore Group Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Transaction, details of which are set out in the letter from the Board (the "Board Letter") contained in the circular dated 24 June 2008 issued by the Company to the Shareholders (the "Circular"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

The Board announced on 4 June 2008 that on even date, the Company entered into the Master Agreement with YRS pursuant to which the Company agreed to sell and YRS agreed to purchase the Products (which include the Equipment and the Turnkey project(s)) for the two years ending 31 December 2009.

YRS is a substantial Shareholder which indirectly owned approximately 10.9% of the total issued share capital of the Company through YRSI as at the date of the Master Agreement. Accordingly, YRS is a connected person of the Company as defined under the GEM Listing Rules. The Transaction therefore constitutes a continuing connected transaction for the Company under Chapter 20 of the GEM Listing Rules and is subject to approval of the Independent Shareholders at the EGM.

An Independent Board Committee comprising Mr. Chan Ngai Sang, Kenny, Mr. Bian Junjiang and Mr. Guan Zhichuan (all being independent non-executive Directors) has been formed to advise the Independent Shareholders on (i) whether the terms of the Master Agreement and the Annual Caps are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Transaction is conducted in the ordinary and usual course of business of the Company and is in the interests of the

LETTER FROM GUANGDONG SECURITIES

Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the relevant resolution to approve the Master Agreement and the transactions contemplated therein, and the Annual Caps at the EGM. We, Guangdong Securities Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the date hereof. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 17.92 of the GEM Listing Rules.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company and YRS or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transaction. In addition, we have no obligation to update this opinion to take into account events occurring after the issue of this letter. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Transaction and the Annual Caps, we have taken into consideration the following principal factors and reasons:

(1) Background of the Transaction

Business overview of the Group

As referred to in the Board Letter, the Group is a product and service provider of onshore and offshore drilling rigs in the oil and gas industry. The Group is principally

LETTER FROM GUANGDONG SECURITIES

engaged in (i) 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 (ii) the provision of turnkey solutions for offshore rigs.

Set out below are the operating results of the Group for the three months ended 31 March 2008 and the two years ended 31 December 2007 as extracted from the Company's unaudited first quarterly report for the three months ended 31 March 2008 (the "2008 First Quarterly Report") and its audited annual report for the year ended 31 December 2007 respectively:

	For the three months ended 31 March 2008	For the year ended 31 December 2007	For the year ended 31 December 2006	Year on year change %
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	
	(unaudited)	(audited)	(audited)	
Turnover				
– Rig products and technology	2,348	19,652	13,401	46.65
– Rig turnkey solutions	13,108	–	–	–
– Oilfield expendables and supplies	3,457	13,944	13,109	6.37
– Consultancy services	448	731	528	38.45
Total	<u>19,361</u>	<u>34,327</u>	<u>27,038</u>	<u>26.96</u>
Gross profit	4,358	13,833	12,077	14.54
Profit attributable to equity shareholders of the Company	292	3,496	4,292	(18.55)

From the above table, we note that the total turnover of the Group for the year ended 31 December 2007 increased by approximately 26.96% as compared to the prior year. As confirmed by the Directors, such improvement was mainly contributed by the considerable growth in the sale of rig products and technology, which was amounted to approximately 46.65% during the same said year. Although there had been a drop in the total net profit of the Group from the 2006 financial year to the 2007 financial year, the Directors confirmed that it was due to a rapid increase in selling, general and administrative expenses.

LETTER FROM GUANGDONG SECURITIES

According to the 2008 First Quarterly Report, it is the Group's strategy to continue its business focus on serving the oil and gas drilling industry worldwide. The Directors expected that the demand for drilling products expendables will remain strong in the future. Moreover, the Directors also believed that the Group shall be at a competitive position to enjoy continual future business expansion by leveraging on its lower-cost manufacturing base in the PRC, its international sales and distribution network and its ability to offer complete offshore drilling equipment "turnkey solutions" to international clients.

