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# THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker, or other licensed securities dealer, bank manager, solicitors, 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 and the accompanying form of proxy to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any losses howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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## TSC Offshore Group Limited

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 8149)**

### PLACING OF NEW SHARES UNDER SPECIFIC MANDATE, CONNECTED TRANSACTION AND SUPPLEMENTAL NOTICE OF EXTRAORDINARY GENERAL MEETING

**Lead Placing Manager**



**Co-Lead Placing Manager**



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



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A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on page 15 of this circular. A letter from Guangdong Securities, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, containing its recommendation in respect of the connected transaction, is set out on pages 16 to 28 of this circular. A supplemental 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. is set out on pages 35 to 36 of this circular. A supplemental form of proxy for use at the EGM is enclosed.

Whether or not you intend to attend and vote at the EGM, you are requested to complete and return the enclosed supplemental form of proxy to the Company's principal place of business at Unit 1612, 16th Floor, China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the supplemental form of proxy 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 GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for seven days from the date of its publication and on the website of the Company at [www.tscoffshore.com](http://www.tscoffshore.com).*

2 July 2008

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## CHARACTERISTICS OF GEM

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**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

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“Announcement”	the announcement of the Company dated 19 June 2008 in relation to the Placing
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday or Sunday) on which licensed banks in Hong Kong are generally open for banking business
“China” or “PRC”	The People’s Republic of China
“CIMC”	China International Marine Containers (Group) Co., Ltd, a joint stock company established in the PRC with limited liability. Its A shares and B shares are listed and traded on the Shenzhen Stock Exchange
“Co-Lead Placing Manager”	Platinum Securities Company Limited, the co-lead placing manager under the Placing Agreement and a licensed corporation for Type 1 (Dealing in Securities) and Type 6 (Advising on Corporate Finance) of the regulated activities under the SFO
“Company”	TSC Offshore Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“Directors”	directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened and held to approve, among other matters, the Placing including the Keywise Subscription under the specific mandate
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Committee”	the listing sub-committee appointed by GEM for considering applications for listing and the granting of listing
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

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## DEFINITIONS

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“GME”	Global Marine Energy, Plc, a company incorporated in England & Wales with limited liability, a non wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Guangdong Securities” or “Independent Financial Adviser”	Guangdong Securities Limited, a licensed corporation for Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activity as defined under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Keywise Subscription
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising Chan Ngai Sang, Kenny, Bian Junjiang and Guan Zhichuan formed to advise the Independent Shareholders in relation to the Keywise Subscription
“Independent Shareholders”	the Shareholders other than Keywise Fund, Asian Infrastructure Limited, YRS Investments Limited and Roxy Link Limited and their respective associates who have interests in the Placing and are required to abstain from voting at the EGM
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons of the Company in accordance with the GEM Listing Rules
“Keywise Fund”	Keywise Greater China Opportunities Master Fund, an investment fund registered in the Cayman Islands
“Keywise Subscription”	the subscription for the 10,000,000 Placing Shares by Keywise Fund
“Latest Practicable Date”	27 June 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular

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## DEFINITIONS

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“Lead Placing Manager”	CCB International Capital Limited, the lead placing manager under the Placing Agreement and a licensed corporation for Type 1 (Dealing in Securities) and Type 6 (Advising on Corporate Finance) of the regulated activities under the SFO
“Placee(s)”	any professional or institutional or individual investor(s) whom the Lead Placing Manager and Co-Lead Placing Manager has procured to purchase any of the Placing Shares pursuant to its obligation under the Placing Agreement
“Placing”	the placing of the Placing Shares by or on behalf of the Lead Placing Manager and Co-Lead Placing Manager on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agreement”	the agreement dated 18 June 2008 and entered into between the Company and the Lead Placing Manager and Co-Lead Placing Manager in respect of the Placing
“Placing Price”	the placing price of HK\$1.88 per Placing Share
“Placing Shares”	an aggregate of up to 155,000,000 new Shares to be allotted and issued by the Company under the Placing
“SFO”	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
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.



## TSC Offshore Group Limited

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 8149)**

*Executive Directors:*

Mr. Jiang Binghua  
Mr. Zhang Menggui  
Mr. Zhang Hongru  
Mr. Chen Yunqiang

*Registered office:*

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

*Non-executive Director:*

Mr. Jiang Longsheng

*Head office and principal place of  
business in Hong Kong:*

*Independent non-executive Directors:*

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

Unit 1612, 16th Floor  
China Merchants Tower  
Shun Tak Centre  
200 Connaught Road  
Central  
Hong Kong

2 July 2008

*To the Shareholders*

Dear Sir or Madam,

**PLACING OF NEW SHARES UNDER SPECIFIC MANDATE,  
CONNECTED TRANSACTION  
AND**

**SUPPLEMENTAL NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 19 June 2008 in respect of the Placing of up to an aggregate of 155,000,000 Placing Shares to the Placee(s) at the Placing Price of HK\$1.88 per Placing Share. The purpose of this circular is to provide you with (i) details of the Placing; (ii) the Keywise Subscription and (iii) the supplemental notice of EGM.

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## LETTER FROM THE BOARD

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### THE PLACING AGREEMENT

Date:	18 June 2008
Issuer:	The Company
Lead Placing Manager :	CCB International Capital Limited (an Independent Third Party)
Co-Lead Placing Manger :	Platinum Securities Company Limited (an Independent Third Party)

### Placees

The identity of the Placees, and the number of the Placing Shares which they will subscribe under the Placing, are as follow:

Name of Placees	Number of Placing Shares to be subscribed	% of Placing Shares
Sharp Vision Holdings Limited	50,000,000	32.26%
Windmere International Limited	50,000,000	32.26%
I.I.H.C. Industrial Investments Limited	35,000,000	22.58%
Roxy Link Limited	10,000,000	6.45%
Keywise Fund	10,000,000	6.45%
Total	<u>155,000,000</u>	<u>100%</u>

Sharp Vision Holdings Limited is a company incorporated in Hong Kong. Its ultimate beneficial owner is CIMC, which is a joint stock company established in the PRC with limited liability. Its A shares and B shares are listed and traded on the Shenzhen Stock Exchange and it is one of the world leading container manufacturers. CIMC is principally engaged in the manufacturing and sale of modern traffic and transport equipment such as containers, modern road transport vehicles and airport ground equipment.

Windmere International Limited is a company registered in the British Virgin Islands and is wholly owned by Mr. Brian Chang. Mr. Brian Chang is an existing Shareholder by virtue of his beneficial shareholding in Asian Infrastructure Limited, which is wholly owned by him.

I.I.H.C. Industrial Investments Limited is a private holding company incorporated in Nicosia, Cyprus. I.I.H.C. Industrial Investments Limited controls Friede & Goldman Group, which is principally engaged in the design of mobile offshore drilling and production units. As at the Latest Practicable Date, the Company held about 7% equity interest in Friede &



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## LETTER FROM THE BOARD

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Goldman Group and is an authorized agent of Friede & Goldman Group in China. I.I.H.C. Industrial Investments Limited is beneficially owned by Mr. Kakha Bendukidze, who is the founder and former chief executive officer and shareholder of United Heavy Machinery Uralmash-Izhora Group, a company which is listed on the London Stock Exchange. I.I.H.C. Industrial Investments Limited is an existing Shareholder holding 967,000 Shares, representing approximately 0.25% of the existing shareholding of the Company.

