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

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TSC Offshore Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8149)

DISCLOSEABLE TRANSACTION – ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF CENTER MARK INVOLVING ISSUE OF NEW SHARES

Financial Adviser to TSC Offshore Group Limited



SBI E2-Capital (HK) Limited

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 the website of the Company at www.tscoffshore.com.

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. 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.

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	4
Appendix – General Information	12

DEFINITIONS

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

“Acquisition”	proposed acquisition of the Sale Share by the Company and assignment of the Sale Loan to the Company pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors
“Business Day”	a day on which banks are open for commercial business in Hong Kong (excluding Saturdays, Sundays and public holidays)
“Center Mark”	Center Mark International Limited 域中國際有限公司, a company incorporated in Hong Kong with limited liability
“Company”	TSC Offshore Group Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on GEM
“Completion”	completion of the Sale and Purchase Agreement in accordance with the therein
“Completion Date”	the first Business Day following the date on which the conditions precedent of the Sale and Purchase Agreement are fulfilled or otherwise waived, in any event not later than 18 November 2008 or such other date as the Company and the Vendor may agree in writing
“connected person(s)”	has the meaning ascribed thereto in the GEM Listing Rules and the word “connected” shall be construed accordingly
“Consideration Share(s)”	Share(s) to be allotted and issued to the Vendor, credited as fully paid pursuant to the Sale and Purchase Agreement
“Directors”	the director(s) of the Company
“GEM”	Growth Enterprises Market of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on the GEM

DEFINITIONS

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	6 November 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC, and the exchange rate for RMB into HK\$ for the purpose of this circular is RMB0.889 = HK\$1.00
“Sale and Purchase Agreement”	the conditional agreement dated 31 October 2008 entered into between the Company and the Vendor in respect of the proposed Acquisition
“Sale Loan”	all the shareholder’s loan and advances owed by Center Mark to the Vendor on the Completion Date, amounting to approximately RMB1,200,000 (equivalent to approximately HK\$1,349,450) as at the date of the Sale and Purchase Agreement
“Sale Loan Consideration”	the total consideration of RMB1,200,000 (equivalent to approximately HK\$1,349,450), which will be payable by the Company to the Vendor in respect of the sale and purchase of Sale Loan pursuant to the Sale and Purchase Agreement
“Sale Share”	the 1 ordinary share in Center Mark which is beneficially owned by the Vendor, representing the entire issued share capital of Center Mark
“Sale Shares Consideration”	the total consideration of HK\$12,900,000, which will be satisfied by way of the allotment and issue of 10,000,000 Consideration Shares (subject to adjustment) payable by the Company to the Vendor in respect of the sale and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement

DEFINITIONS

“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary shares of HK\$0.1 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Lewiside Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“Vendor Key Persons”	all directors, senior staff (including but not limited to general manager, managers, engineers, technicians, executives and financial management staff), any staff having the key technology know-how or commercial specific technology know-how and any staff (who is deemed to be important by the Company, on a reasonable basis) of Center Mark and Zhengzhou Jier
“Zhengzhou Jier”	Zhengzhou Jier Technology Limited* 鄭州吉爾傳動科技有限公司, a company incorporated in the PRC with limited liability, which is wholly owned by Center Mark
“%”	per cent

* *for identification purpose only*



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

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:*

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

Independent non-executive Directors:

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

10 November 2008

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION – ACQUISITION OF
THE ENTIRE ISSUED SHARE CAPITAL OF CENTER MARK
INVOLVING ISSUE OF NEW SHARES**

INTRODUCTION

It was announced that on 31 October 2008, the Company and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Sale Share and the Sale Loan for a consideration of HK\$12,900,000 and RMB1,200,000 (equivalent to approximately HK\$1,349,450) respectively. The Sale Loan Consideration will be satisfied in cash while the Sale Shares Consideration will be satisfied by way of the allotment and issue of 10,000,000 Consideration Shares by the Company to the Vendor. The Consideration Shares have a market value of approximately HK\$12.9 million, based on the closing price of HK\$1.29 per Share on 30 October 2008, being the last trading day prior to the date of the Sale and Purchase Agreement.

LETTER FROM THE BOARD

THE SALE AND PURCHASE AGREEMENT

Date

31 October 2008

Parties

Purchaser: the Company

Vendor: Lewaside Investments Limited, a company incorporated in the British Virgin Islands

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are third parties independent of the Company or connected persons of the Company. The Vendor has not carried on any business or operation save for the holding of its wholly-owned subsidiary, Center Mark.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Company has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Sale Share and Sale Loan to the Company.