Information on YRS

As extracted from the Board Letter, 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. As at the date of the Master Agreement, YRS indirectly owned approximately 10.9% of the total issued share capital of the Company through YRSI which is a wholly-owned subsidiary of YRS. YRS is therefore deemed to be a substantial Shareholder.

Reasons for the Transaction

As referred to in the Board Letter, the Directors expected that the Transaction will provide a stable source of revenue to the Group and will save administrative time of the Group.

We have further enquired into the Directors regarding the reasons for the Transaction and were advised by the Directors that the Group has been selling the Products to YRS Group since July 2007 while sales were recorded by the Group from the first quarter of the 2008 financial year. In the 12 months prior to the date of the Master Agreement, the Group entered into four similar transactions regarding the sale and purchase of the Products with YRS Group. Given the expected substantial demand of the Products from YRS Group, the Directors are of the view that it is for the Group's benefit to maintain continuing business relationship with YRS Group in order to secure a steady source of revenue and save administrative time.

Having considered that (i) it is the Group's strategy to focus on serving the oil and gas drilling industry worldwide; (ii) YRS Group has been a purchaser of the Products since July 2007 and will be a repeated purchaser of the Products; and (iii) the Transaction will contribute steady source of revenue to the Group and save administrative time of the Group, we concur with the Directors that it would be beneficial for the Company to enter into the Master Agreement with YRS and to carry out the Transaction. For this reason, we consider the Transaction to be in the interests of the Company and the Shareholders as a whole. In addition, since the Group is a product and service provider of onshore and offshore drilling rigs in the oil and gas industry, we are of the opinion that the Transaction is conducted in the ordinary and usual course of business of the Company.

LETTER FROM GUANGDONG SECURITIES

(2) Principal terms of the Master Agreement

The below table tabulates a summary of the major terms of the Master Agreement (details of which are contained under the section headed “Terms of the Master Agreement” of the Board Letter):

Date:	4 June 2008
Effective period:	From the Commencement Date to 31 December 2009 (both days inclusive)
Seller:	the Company
Buyer:	YRS
Nature of transaction:	Pursuant to the Master Agreement, the Company agreed to sell and YRS agreed to purchase the Products (which include the Equipment and the Turnkey Project(s)). It is agreed that each sale and purchase of the Equipment and the Turnkey Projects will be performed by the respective subsidiaries of the Company and YRS under separate contracts in accordance with the terms and conditions of the Master Agreement.
Annual Caps:	The Annual Caps under the Master Agreement for the two years ending 31 December 2009 are approximately RMB589 million and approximately RMB1,028 million respectively.
Basis of the Annual Caps:	The Annual Caps were determined by the Company after taking into account of (i) the estimated demand of the Products during the relevant years as provided to the Company by YRS; and (ii) the expected selling price of the Products during the relevant years.

The Group and YRS Group agreed that the Transaction will be conducted on normal commercial terms, in particular: (i) the Transaction will be on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties to the Company; (ii) the Transaction will be in the ordinary and usual course of business of the Company and conducted after arm’s length negotiations; and (iii) the Transaction will not exceed the Annual Caps for the two years ending 31 December 2009.

Based on the terms of the Master Agreement as summarised above, in particular that the Transaction will be conducted on normal commercial terms and will be on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties to the Company, we are of the view that the terms of the Master Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

(3) Basis of the proposed Annual Caps

From the Board Letter and as outlined in the previous section, the Annual Caps were determined by the Company after taking into account of (i) the estimated demand of the Products during the relevant years as provided to the Company by YRS; and (ii) the expected selling price of the Products during the relevant years.