Roxy Link Limited is a company incorporated in the British Virgin Islands and is an existing Shareholder holding 22,000,000 Shares, representing approximately 5.59% of existing shareholding of the Company. Its ultimate beneficial owner is Enerchina Holdings Limited, which is incorporated in Bermuda and is listed on the main board of the Stock Exchange. Enerchina Holdings Limited is an investment holding company and its subsidiaries are principally engaged in power generation business in the PRC.

Keywise Fund is an investment fund registered in the Cayman Islands and is managed by Keywise Capital Management (HK) Limited, a company incorporated in Hong Kong. Keywise Fund was an existing substantial Shareholder as at the Latest Practicable Date.

Other than Mr. Brian Chang, who will be regarded as a substantial Shareholder after the Placing by virtue of his beneficial shareholding in his wholly-owned companies, namely, Asian Infrastructure Limited and Windmere International Limited, no other Placee(s) will become a substantial Shareholder (as defined in the GEM Listing Rules) as a result of the Placing.

Save as disclosed above, the Placees and, if applicable, their respective ultimate beneficial owners, are Independent Third Parties and there is no relationship among the Placees and their ultimate beneficial owners. To the best knowledge of the Board and having made all reasonable enquiries, the Placees are not parties acting in concert among themselves; and save as disclosed in this circular, the Placees and the existing Shareholders are not parties acting in concert.

### **Placing Shares**

Subject to the terms and conditions of the Placing Agreement, the Placing Shares will be allotted and issued to the Placees and represent, in aggregate, (i) approximately 39.35% of the existing issued share capital of the Company; and (ii) approximately 28.24% of the issued share capital of the Company as enlarged by the allotment and issue of 155,000,000 Placing Shares under the Placing (assuming that 155,000,000 Placing Shares are placed). No single concert party will hold more than 30% shareholding in the Company following the completion of the Placing.

The Placing Shares will rank *pari passu* in all respects with the Shares in issue at the date of allotment and issue and in particular will rank in full for all dividends and other distributions declared made or paid at any time after the date of completion of the Placing. There is no restriction on subsequent sale of the Placing Shares upon completion of the Placing.

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## LETTER FROM THE BOARD

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### **Placing Price**

The Placing Price of HK\$1.88 per Placing Share represents (i) a discount of approximately 2.59% to the average closing price of approximately HK\$1.93 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including 16 June 2008, being the last trading day immediately before the date of the Announcement; and (ii) a discount of approximately 17.90% to the closing price of HK\$2.29 per Share as quoted on the Stock Exchange on 16 June 2008, being the last trading day immediately before the date of the Announcement; and (iii) a discount of approximately 6.00% to the closing price of HK\$2.00 per Share as quoted on the Stock Exchange on 27 June 2008, being the Latest Practicable Date.

The Placing Price was arrived at after arm's length negotiations between the Company, the Lead Placing Manager and the Co-Lead Placing Manager. In determining the Placing Price, the Company has taken into consideration of various factors, including: (i) the need to reduce the gearing of the Group following the recent acquisition of GME; (ii) the need to increase production capacity to undertake any new potential influx of orders; and (iii) to prepare for any acquisition opportunities arising from the ongoing upheaval in the oil and gas industry and opportunities created by the recent surge in global oil price.

On the basis set out above and taking into account that the Placing will be subject to the approval from the Shareholders at the EGM, the Board (including the independent non-executive Directors) considers that despite the dilution effect of the Placing, the Placing Price and the terms and conditions of the Placing Agreement are normal commercial terms that are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### **Placing commission**

The Company will pay the Lead Placing Manager and Co-Lead Placing Manager a placing commission of 1.5% of the amount equal to the Placing Price multiplied by the number of Placing Shares placed by the Lead Placing Manager and Co-Lead Placing Manager.

### **Specific mandate to issue the Placing Shares**

The Placing Shares will be allotted and issued pursuant to the specific mandate sought to be granted to the Directors at the EGM. Under the general mandate granted by the Shareholders to the Board and the resolution of the Shareholders passed in the annual general meeting held on 22 April 2008, the Company was authorized to allot, issue or otherwise to deal with up to 78,781,600 new Shares. As at the Latest Practicable Date, the Company had not issued any new Shares pursuant to such general mandate.

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## LETTER FROM THE BOARD

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### **Conditions of the Placing**

The Placing is conditional upon the fulfillment of each of the following conditions from time to time by 31 July 2008 or such other date as the parties thereto may agree:

- (1) the passing by the Shareholders in a general meeting of an ordinary resolution approving the Placing Agreement and the transactions thereby contemplated and the granting of the specific mandate to the Directors for the allotment and issue of the Placing Shares pursuant to the Placing in accordance with the GEM Listing Rules; and
- (2) the written confirmation issued by the GEM Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Placing Shares having been obtained.

The Company shall use its reasonable endeavours to procure the satisfaction of the above conditions by 31 July 2008 (or such other date as the parties thereto may agree), but if the conditions shall not be so satisfied, the obligations of the Lead Placing Manager and the Co-Lead Placing Manager thereunder shall cease and terminate and none of the parties shall have any claim against the other in relation thereto.

### **Completion of the Placing**

Completion of the Placing will take place at 4:00 p.m. at the offices of the Lead Placing Manager from time to time but not later than the fourth Business Days immediately after the date of fulfillment of conditions set out above or such other date as the Company and the Lead Placing Manager and Co-Lead Placing Manager may agree in writing.

### **Application for listing**

Application has been made by the Company to the GEM Listing Committee for the approval for the listing of, and permission to deal in, the Placing Shares successfully placed by the Lead Placing Manager and Co-Lead Placing Manager.

### **Other terms of the Placing Agreement**

The Company undertakes to ensure that, save as disclosed in this circular, none of its connected persons shall purchase any of the Placing Shares under the Placing and the Places will be Independent Third Parties.

The Company also undertakes to the Lead Placing Manager and Co-Lead Placing Manager that it will not, before the completion of the Placing, except for Shares to be issued pursuant to the terms of any employee share option scheme of the Company (and in such case the Company shall notify the Lead Placing Manager and Co-Lead Placing Manager in writing immediately upon receipt of any notice of exercise in relation thereto), (i) allot or issue or offer

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## LETTER FROM THE BOARD

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to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares; or (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above; or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above, without first having obtained the written consent of the Lead Placing Manager and Co-Lead Placing Manager.

The Lead Placing Manager and Co-Lead Placing Manager shall have the right (but not obligation) exercisable at any time by notice in writing to the Company to terminate the Placing Agreement if, among other things, (i) any of the Placing Shares are not delivered by or on behalf of the Company in accordance with the Placing Agreement; or (ii) the Lead Placing Manager or Co-Lead Placing Manager has only successfully placed part of (but not all) the 155,000,000 Placing Shares pursuant to the Placing Agreement before 31 July 2008 or such other date as the parties thereto may agree.

### **Reasons for the Placing**

The Board considers that the Placing represents an opportunity to raise capital for the Group while broadening its Shareholders and capital base. The Directors consider it is necessary to raise funds to reduce the gearing of the Company following the recent acquisition of GME, and also increase production capacity to undertake any new potential influx of orders. The Directors also believe that the Company should raise funds to prepare for any acquisition opportunities brought about by the ongoing upheaval in the oil and gas industries, as well as the opportunities created by the recent surge in global oil price.

The Board has also considered various ways of financing and consider that the Placing is an appropriate fund raising exercise as (i) in comparison with debt financing exercises, the Placing will not increase the gearing ratio and indebtedness of the Group; and (ii) in comparison with other equity financing exercises, such as rights issue and open offer, the Placing will broaden not only the capital base of the Company but also the Shareholder base.

On the basis set out above and taking into account that the Placing will be subject to the approval from the Shareholders at the EGM, the Board (including the independent non-executive Directors), considers that despite the dilution effect of the Placing, the Placing Price and the terms and conditions of the Placing Agreement are normal commercial terms that are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### Use of proceeds

The gross proceeds of the Placing will amount to approximately HK\$291.4 million, and the corresponding net proceeds receivable by the Company are estimated to be approximately HK\$286.0 million after deducting the placing commission and all estimated costs, fees and expenses to be borne by the Company. It is presently expected that the net proceeds will be applied towards: (i) approximately HK\$109.2 million for the repayment of Shareholder's loan from Spring Capital Resources Limited; (ii) approximately HK\$40 million for the possible acquisition of companies/businesses in the oil and gas equipment sector; (iii) approximately HK\$53 million for the construction of a new production plant in Qingdao; and (iv) the rest for general working capital. As at the Latest Practicable Date, no acquisition targets had yet been identified by the Company.

The Directors consider that the Placing Agreement is entered into under normal commercial terms following arm's length negotiations between the Company, the Lead Placing Manager and Co-Lead Placing Manager and that the terms of the Placing Agreement are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned.

### FUND RAISING EXERCISE BY THE COMPANY IN THE PAST TWELVE MONTHS

The following fund raising activity had been carried out by the Company in the twelve months immediately prior to the Latest Practicable Date:

<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
25 July 2007	Top up placing of new Shares	Approximately HK\$300 million	HK\$270 million for future acquisitions of and investments in companies and/or businesses which have synergies with the Company's existing business, and HK\$30 million for general working capital	Approximately HK\$253.4 million has been used towards the acquisition and capital injection of our UK, USA and PRC subsidiaries and a further HK\$46.6 million was used as general working capital

## LETTER FROM THE BOARD

### EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The effects on the shareholding structure of the Company as a result of the Placing are as follows:

	As at the Latest Practicable Date and before the allotment and issue of the Placing Shares		Immediately after the completion of the Placing and the allotment and issue of 155,000,000 Placing Shares	
	No. of Shares	Approximate Percentage	No. of Shares	Approximate Percentage
Global Energy Investors, LLC (Note 1)	136,871,200	34.75%	136,871,200	24.94%
Mr. Zhang Menggui in his personal capacity (Note 2)	864,000	0.22%	864,000	0.16%
Mr. Jiang Binghua in his personal capacity (Note 3)	864,000	0.22%	864,000	0.16%
Subtotal (Note 1):	138,599,200	35.19%	138,599,200	25.26%
YRS Investments Limited (Note 4)	42,800,000	10.87%	42,800,000	7.80%
Mr. Brian Chang (Note 4)	16,072,800	4.08%	66,072,800	12.03%
Subtotal (Note 4):	58,872,800	14.95%	108,872,800	19.83%
Osbeck Investments Limited (Note 6)	16,228,800	4.12%	16,228,800	2.96%
Mr. Zhang Hongru in his personal capacity (Note 7)	4,690,800	1.19%	4,690,800	0.85%
Subtotal (Note 6):	20,919,600	5.31%	20,919,600	3.81%
Keywise Fund (Note 5)	41,488,000	10.53%	–	–
Mr. Chen Yunqiang in his personal capacity (Note 8)	1,123,200	0.28%	1,123,200	0.20%
Public				
Sharp Vision Holdings Limited	–	–	50,000,000	9.11%
I.I.H.C. Industrial Investments Limited	967,000	0.24%	35,967,000	6.55%
Roxy Link Limited	22,000,000	5.59%	32,000,000	5.83%
Keywise Fund (Note 5)	–	–	51,488,000	9.38%
Other public Shareholders	109,938,204	27.91%	109,938,204	20.03%
Subtotal:	132,905,204	33.74%	279,393,204	50.90%
Total	<u>393,908,004</u>	<u>100.00%</u>	<u>548,908,004</u>	<u>100.00%</u>

*Notes:*

- Global Energy Investors, LLC is the beneficial owner of 136,871,200 Shares. The entire issued share capital of Global Energy Investors, LLC is beneficially owned as to 50% each by Mr. Zhang Menggui and Mr. Jiang Binghua, both are executive Directors. Global Energy Investors, LLC, Mr. Zhang Menggui and Mr. Jiang Binghua are parties acting in concert together holding a total shareholding interest of 35.19% and 25.26% of the Company immediately before and after the Placing respectively.
- Mr. Zhang Menggui is the beneficial owner of 864,000 Shares, and is deemed to be interested in the 136,871,200 Shares beneficially owned by Global Energy Investors, LLC.

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## LETTER FROM THE BOARD

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3. Mr. Jiang Binghua is the beneficial owner of 864,000 Shares, and is deemed to be interested in the 136,871,200 Shares beneficially owned by Global Energy Investors, LLC.
4. YRS Investments Limited (“YRSI”) is owned as to 100% by Yantai Raffles Shipyard Limited (“YRS”), a company incorporated in Singapore and whose shares are traded on the Oslo Over-the-Counter. As such, YRS is deemed to be interested in 42,800,000 Shares held by YRSI. As YRS is owned as to approximately 45% by Mr. Brian Chang and his associates (as defined by the GEM Listing Rules), YRSI and Mr. Brian Chang are presumed to be parties acting in concert under the Takeovers Code, together holding a total shareholding interest of 14.95% and 19.83% of the Company immediately before and after the Placing respectively. Mr. Brian Chang also owns 100% interest in Asian Infrastructure Limited (“AIL”) and Windmere International Limited (“WIL”). AIL is the beneficial owner of 16,072,800 Shares. WIL has applied for the subscription of 50,000,000 Placing Shares under the Placing. Mr. Brian Chang has entered into an agreement on 13 March 2008 to sell approximately 81.8 million shares in YRS, representing approximately 29.9% of YRS’s issued share capital, to CIMC. The agreement is conditional, inter alia, upon CIMC obtaining necessary PRC governmental approvals. Upon completion of such agreement, Mr. Brian Chang will retain a total interest (direct and indirect) in YRS of approximately 39.0 million shares representing approximately 14.3% of YRS’s issued share capital.
5. Keywise Fund is an investment fund registered in the Cayman Islands and is managed by Keywise Capital Management (HK) Limited, a company incorporated in Hong Kong. Keywise Fund has applied for the subscription of 10,000,000 Placing Shares under the Placing. Keywise Fund will cease to be a substantial Shareholder immediately after the completion of the Placing.
6. Osbeck Investments Limited is the beneficial owner of 16,228,800 Shares. The entire issued share capital of Osbeck Investments Limited is beneficially owned by Mr. Zhang Hongru, an executive Director. Osbeck Investments Limited and Mr. Zhang Hongru are parties acting in concert together holding a total shareholding interest of 5.31% and 3.81% of the Company immediately before and after the Placing respectively.
7. Mr. Zhang Hongru is the beneficial owner of 4,690,800 Shares, and is deemed to be interested in the 16,228,800 Shares beneficially owned by Osbeck Investments Limited.
8. Mr. Chen Yunqiang is the beneficial owner of 1,123,200 Shares, an executive Director.