In assessing the fairness and reasonableness of the Annual Caps, we have discussed with the Directors regarding the basis and assumptions underlying the projections of the estimated demand and the expected selling price of the Products. In this respect, the Directors confirmed that YRS had provided the Company with the estimated demand figures of YRS Group for the Products during the two years ending 31 December 2009 as attachment of a letter of intent which was entered into by the Company and YRS on 3 June 2008 (the “Letter of Intent”). We have requested for a copy of the Letter of Intent and found that the Letter of Intent indicated the intention of YRS to build more offshore rigs in the PRC and to negotiate and conclude a master supply agreement in relation to the Transaction based on the estimated demand figures as contained in the attachment of the Letter of Intent.

As for the expected selling price of the Products during the two year ending 31 December 2009, upon our enquiry, the Directors advised us that a cost-plus basis was applied for determining the expected selling price of the Products and as also confirmed by the Directors, such cost-plus basis is a method which the Company would normally use to determine the selling price of its products (including those the Company sells to the independent third parties to the Company). For our due diligence purpose, we have requested the Company to provide us with the budgeted cost and profit margin of each of the Products and some of the other products of the Company, and we noted from the calculation worksheets which were provided to us by the Company that the selling price of each of the Products were set from those basis.

In view of aforementioned basis and assumptions of determining the Annual Caps by referencing to the estimated demand and expected selling price of the Products, we consider that the Annual Caps are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

(4) GEM Listing Rules implication

The Directors confirmed that the Company shall comply with the requirements of Rules 20.45 to 20.48 of the GEM Listing Rules pursuant to which (i) the values of the transactions contemplated under the Master Agreement must be restricted by way of cap amounts for the two years ending 31 December 2009; (ii) the terms of the transactions contemplated under the Master Agreement and the Annual Caps must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors’ annual review on the terms of the transactions contemplated under the Master Agreement and the Annual Caps must be included in the Company’s subsequent published annual reports and financial accounts. Moreover, it is also required by the GEM Listing Rules that the auditors of the Company must provide a letter to the Board confirming, amongst others, that the transactions contemplated

LETTER FROM GUANGDONG SECURITIES

under the Master Agreement are carried out in accordance with the pricing policies of the Company and that the Annual Caps are not being exceeded, or that if there is any material amendment to the terms of the Master Agreement, the Company, as confirmed by the Directors, shall comply with the applicable provisions of the GEM Listing Rules governing continuing connected transactions. In view of the above stipulated requirements for the Transaction pursuant to the GEM Listing Rules, we are of the view that there are adequate measures in place to monitor the transactions contemplated under the Master Agreement and hence the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION

Having considered the above factors and reasons, we are of the opinion that (i) the terms of the Master Agreement and the Annual Caps are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Transaction is conducted in the ordinary and usual course of business of the Company and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the Master Agreement and the transactions contemplated therein, and the Annual Caps and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
Guangdong Securities Limited
Graham Lam
Managing Director

1. RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading; and (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests and short positions in shares, underlying shares and debentures

As at the Latest Practicable Date, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, were as follows:

Interests in Shares

Name of Directors	Number of issued ordinary shares of HK\$0.10 each in the Company (long position)				Total	Approximate percentage of the Company's issued share capital
	Personal interests	Family interests	Corporate interests	Other interests		
Mr. Zhang Menggui (Note 1)	864,000	–	136,871,200	–	137,735,200	35.62%
Mr. Jiang Bing Hua (Note 1)	864,000	–	136,871,200	–	137,735,200	35.62%
Mr. Zhang Hongru (Note 2)	4,690,800	–	16,228,800	–	20,919,600	5.71%
Mr. Chen Yunqiang	1,123,200	–	–	–	1,123,200	0.71%

Notes:

1. Global Energy Investors, LLC is the beneficial owner of 136,871,200 Shares. The entire share capital of Global Energy Investors, LLC is beneficially owned as to 50% each by Mr. Zhang Menggui and Mr. Jiang Bing Hua, both being the executive Directors. Accordingly, both of Mr. Zhang Menggui and Mr. Jiang Bing Hua are deemed to be interested in the 136,871,200 Shares beneficially owned by Global Energy Investors, LLC.
2. Mr. Zhang Hongru personally holds 4,690,800 Shares and indirectly holds 16,228,800 Shares through Osbeck Investments Limited which is an investment holding company wholly owned by him. Accordingly, Mr. Zhang Hongru is deemed to be interested in the Shares held by Osbeck Investments Limited under Part XV of the SFO.

Interests in underlying Shares through equity derivatives

Name of Directors	Date of grant	Exercisable period	Exercise price HK\$	Number of share options
Mr. Zhang Menggui	19 October 2005	29 November 2005 to 18 October 2015	0.2383	2,592,000
Mr. Jiang Bing Hua	19 October 2005	29 November 2005 to 18 October 2015	0.2383	2,592,000
Mr. Zhang Hongru	19 October 2005	29 November 2005 to 18 October 2015	0.2383	1,555,200
Mr. Chen Yunqiang	19 October 2005	29 November 2005 to 18 October 2015	0.2383	1,684,800

Save as disclosed above, as at the Latest Practicable Date, none of the directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors.

(b) Substantial shareholders' and other persons' interests and short positions in shares and underlying shares

As at the Latest Practicable Date, the following persons had interests or short positions in the shares and 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 the SFO:

Long positions in ordinary shares and underlying shares of the Company:

Name	Capacity and nature of interest	Number of Shares/underlying Shares held	Approximate percentage of the Company's issued share capital
Global Energy Investors, LLC (Note 1)	Corporate	136,871,200 Shares	34.75%
Madam Chen Fengying (Note 2)	Interest of the spouse	137,735,200 Shares and 2,592,000 share options	35.62%
Madam Zhang Jiuli (Note 3)	Interest of the spouse	137,735,200 Shares and 2,592,000 share options	35.62%
YRS Investments Limited (Note 4)	Corporate	42,800,000 Shares	10.87%
Yantai Raffles Shipyard Limited (Note 4)	Corporate	42,800,000 Shares	10.87%
Mr. Brian Chang (Note 4)	Interest in controlled entities	58,872,800 Shares	14.95%
Keywise Greater China Opportunities Master Fund (Note 5)	Corporate	41,488,000 Shares	10.53%
Keywise Capital Management (HK) Limited (Note 5)	Corporate	41,488,000 Shares	10.53%
NESTOR Fernost Fonds (Note 6)	Corporate	22,828,000 Shares	5.80%
NESTOR Investment Management S.A. (Note 6)	Corporate	22,828,000 Shares	5.80%
Mr. Ou Yaping (Note 7)	Interest in controlled entities	22,000,000 Shares	5.59%
Asia Pacific Promotion Limited (Note 7)	Corporate	22,000,000 Shares	5.59%
Enerchina Holdings Limited (Note 7)	Corporate	22,000,000 Shares	5.59%
Multiwin Corporation (Note 7)	Corporate	22,000,000 Shares	5.59%
Roxy Link Limited (Note 7)	Corporate	22,000,000 Shares	5.59%

Name	Capacity and nature of interest	Number of Shares/underlying Shares held	Approximate percentage of the Company's issued share capital
Madam Gao Haiping (Note 8)	Interest of the spouse	20,919,600 Shares and 1,555,200 share options	5.71%
FMR LLC	Corporate	20,030,000 Shares	5.08%

Notes:

1. This interest represents the same block of corporate interest held by Mr. Zhang Menggui and Mr. Jiang Bing Hua as shown in the above paragraph headed "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures".
2. These interests represent the same block of Shares and share options held by Mr. Zhang Menggui as shown in the above paragraph headed "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures". Since Madam Chen Fengying is the spouse of Mr. Zhang Menggui, she is deemed to be interested in the Shares and share options held by him under Part XV of the SFO.
3. These interests represent the same block of Shares and share options held by Mr. Jiang Bing Hua as shown in the above paragraph headed "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures". Since Madam Zhang Jiuli is the spouse of Mr. Jiang Bing Hua, she is deemed to be interested in the Shares and share options held by him under Part XV of the SFO.
4. YRS Investments Limited ("YRSI") is ultimately wholly-owned by Yantai Raffles Shipyard Limited ("YRS"), a company incorporated in Singapore and the shares of which are traded on the Oslo Over-the-Counter Market. Accordingly, YRS is deemed to be interested in the 42,800,000 Shares held by YRSI. YRS is owned as to approximately 45% by Mr. Brian Chang and his associates. Mr. Brian Chang is deemed to be interested in the 42,800,000 Shares held by YRSI as he holds more than one-third interest of the issued share capital of YRSI. Mr. Brian Chang is also deemed to be interested in the 16,072,800 Shares held by his wholly-owned company, Asian Infrastructure Limited.
5. Keywise Greater China Opportunities Master Fund is an investment fund registered in the Cayman Islands and is wholly owned by Keywise Capital Management (HK) Limited, a company which is incorporated in Hong Kong.
6. NESTOR Investment Management S.A. held the 22,828,000 Shares on behalf of NESTOR Fernost Fonds, an undertaking for collection investments under the laws of the Grand Duchy von Luxembourg.

7. Roxy Link Limited (“Roxy”) is the beneficial owner of the 22,000,000 Shares. Roxy is a wholly-owned subsidiary of Multiwin Corporation (“Multiwin”), which in turn is a wholly-owned subsidiary of Enerchina Holdings Limited (“Enerchina”).

Asia Pacific Promotion Limited (“Asia Pacific”) is wholly owned by Mr. Ou Yaping (“Mr. Ou”). Enerchina is owned as to approximately 32.5% by Asia Pacific and approximately 0.17% by Mr. Ou directly. Therefore, Mr. Ou, Asia Pacific, Enerchina and Multiwin are deemed to be interested in the 22,000,000 Shares of the Company held by Roxy under Part XV of the SFO.

8. These interest represent the same block of Shares and share options held by Mr. Zhang Hongru as shown in the above paragraph headed “Directors’ and chief executives’ interests and short positions in shares, underlying shares and debentures”. Since Madam Gao Haiping is the spouse of Mr. Zhang Hongru, she is deemed to be interested in the Shares and share options held by him under Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, there was no person (other than the Directors and chief executives of the Company whose interests are set out under the paragraph headed “Directors’ and chief executives’ interests and short positions in shares, underlying shares and debentures” above), had an interest or short position in the shares or underlying shares of the Company as recorded in the register to be kept under Section 336 of the SFO.

3. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claims of material importance is known to the Directors to be pending or threatened against any members of the Group.

4. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware of, neither themselves nor the management shareholders of the Company or their respective associates (as defined in the GEM Listings Rules) had any interests in a business which competes or is likely to compete either directly or indirectly with the business of the Group or any other conflict of interest which any such person has or may have with the Group.

5. DIRECTORS’ INTEREST IN ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed or leased to any members of the Group or are proposed to be acquired or disposed of by or leased to any members of the Group since 31 December 2007, being the date to which the latest published audited accounts of the Company were made up.

None of the Directors was materially interested, directly or indirectly, in any contract or arrangements entered into by any members of the Group subsisting the Latest Practicable Date and was significant in relation to the business of the Group.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, each of the executive Director had entered into a service contract with the Company for a term of three years commencing from 28 November 2005 and expiring on 27 November 2008 unless terminated by giving either party to the other not less than three months' prior written notice.

As at the Latest Practicable Date, each of the independent non-executive Director had entered into a service contract with the Company for a term of three years commencing from 20 October 2005 and expiring on 19 October 2008 unless terminated by giving either party to the other not less than three months' prior written notice.

As at the Latest Practicable Date, the non-executive Director, Mr. Jiang Longsheng, had entered into a service contract with the Company for a term of three years commencing from 1 May 2006 and expiring on 30 April 2009 unless terminated by giving either party to the other not less than three months' prior written notice.