### IMPLICATIONS UNDER THE LISTING RULES

As one of the Placees, Keywise Fund, holding 10.53% of the existing shareholding of the Company, was a substantial Shareholder as at the Latest Practicable Date and will subscribe for 10,000,000 Placing Shares at a consideration of about HK\$18,800,000 based on the Placing Price of HK\$1.88 per Placing Share, the Keywise Subscription constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules, and as the relevant percentage ratios (as defined in the GEM Listing Rules) and the consideration in respect of the Keywise Subscription are greater than 2.5% and HK\$10,000,000 respectively, the exemptions provided under Chapter 20 of the GEM Listing Rules do not apply to such subscription, it is therefore subject to the reporting, announcement and Independent Shareholders’ approval requirements under Rule 20.17 of the GEM Listing Rules. Pursuant to the GEM Listing Rules, Keywise Fund and its associates are required to abstain from voting at the EGM because of its interest in the Keywise Subscription.

As at the Latest Practicable Date, YRSI held 10.87% of the existing shareholding of the Company and is a connected person of the Company under Rule 20.11 of the GEM Listing Rules. In respect of Mr. Brian Chang, he held 4.08% of the existing shareholding of the Company as at the Latest Practicable Date. Notwithstanding that Mr. Brian Chang is presumed to be a party acting in concert with YRSI under the Takeovers Code due to the reasons that YRSI is wholly owned by YRS in which Mr. Brian Chang has 45% shareholding interest, the Board considers that Mr. Brian Chang is not a connected person of the Company as he is not an associate of YRSI under Rule 20.11 of the GEM Listing Rules.

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# LETTER FROM THE BOARD

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## INFORMATION OF THE GROUP

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 and consultancy services to assist overseas oilfield equipment manufacturers and drilling rig engineering companies for the sales and marketing of their products and services in China and other countries.

## 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.

## EGM

Set out on pages 35 to 36 of this circular is a supplemental notice convening the EGM to consider and, if thought fit, approve the Placing including the Keywise Subscription under specific mandate.

Whether or not you intend to attend and vote at the EGM, you are requested to complete and return the enclosed supplemental form of proxy to the Company's principal place of business at Unit 1612, 16th Floor, China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. If no supplemental proxy form duly completed and returned is lodged with the Company, the original proxy form lodged will be treated as valid if duly completed and returned. The proxy so appointed will be entitled to vote at his discretion or abstain on the newly proposed resolutions properly put to the EGM. If the Company receives, in addition to a duly completed and returned original proxy form, a duly completed and returned supplementary proxy form, the Company will treat both the original proxy form and the supplementary proxy form as valid. Completion and return of the supplemental form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.



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## LETTER FROM THE BOARD

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To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders (other than Keywise Fund, Asian Infrastructure Limited and Roxy Link Limited and their respective associates) are deemed to have a material interest in the Placing and would therefore be required to abstain from voting at the EGM. In addition, as YRSI is presumed to be acting in concert with Mr. Brian Chang under the Takeovers Code, YRSI has agreed to abstain from voting at the EGM.

### PROCEDURE FOR DEMAND BY POLL

The following procedure by which the Shareholders may demand a poll at a general meeting of the Company (including the annual general meeting) pursuant to the articles of association of the Company (the "Articles").

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 authorized 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 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 (i) despite the dilution effect of the Placing, the Placing Price and the terms and conditions of the Placing Agreement are normal commercial terms that are fair and reasonable and are in the interests of the Company and the Shareholders as a whole and accordingly recommend the Shareholders to vote in favour of the resolution approving the Placing under specific mandate at the EGM; and (ii) the terms of the Keywise Subscription are on normal commercial terms that are fair and reasonable to the Independent Shareholders and are in the interests of the Company and the Shareholders as a whole and therefore recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Keywise Subscription.

By order of the Board  
**TSC Offshore Group Limited**  
**Jiang Binghua**  
*Executive Chairman*



## TSC Offshore Group Limited

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 8149)**

2 July 2008

*To the Independent Shareholders*

Dear Sir or Madam,

### CONNECTED TRANSACTION

We have been appointed as members of the Independent Board Committee to advise you in connection with the transaction contemplated under the Keywise Subscription, details of which are set out in the letter from the Board in the Company's circular dated 2 July 2008 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 otherwise requires.

Your attention is drawn to the letter from Guangdong Securities, containing its advice to us and the Independent Shareholders regarding the fairness and reasonableness of the terms and conditions of the transaction contemplated under the Keywise Subscription as set out on pages 16 to 28 of the Circular. Your attention is also drawn to the letter from the Board set out on pages 4 to 14 of the Circular and the additional information set out in the appendix to the Circular.

Having considered the terms of the Keywise Subscription and the advice and recommendation of Guangdong Securities, we consider that the Keywise Subscription is in the ordinary course of business of the Group, the terms of the Keywise Subscription are on normal commercial terms; and fair and reasonable to the Independent Shareholders and the entering into of the Keywise Subscription is in the interests of the Company and the Shareholders as a whole. We, therefore, recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Keywise Subscription and the transaction contemplated thereunder.

Yours faithfully,

Independent Board Committee

**Chan Ngai Sang, Kenny**

**Bian Junjiang**

**Guan Zhichuan**

*Independent non-executive Directors*

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## LETTER FROM GUANGDONG SECURITIES

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*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 Keywise Subscription for the purpose of inclusion in this circular.*



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

2 July 2008

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

Dear Sirs,

### **CONNECTED TRANSACTION: PLACING OF NEW SHARES TO CONNECTED PERSON**

#### **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 Keywise Subscription, details of which are set out in the letter from the Board (the "Board Letter") contained in the circular dated 2 July 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 19 June 2008 that on 18 June 2008, the Company entered into the conditional Placing Agreement with the Lead Placing Manager and the Co-Lead Placing Manager for the Placing of an aggregate of up to 155,000,000 new Shares to the Placees at the Placing Price of HK\$1.88 per Placing Share. Under the Keywise Subscription, Keywise Fund shall subscribe for 10,000,000 Placing Shares at the same Placing Price.