As at the Latest Practicable Date, none of the Directors had a service contract with the Company or any of its subsidiaries which is not determinable by the Company within one year without payment of compensation, other than statutory obligations.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse changes in the financial or trading position or prospects of the Group since 31 December 2007, being the date to which the latest published audited accounts of the Company were made up.

8. EXPERT AND CONSENT

The following is the qualification of the expert who has given advice which is contained in this circular:

Name	Qualification
Guangdong Securities	Guangdong Securities Limited, a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as defined under the SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Master Agreement and the Annual Caps.

As at the Latest Practicable Date, Guangdong Securities did not have any shareholding in any members of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any members of the Group.

As at the Latest Practicable Date, Guangdong Securities had given and had not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter of advice and/ or reference to its name in the form and context in which it is included.

As at the Latest Practicable Date, Guangdong Securities did not have any direct or indirect interest in any assets which have been, since 31 December 2007 (the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any members of the Group, or are proposed to be acquired or disposed of by or leased to any members of the Group.

9. MATERIAL CONTRACTS

Save as disclosed below, as at the Latest Practicable Date, none of the members of the Group had entered into any contracts, not being contracts entered into in the ordinary course of business, which are or may be material within the two years immediately preceding the Latest Practicable Date:

- (a) the construction contract dated 25 December 2006 in respect of the construction of a workshop and a laboratory building in Xian, the PRC;
- (b) the placing agreement dated 30 March 2007 in respect of the issue and allotment of new Shares to Keywise Greater China Opportunities Master Fund;
- (c) the supplementary construction contract dated 12 June 2007 in respect of revising the contract value of the agreement referred to in point (a) above;
- (d) the sale and purchase agreement dated 8 July 2007 in respect of the acquisition of the entire issued share capital of and the assignment of all the shareholders' loan and advances owed by Top Sino Industrial Limited to Yearport International Limited, a wholly-owned subsidiary of the Company;
- (e) the subscription agreement dated 19 July 2007 in respect of the subscription of new Shares by Global Energy Investors, LLC;
- (f) the sale and purchase agreement dated 20 September 2007 in relation to the acquisition of an equity interest in Goldman Offshore Design LLC;
- (g) the facility agreement in respect of loan facility granted by Lime Rock Partners III, L.P. to Global Marine Energy Plc.;
- (h) the facility agreement in respect of loan facility granted by Spring Capital Resources, Inc. to Global Marine Energy Plc.;
- (i) the leasing agreement dated 1 November 2007 entered into by Patriot Mechanical Handling Inc. in respect of a ten year lease of a manufacturing facility in Houston, Harris Country, Texas, the United States of America;

- (j) the agreement dated 1 November 2007 entered into by a limited liability company which is 99%-owned by Patriot Mechanical Handling Inc. to acquire and lease the manufacturing facility referred to in point (i) above;
- (k) the contract note dated 18 December 2007 in respect of the acquisition of 20,992,498 Global Marine Energy Plc. shares acquired by the Company from Gartmore Investment Management Limited on 18 December 2007 and the settlement date was on 21 December 2007; and
- (l) the placing agreement dated 18 June 2008 entered into between the Company and CCB International Capital Limited and Platinum Securities Company Limited in respect of the placing of up to 155,000,000 new Shares.