Since Keywise Fund (being one of the Placees) is a substantial Shareholder holding approximately 10.53% of the shareholding interest of the Company as at the date of the Placing Agreement, Keywise Fund is a connected person of the Company under Chapter 20 of the GEM Listing Rules. Accordingly, the Keywise Subscription constitutes a connected transaction for the Company and is subject to approval of the Independent Shareholders at the EGM pursuant to the GEM Listing Rules. Keywise Fund and its associates are required to abstain from voting at the EGM because of its interest in the Keywise Subscription.

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## LETTER FROM GUANGDONG SECURITIES

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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 Keywise Subscription are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Keywise Subscription 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; and (iii) how the Independent Shareholders should vote in respect of the relevant resolution(s) to approve the Keywise Subscription and the transactions contemplated therein 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, the Places (including but not limited to Keywise Fund) or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Keywise Subscription. 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.

# LETTER FROM GUANGDONG SECURITIES

## PRINCIPAL FACTORS AND REASONS CONSIDERED

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

### (1) Background of the Keywise Subscription

#### *Business overview of the Group*

As referred to in the Board Letter, the Group is a product and service provider dedicated to the worldwide oil and gas drilling industry with four business lines, namely: (i) rig products and technology; (ii) rig turnkey solutions; (iii) oilfield expendables and supplies; and (iv) consultancy services to assist overseas oilfield equipment manufacturers and drilling rig engineering companies for the sales and marketing of their products and services in the People's Republic of China (the "PRC") and other countries.

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 (the "2007 Annual Report") respectively:

	<b>For the three months ended 31 March 2008</b>	<b>For the year ended 31 December 2007</b>	<b>For the year ended 31 December 2006</b>	<b>Year on year change %</b>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	
	(unaudited)	(audited)	(audited)	
<b>Turnover</b>				
– 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
<b>Total</b>	<b>19,361</b>	<b>34,327</b>	<b>27,038</b>	<b>26.96</b>

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## LETTER FROM GUANGDONG SECURITIES

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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. The Group also enjoyed growth in revenue from all of its business lines during the same said year. 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.

### *Reasons for the Placing and the Keywise Subscription*

According to the Board Letter, the Board considers that the Placing represents an opportunity to raise capital for the Group while broadening its shareholders and capital base. The Directors also consider that it is necessary to raise funds to (i) reduce the gearing of the Company following the recent acquisition of GME (the "GME Acquisition"); (ii) increase production capacity to undertake any new potential influx of orders; and (iii) prepare for any acquisition opportunities brought about by the ongoing upheaval in the oil and gas industries, as well as the opportunities created by the recent surge in global oil price.

To understand the gearing and liquidity position of the Group in further depth, we have enquired into the Directors and were advised by the Directors that the Company had paid an aggregate of approximately GBP11.65 million in cash (equivalent to approximately HK\$178.25 million) (based on the exchange rate of GBP1.00 to HK\$15.30 as per the circular of the Company dated 29 February 2008 regarding the GME Acquisition) from December 2007 to the Latest Practicable Date for the acquisition of the entire equity interest in GME. As at 31 December 2007, the gearing ratio of the Group (being calculated as total liabilities over equity shareholders' fund) was approximately 0.55 times and the Directors confirmed that the Group's gearing ratio had been escalated due to the GME Acquisition. Furthermore, the Group's liquidity position had also been deteriorated substantially as a result the aforesaid cash payment. Therefore, for the recovery of the Group's gearing and liquidity position, the Directors intended to apply approximately HK\$109.2 million from the net proceeds of the Placing for the repayment of the Shareholder's loan from Spring Capital Resources Limited and approximately HK\$83.8 million for general working capital of the Group.

From the announcement of the Company dated 4 June 2008, we also note that the Group had entered into a continuing connected transaction with Yantai Raffles Shipyard Limited ("YRS") for the sale of the Products (as defined in the said announcement) and the annual caps of such transaction are approximately RMB589 million and RMB1,028 million for the two years ending 31 December 2009 respectively (the "Caps"). We understand from the Directors that the Caps were reasonably set based on the estimated demand for the Products during the two years ending 31 December 2009 from YRS and the expected selling price of the Products during the relevant years. In this relation, we

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## LETTER FROM GUANGDONG SECURITIES

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also calculated the Caps to be approximately 2.5 times and 4.3 times the Group's audited total turnover for the year ended 31 December 2007 respectively. Given the likely expansion in the sale of the Products from the Group to YRS and the potential influx of orders resulting from the strong demand for drilling products expendables in the future, the Directors consider an enlargement of production capacity of the Group to be necessary. Accordingly, the Directors intended to apply approximately HK\$53 million from the net proceeds of the Placing for the construction of a new production plant in Qingdao, the PRC.

As further confirmed by the Directors, although the Group has no existing acquisition plan, the Directors are of the view that the proceeds of the Placing would provide the Group with greater flexibility in negotiations of any acquisition when opportunities arise in the future. Consequently, approximately HK\$40 million from the net proceeds of the Placing is expected to be applied for the possible acquisition of companies/businesses in the oil and gas equipment sector.

In light of (i) the Group's escalated gearing level and deteriorated liquidity position after the GME Acquisition; (ii) the need for enlargement of production capacity of the Group; and (iii) that the proceeds from the Placing would provide the Group with greater flexibility in negotiations of any acquisition in the oil and gas equipment sector which the Group has identified as its future business focus, we consider the reasons for the Placing and the Keywise Subscription to be justifiable.

### *Financing alternative available to the Group*

As extracted from the Board Letter, save as and except for the top up placing of 53,468,000 new Shares as announced by the Company on 25 July 2007, the Group had not carried out other equity fund raising activities during the past 12 months immediately prior to the date of the Announcement.

We have enquired into the Directors and were informed by the Directors that the Group has considered various methods, namely debt financing and equity financing, for fund raising. Nevertheless, with the escalated gearing level of the Group after the GME Acquisition in mind, the Directors confirmed that the Company prefers not to create additional debt liabilities to the Group (if possible) in order to avoid the gearing ratio and indebtedness of the Group from mounting further. Having this being the case, debt financing is considered to be inappropriate for the Group at present.

With regard to equity financing, the Directors advised us that although both open offer and rights issue would allow the Shareholders to maintain their respective pro-rata shareholdings in the Company, the Directors were of the view that a placing exercise will broaden not only the capital base of the Company but also its shareholders base. In addition, given the relatively long time frame required and the recent uncertain stock market sentiment, the Directors expected that the Group will face difficulties in procuring commercial underwriting in the case of an open offer and a rights issue.

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## LETTER FROM GUANGDONG SECURITIES

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Having considered (i) the funding requirement of the Group and the intended use of the net proceeds from the Placing as outlined under the section headed “Reasons for the Placing and the Keywise Subscription” of this letter; and (ii) the Placing being a rather appropriate and beneficial financing alternative currently available to the Group, we consider that the Keywise Subscription, as part of the Placing, is in the interests of the Company and the Shareholders as a whole even though it is not conducted in the ordinary and usual course of business of the Company.

### (2) The Placing Price

The Placing Price of HK\$1.88 per Placing Share represents:

- (a) a discount of 6% to the closing price of HK\$2.00 per Share as quoted on GEM on the Latest Practicable Date;
- (b) a discount of approximately 17.90% to the closing price of HK\$2.29 per Share as quoted on GEM on 16 June 2008, being the last trading day immediately before the date of the Announcement (the “Last Trading Day”);
- (c) a discount of approximately 2.59% to the average closing price of approximately HK\$1.93 per Share as quoted on GEM for the last five consecutive trading days up to and including the Last Trading Day;
- (d) a premium of approximately 3.13% over the average closing price of approximately HK\$1.82 per Share as quoted on GEM for the last ten consecutive trading days up to and including the Last Trading Day; and
- (e) a premium of approximately 25.61% over the audited net asset value of approximately HK\$1.50 per Share as at 31 December 2007 (the “NAV per Share”) based on 393,908,004 Shares in issue as at the Last Trading Day.

As stated in the Board Letter, the Placing Price was arrived at after arm’s length negotiations among the Company, the Lead Placing Manager and the Co-Lead Placing Manager having taken into account of various factors, including: (i) the need to reduce the gearing of the Group following the recent acquisition of GME; (ii) the need to increase production capacity to undertake any new potential influx of orders; and (iii) to prepare for any acquisition opportunities arising from the ongoing upheaval in the oil and gas industry and opportunities created by the recent surge in global oil price.



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## LETTER FROM GUANGDONG SECURITIES

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To assess the fairness and reasonableness of the Placing Price (which is offered to all Placees), we set out the following informative analyses for illustrative purpose:

### *Review on Share prices*

The highest and lowest closing prices and the average daily closing price of the Shares as quoted on GEM in each of the 12 months during the period commencing from 1 June 2007 up to and including the Last Trading Day (the “Review Period”) are shown as follows:

<b>Month</b>	<b>Highest closing price HK\$</b>	<b>Lowest closing price HK\$</b>	<b>Average daily closing price HK\$</b>
<b>2007</b>			
June	3.00	2.70	2.91
July ( <i>Note 1</i> )	6.90	3.12	5.13
August	6.20	2.80	4.24
September ( <i>Note 2</i> )	5.65	4.75	5.05
October ( <i>Note 3</i> )	5.20	4.92	5.03
November ( <i>Note 4</i> )	5.84	5.08	5.59
December	5.73	5.35	5.47
<b>2008</b>			
January	5.46	2.99	4.66
February	3.90	2.63	3.47
March	3.10	1.90	2.60
April	2.38	2.00	2.16
May	2.10	1.80	1.94
June (up to and including the Last Trading Day)	2.29	1.60	1.82

*Source:* the Stock Exchange web-site ([www.hkex.com.hk](http://www.hkex.com.hk))

#### *Notes:*

1. Trading in the Shares was suspended on 9 July 2007, 10 July 2007, 16 July 2007 and from 20 July 2007 to 25 July 2007 (both days inclusive).
2. Trading in the Shares was suspended on 20 September 2007, 21 September 2007 and 24 September 2007.
3. Trading in the Shares was suspended from 22 October 2007 to 24 October 2007 (both days inclusive).
4. Trading in the Shares was suspended on 7 November 2007 and 8 November 2007.

## LETTER FROM GUANGDONG SECURITIES

During the Review Period, the average daily closing price of the Shares ranged from approximately HK\$1.82 to HK\$5.59 per Share in each month and followed an upward moving trend from June 2007 to November 2007. After that, the Share price had been dropping continuously on a monthly average basis for more than half a year up to the Last Trading Day.

### *Review on trading liquidity of the Shares*

The average daily number of the Shares traded per month, and the respective percentages of the Shares' monthly trading volume as compared to (i) the total number of issued Shares held by the public as at the Last Trading Day; and (ii) the total number of issued Shares as at the Last Trading Day during the Review Period are tabulated as follows:

Month	No. of trading days in the month	Average daily trading volume (the "Average Volume") <i>Shares</i>	% of the Average Volume to total number of issued Shares held by the public as at the Last Trading Day <i>(Note 5)</i> %	% of the Average Volume to total number of issued Shares as at the Last Trading Day <i>(Note 6)</i> %
<b>2007</b>				
June	20	414,360	0.31	0.11
July ( <i>Note 1</i> )	14	5,413,479	4.07	1.37
August	23	931,252	0.70	0.24
September ( <i>Note 2</i> )	16	199,194	0.15	0.05
October ( <i>Note 3</i> )	18	1,458,789	1.10	0.37
November ( <i>Note 4</i> )	20	355,420	0.27	0.09
December	19	303,579	0.23	0.08
<b>2008</b>				
January	22	1,443,676	1.09	0.37
February	19	561,365	0.42	0.14
March	19	1,491,632	1.12	0.38
April	21	310,667	0.23	0.08
May	20	89,590	0.07	0.02
June (up to and including the Last Trading Day)	10	292,100	0.22	0.07

*Source:* the Stock Exchange web-site ([www.hkex.com.hk](http://www.hkex.com.hk))

#### *Notes:*

- Trading in the Shares was suspended on 9 July 2007, 10 July 2007, 16 July 2007 and from 20 July 2007 to 25 July 2007 (both days inclusive).
- Trading in the Shares was suspended on 20 September 2007, 21 September 2007 and 24 September 2007.

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## LETTER FROM GUANGDONG SECURITIES

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3. Trading in the Shares was suspended from 22 October 2007 to 24 October 2007 (both days inclusive).
4. Trading in the Shares was suspended on 7 November 2007 and 8 November 2007.
5. Based on 132,905,204 Shares held in public hands as at the Last Trading Day.
6. Based on 393,908,004 Shares in issue as at the Last Trading Day.

The above table illustrates that the average daily trading volume of the Shares per month was thin during the Review Period, with ranges of approximately 0.07% to 4.07% and approximately 0.02% to 1.37% of the total number of issued Shares held by the public as at the Last Trading Day and the total number of issued Shares as at the Last Trading Day respectively. We note that trading in the Shares had been historically inactive and the Shares were hence rather illiquid. For this reason and having also considered that (i) the Share price had been dropping continuously from December 2007 onwards; (ii) the Placing Price is at premium of approximately 25.61% over the NAV per Share; and (iii) Keywise Fund is offered with the same placing price as the other Placees which are Independent Third Parties, we are of the view that the Placing Price is fair and reasonable so far as the Independent Shareholders are concerned.