10. MISCELLANEOUS

- (a) The registered address of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The principal office in Hong Kong is at Unit 1612, 16/F., China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong.
- (c) The share registrar and transfer agent of the Company in Hong Kong is Tricor Investor Services Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (d) The qualified accountant of the Company is Mr. Wong Kin Ming, Terry. Mr. Wong graduated from the University of Windsor, Canada with a bachelor degree in commerce and obtained his master degree in business (accounting) from Monash University, Australia. He became an associate member of CPA Australia in 1996 and advanced to Certified Practising Accountant in 2003. He is also an associate member of the Hong Kong Institute of Certified Public Accountants. Prior to joining the Company in March 2005, Mr. Wong held several positions in the areas of finance, accounting, taxation and audit for different private companies. Mr. Wong has over 16 years of financial and accounting experience.
- (e) The company secretary of the Company is Ms. Cheung Wai Sze, Candy. Ms. Cheung graduated from Curtin University of Technology, Australia with a bachelor degree in commerce and obtained her master degree in professional accounting and information systems from City University of Hong Kong. She is an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. Ms. Cheung has over 7 years of company secretarial and corporate affairs experience.
- (f) In any event of inconsistency, the English language text of this circular shall prevail over the Chinese language text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Company at Unit 1612, 16/F., China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong during normal business hours from the date of this circular up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the Master Agreement;
- (c) the letter from the Independent Board Committee, the text of which is set out on page 9 of this circular;
- (d) the letter from Guangdong Securities, the text of which is set out from pages 10 to 16 of this circular;
- (e) the material contracts as referred to under the section headed “Material contracts” in this appendix;
- (f) the written consent from Guangdong Securities as referred to under the section headed “Expert and consent” in this appendix;
- (g) the service contracts as referred to under the section headed “Directors’ service contracts” in this appendix;
- (h) the audited annual reports of the Company for each of the financial years ended 31 December 2006 and 31 December 2007; and
- (i) this circular.

NOTICE OF EGM



TSC Offshore Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8149)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “Meeting”) of TSC Offshore Group Limited (the “Company”) will be held at Suite 2001, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong at 10:00 a.m. on Friday, 18 July 2008 to consider and, if thought fit, to pass, with or without amendments, the following resolution:

ORDINARY RESOLUTION

1. **“THAT:**

- (a) the master agreement dated 4 June 2008 (the “Master Agreement”) entered into between the Company (as seller) and Yantai Raffles Shipyard Limited (as buyer) in relation to the sale of the products (which include the equipment used on offshore platforms including but not limited to power control package, jacking control system, BOP handling and transport, burner boom, etc. and the project(s) related to offshore platforms including (i) cantilever and drill floor projects; (ii) rack material processing project; and (iii) design, engineering and consulting service projects) for the term of two years ending 31 December 2009, a copy of which has been produced to this meeting marked “A” and signed by the chairman of the Meeting for the purpose of identification, the transactions contemplated under the Master Agreement and the implementation thereof be and are hereby approved, confirmed and ratified;
- (b) the proposed annual caps in relation to the transactions contemplated under the Master Agreement for each of the two years ending 31 December 2009 as set out in the circular of the Company dated 24 June 2008 be and are hereby approved, confirmed and ratified; and

NOTICE OF EGM

- (c) any one director of the Company be and is hereby authorized to do all such acts and things on behalf of the Company as they may consider necessary or expedient in his absolute discretion to implement the Master Agreement of any matters contemplated thereunder.”

By Order of the Board
TSC Offshore Group Limited
Jiang Bing Hua
Executive Chairman

Hong Kong, 24 June 2008

Notes:

1. Any member of the Company entitled to attend and vote at the Meeting is entitled to appoint another person as his proxy to attend and vote in his stead. A member who is the holder of two or more shares of the Company may appoint more than one proxy to attend and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares of the Company in respect of which each such proxy is so appointed. A proxy need not be a member of the Company, but must attend the Meeting in person to represent you.
2. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the principal place of business of the Company in Hong Kong at Unit 1612, 16/F., China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong not less than 48 hours before the time appointed for the holding of the Meeting or any adjourned meeting.
3. Completion and delivery of the form of proxy will not preclude a member of the Company from attending and voting in person at the Meeting if the member so desires and in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. Where there are joint holders of any shares of the Company, any one of such persons may vote at the Meeting, either in person or by proxy, in respect of such shares of the Company as if he was solely entitled thereto; but if more than one of such joint holders be present at the Meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.