### *Comparison with other placing exercises*

As part of our analysis, we have identified placing exercises from 1 December 2007 to the Last Trading Day as announced by companies listed on GEM (the “Comparables”). To the best of our knowledge and as far as we are aware of, we found 16 companies which met these criteria. Shareholders should note that the businesses, operations and prospects of the Company are not the same as the Comparables and thus the Comparables are only used to provide a general reference for the common market practice of GEM-listed companies in placing exercises. Summarised below is our relevant finding:

Company name (Stock code)	Date of announcement	Placing price HK\$	Premium/(Discount) of the placing price over/to the closing price per share on the last trading day prior to the date of announcement %	Premium/(Discount) of the placing price over/to the average closing price per share for the last five consecutive trading days up to and including the last trading day prior to the date of announcement %
Tai Shing International (Holdings) Limited (8103)	3 December 2007	0.562	(19.71)	(14.85)

## LETTER FROM GUANGDONG SECURITIES

Company name (Stock code)	Date of announcement	Placing price <i>HK\$</i>	Premium/(Discount) of the placing price over/to the closing price per share on the last trading day prior to the date of announcement  <i>%</i>	Premium/(Discount) of the placing price over/to the average closing price per share for the last five consecutive trading days up to and including the last trading day prior to the date of announcement  <i>%</i>
S & D International Development Group Limited (8148)	4 December 2007	0.311	0.32	(19.85)
New Chinese Medicine Holdings Limited (8085)	12 December 2007	1.000	(13.00)	(12.30)
Espco Technology Holdings Limited (8299)	18 December 2007	0.270	(18.18)	(12.90)
Inspur International Limited (8141)	8 January 2008	1.250	(10.71)	(5.45)
China Ground Source Energy Limited (8128)	14 January 2008	0.250	(7.40)	(3.10)
Tianjin Tianlian Public Utilities Company Limited (8290)	29 February 2008	1.900	(7.77)	(4.71)
Sungreen International Holdings Limited (8306)	6 March 2008	10.170	(14.97)	(9.73)
China Leason Investment Group Company Limited (8270)	10 March 2008	1.000	(16.70)	(16.70)
Jiangsu Nandasoft Company Limited (8045)	3 April 2008	0.450	40.63	44.69
Intelli-Media Group (Holdings) Limited (8173)	7 April 2008	0.440	(12.00)	(5.78)
Global Solution Engineering Limited (8192)	21 April 2008	0.204	(17.41)	(19.69)
Cardlink Technology Group Limited (8066)	16 May 2008	1.480	(12.94)	(13.45)
B.A.L. Holdings Limited (8079)	29 May 2008	0.041	(18.00)	(19.92)

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## LETTER FROM GUANGDONG SECURITIES

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Company name (Stock code)	Date of announcement	Placing price <i>HK\$</i>	Premium/(Discount) of the placing price over/to the closing price per share on the last trading day prior to the date of announcement <i>%</i>	Premium/(Discount) of the placing price over/to the average closing price per share for the last five consecutive trading days up to and including the last trading day prior to the date of announcement <i>%</i>
Info Communication Holdings Limited (8082)	29 May 2008	0.310	(11.43)	(8.01)
Inno-Tech Holdings Limited (8202)	12 June 2008	0.370	0.00	3.64
<b>Maximum</b>			<b>40.63</b>	<b>44.69</b>
<b>Minimum</b>			<b>(19.71)</b>	<b>(19.92)</b>
<b>Average</b>			<b>(8.70)</b>	<b>(7.38)</b>
<b>The Company</b>	<b>19 June 2008</b>	<b>1.88</b>	<b>(17.90)</b>	<b>(2.59)</b>

As shown by the above table, the placing prices of the Comparables ranged from a discount of approximately 19.71% to a premium of approximately 40.63% to/over the respective closing prices of their shares on the last trading days prior to the release of the placement announcements. The Placing Price which represents a discount of approximately 17.90% to the closing price of the Shares on the Last Trading Day hence falls within the said market range.

Moreover, the placing prices of the Comparables ranged from a discount of approximately 19.92% to a premium of approximately 44.69% to/over the respective average closing prices of their shares for the last five consecutive trading days up to and including the last trading days prior to the release of the placement announcements. The Placing Price which represents a discount of approximately 2.59% to the average closing price of the Shares for the last five consecutive trading days up to and including the Last Trading Day hence falls within the said market range.

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## LETTER FROM GUANGDONG SECURITIES

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From the above table, we also note that save and except for S&D International Development Group Limited, Jiangsu Nandasoft Company Limited and Inno-Tech Holdings Limited, the placing prices of the Comparables were set at discounts to both their last trading day's and last five trading days' average share prices.

Judging from the above market comparable analysis, we consider that the level of discounts of the Placing Price (which is offered to all Placees) is acceptable and is in line with market practice.

### **(3) Dilution effect on the shareholding interests of the Existing Public Shareholders**

As at the Latest Practicable Date, the Company had a total of 393,908,004 Shares in issue. The total Placing Shares and the Placing Shares under the Keywise Subscription thus represent (i) approximately 39.35% and 2.54% of the issued share capital of the Company as at the Latest Practicable Date respectively; and (ii) approximately 28.24% and 1.82% of the issued share capital of the Company immediately upon completion of the Placing and the allotment and issue of the maximum of 155,000,000 Placing Shares respectively.

As confirmed by the Directors, as at the Latest Practicable Date, there were a total of 109,938,204 Shares held by the public Shareholders other than I.I. H.C. Industrial Investments Limited and Roxy Link Limited, which are both members of the Placees (the "Existing Public Shareholders"), representing approximately 27.91% of the then total issued share capital of the Company. Upon completion of the Placing and the allotment and issue of 155,000,000 Placing Shares, the shareholding interests of the Existing Public Shareholders would be diluted to approximately 20.03%. Nevertheless, in view of (i) the possible benefits of the Placing and the Keywise Subscription to the Company as concluded under the previous paragraphs; and (ii) the Placing Shares under the Keywise Subscription represent less than 3% of the issued share capital of the Company as at the Latest Practicable Date, we are of the view that the aforementioned level of dilution to the shareholding interests of the Existing Public Shareholders (which is largely led by the Placing as a whole) is acceptable.

For details of the effects of the Placing on the shareholding structure of the Company, please refer to the section headed "Effect on shareholding structure of the Company" of the Board Letter.

### **(4) Financial effects of the Keywise Subscription**

#### *Effect on net asset value*

In accordance with the 2007 Annual Report, the audited consolidated net asset value ("NAV") of the Group was approximately US\$75.59 million (equivalent to approximately HK\$589.57 million) as at 31 December 2007. As confirmed by the Directors, the Keywise Subscription would increase the NAV of the Group.

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## LETTER FROM GUANGDONG SECURITIES

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### *Effect on gearing*

As at 31 December 2007, the Group's gearing level (being calculated as total liabilities over equity shareholders' fund) was approximately 0.55 times. Since the NAV of the Group would increase while the total liabilities of the Group would be reduced as the Directors intended to apply approximately HK\$109.2 million from the net proceeds of the Placing for the repayment of the Shareholder's loan from Spring Capital Resources Limited, the Directors expected that the Group's gearing position would be relieved after the Keywise Subscription (as part of the Placing).

### *Effect on working capital*

Upon completion of the Keywise Subscription, the working capital of the Group would be increased by the net proceeds from the Keywise Subscription.

It should be noted that the aforementioned analyses are for illustrative purpose only and does not purport to represent how the financial position of the Group will be upon completion of the Keywise Subscription.

## **RECOMMENDATION**

Having considered the above factors and reasons, we are of the opinion that (i) the terms of the Keywise Subscription are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) even though the Keywise Subscription is not conducted in the ordinary and usual course of business of the Company, it 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(s) to be proposed at the EGM to approve the Keywise Subscription and the transactions contemplated therein and we recommend the Independent Shareholders to vote in favour of the resolution(s) 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) Interests of the Directors and chief executive of the Company

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 Shares held (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 Binghua (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 issued share capital of Global Energy Investors, LLC is beneficially owned as to 50% each by Mr. Zhang Menggui and Mr. Jiang Binghua, both are the executive Directors. Accordingly, both Mr. Zhang Menggui and Mr. Jiang Binghua 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. He 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 Binghua	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) Interests of substantial Shareholders**

As at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, the following entity or person (other than Directors or chief executive of the Company) had, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

**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%
YRSI (Note 4)	Corporate	42,800,000 Shares	10.87%
YRS (Note 4)	Corporate	42,800,000 Shares	10.87%
Mr. Brian Chang (Note 4)	Interest in controlled entities	108,872,800 Shares	27.64%
Windmere International Limited (Note 4)	Corporate	50,000,000 Shares	12.69%
Keywise 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	32,000,000 Shares	8.12%
Asia Pacific Promotion Limited (Note 7)	Corporate	32,000,000 Shares	8.12%
Enerchina Holdings Limited (Note 7)	Corporate	32,000,000 Shares	8.12%
Multiwin Corporation (Note 7)	Corporate	32,000,000 Shares	8.12%
Roxy Link Limited (Note 7)	Corporate	32,000,000 Shares	8.12%
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 Binghua as shown in the above section headed “Interests of the Directors and chief executive of the Company”.
2. These interests represent the same block of Shares and share options held by Mr. Zhang Menggui as shown in the above section headed “Interests of the Directors and chief executive of the Company”. 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 Binghua as shown in the above section headed “Interests of the directors and chief executive of the Company”. Since Madam Zhang Jiuli is the spouse of Mr. Jiang Binghua, she is deemed to be interested in the Shares and share options held by him under Part XV of the SFO.
4. YRSI is ultimately wholly owned by 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 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 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 16,072,800 Shares and 50,000,000 Shares held by his wholly owned companies, Asian Infrastructure Limited and Windmere International Limited, respectively.
5. Keywise Fund is an investment fund registered in the Cayman Islands and is wholly owned by Keywise Capital Management (HK) Limited, a company 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 32,000,000 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 35.5% held by Asia Pacific and approximately 0.17% held by Mr. Ou directly respectively. Therefore, Mr. Ou, Asia Pacific, Enerchina and Multiwin are deemed to be interested in the 32,000,000 Shares 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 section headed “Interests of the directors and chief executive of the Company”. 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, the Directors and chief executive of the Company were not aware of any entities or persons (other than directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group as at the Latest Practicable Date.

### 3. COMPETING BUSINESS

None of the Directors, the management Shareholders or substantial Shareholders of the Company or any of their respective associates had engaged in any businesses that competes or may compete, either directly or indirectly, with the business of the Group or has any other conflict of interests with the Group as at the Latest Practicable Date.

#### 4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or was proposing to enter into a service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation, other than statutory obligations).

#### 5. MATERIAL CHANGES

The Directors were not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2007, the date to which the latest audited consolidated financial statements of the Group has been made up.

#### 6. EXPERT AND CONSENT

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

<b>Name</b>	<b>Qualification</b>
Guangdong Securities Limited	A corporation licensed 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

Guangdong Securities has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which it appears.

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

As at the Latest Practicable Date, Guangdong Securities did not have any direct or indirect interests in any assets which had been, since 31 December 2007 (being the date to which the latest published audited consolidated accounts of the Group were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group.

#### 7. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

No contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date in which any Director was materially interested and which was significant in relation to the business of the Group.

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

#### **8. DOCUMENTS AVAILABLE FOR INSPECTION**

Copy of the Placing Agreement will be available for inspection at the principal office of the Company at Unit 1612, 16th Floor, China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong during normal office hours on any weekday, except Saturdays, Sundays and public holidays, from the date of this circular up to and including 18 July 2008.

#### **9. GENERAL**

The English text of this circular shall prevail over the Chinese text.



## TSC Offshore Group Limited

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 8149)**

**SUPPLEMENTAL 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 on Friday, 18 July 2008 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following additional resolutions with or without amendments as ordinary resolutions:

### **ORDINARY RESOLUTIONS**

2. **“THAT**

- (a) the placing agreement (the “Placing Agreement”) dated 18 June 2008 and entered into between the Company as issuer and CCB International Capital Limited as lead placing manager and Platinum Securities Company Limited as co-lead placing manager in relation to the placing of up to an aggregate of 155,000,000 new shares (the “Placing Shares”) of HK\$0.10 each in the share capital of the Company at a placing price of HK\$1.88 per Placing Share, a copy of which is produced to the Meeting marked “B” and signed by the Chairman of the Meeting for the purpose of identification, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) conditional upon, among others, the Listing Committee of the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Placing Shares, the allotment and issue of the Placing Shares to the relevant places pursuant to the Placing Agreement be and is hereby approved; and
- (c) any director of the Company be and is hereby authorised to do all such things and acts as he may in his discretion consider as necessary, expedient or desirable for the purpose of or in connection with the implementation of the Placing Agreement and the transactions contemplated thereunder.”

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## SUPPLEMENTAL NOTICE OF EGM

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3. “**THAT** the allotment and issue of 10,000,000 Placing Shares to Keywise Greater China Opportunities Master Fund as subscribed by it (the “Keywise Subscription”) pursuant to the Placing Agreement be and is hereby approved, confirmed and ratified, and the directors of the Company be and are hereby authorized to do such acts and execute such other documents with or without amendments and affix the common seal of the Company thereto (if required) as they may consider necessary, desirable or expedient to give effect to or otherwise in connection with or in relation to the Keywise Subscription.”

By order of the Board  
**TSC Offshore Group Limited**  
**Jiang Binghua**  
*Executive Chairman*

Hong Kong, 2 July 2008

*Registered office:*

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

*Head office and principal place of  
business in Hong Kong:*

Unit 1612, 16th Floor  
China Merchants Tower  
Shun Tak Centre  
200 Connaught Road Central  
Hong Kong

*Notes:*

1. Please refer to the notice of the Meeting dated 24 June 2008 for details in respect of the other resolution to be considered at the Meeting and other relevant matters.
2. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy can vote on a poll. A proxy need not be a member of the Company.
3. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, at the Company’s principal place of business at Unit 1612, 16th Floor, China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
4. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the above meeting or any adjournment thereof, should he so wish.