Consideration

The considerations for the Sale Share and Sale Loan are HK\$12,900,000 and RMB1,200,000 (equivalent to approximately HK\$1,349,450) respectively. The payment terms of the Sale Shares Consideration and Sale Loan Consideration are set out below:

- (a) RMB1,200,000 (equivalent to approximately HK\$1,349,450) in cash, being the Sales Loan Consideration, of which 60% will be paid on the Completion Date, and the remaining 40% will be paid as at 31 December 2009 provided that all the balances of account receivables and other receivables as stated in the management account of Zhengzhou Jier as at 31 August 2008 have been fully settled no later than 28 February 2009, unless this condition is waived in writing by the Company; and

LETTER FROM THE BOARD

- (b) HK\$12,900,000, being the Sale Shares Consideration, shall be settled by way of the allotment and issue of 10,000,000 Consideration Shares at an issue price of HK\$1.29 per each Consideration Share upon Completion. Pursuant to the Sale and Purchase Agreement, the Consideration Shares are to be kept under custody by the Company for a period of up to five years commencing on the Completion Date, subject to the condition that the Vendor will receive 20% of the Consideration Shares, being 2,000,000 Shares, on every anniversary of the Completion Date until the end of 5th anniversary of the Completion Date. The transfer right attaching to the Consideration Shares is subject to the fulfillment by the Vendor of the following conditions for five years commencing on the Completion Date:
- (1) none of the Vendor Key Persons working for Center Mark and Zhengzhou Jier will resign, except pursuant to the requests or redeployment made by the Company;
 - (2) none of the Vendor Key Persons engages in any business activities which directly or indirectly compete with the businesses of Zhengzhou Jier and the Company;
 - (3) none of the Vendor Key Persons will be dismissed from their employment due to breaches of the rules and regulations of the Group;
 - (4) all representations, warranties and undertakings, except for the five years' profit forecast, on the part of the Vendor given under the Sales and Purchase Agreement remain true and accurate; and
 - (5) the Vendor Key Persons is required to rectify any deviation in relation to condition (1) to (4) above within 14 days upon the Company serves a written notice of the such on the Vendor Key Persons.

The Sale Shares Consideration was determined after arm's length negotiations between the Company and the Vendor taking into consideration of (i) Zhengzhou Jier's historical operating results; and (ii) the strategic business synergies to be created by the proposed Acquisition on the Group in the future given that the innovative jacking gear box designed, developed and fabricated by Zhengzhou Jier, together with the Group's capability in designing and manufacturing jacking control system shall enable the Group to provide complete jacking system to the Group's customers, and hence greatly enhance the Group's competitive advantage in providing rig turnkey solutions to various jack-up platforms. The Sale Loan Consideration was determined with reference to the face value of the loan due from Center Mark to the Vendor as at 31 August 2008.

LETTER FROM THE BOARD

The Sale Loan Consideration will be satisfied from the Company's internal resources. The Consideration Shares represent approximately 1.82% of the existing issued share capital of the Company and approximately 1.79% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares. The Consideration Shares have a market value of approximately HK\$12.9 million, based on the closing price of HK\$1.29 per Share on 30 October 2008, being the last trading day prior to the date of the Sale and Purchase Agreement.

The Consideration Shares will be issued and credited as fully paid and shall pari passu in all respects with the existing Shares on the date of allotment. There will be no change of control of the Company after the allotment and issue of the Consideration Shares. An application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

The issue price per each Consideration Share of HK\$1.29 has been determined based on the closing price of HK\$1.29 per Share for the last trading date before the date of the Sale and Purchase Agreement. The issue price of HK\$1.29 per Consideration Share also represents:

- (a) a premium of approximately 12.2% to the closing price of HK\$1.15 per Share as at the Latest Practicable Date;
- (b) a premium of approximately 1.6% to the average closing price of HK\$1.27 per Share for the five trading days up to and including 31 October 2008;
- (c) a discount of approximately 3.0% over the average closing price of HK\$1.33 per Share for the 10 trading days up to and including 31 October 2008; and
- (d) a discount of approximately 22.3% over the average closing price of HK\$1.66 per Share for the 30 trading days up to and including 31 October 2008.

The Directors consider that the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion of the proposed Acquisition is conditional upon the satisfaction or waiver of the following conditions, among others:

- (a) the Company being satisfied with (1) the result of its due diligence review on the legal and financial status and the business operation of Center Mark and (2) the information and documents provided in relation to Zhengzhou Jier;
- (b) the Vendor Key Persons having entered into a non-competition and confidentiality agreement in the agreed form;

LETTER FROM THE BOARD

- (c) all necessary approvals and consents (whether government, regulatory authorities, under the GEM Listing Rules or otherwise) as may be required in respect of the proposed Acquisition contemplated thereunder having been obtained by the Company, the Vendor and other relevant parties;
- (d) all necessary internal approvals of Center Mark (including board resolution(s), directors' approval(s) and shareholder's resolution (if necessary));
- (e) there being no new significant debt incurred by Center Mark and Zhengzhou Jier during the period commencing on 31 August 2008 to the Completion Date;
- (f) there being no material change on the business status, operation and financial position of Center Mark and Zhengzhou Jier during the period commencing on 31 August 2008 to the Completion Date and the Company being satisfied, on a reasonable basis, with such change has no material adverse effect on the operation and financial position of Center Mark and Zhengzhou Jier;
- (g) the Company and the Vendor having entered into the assignment of Sales Loan in the agreed form;
- (h) the GEM Listing Committee granting listing of, and permission to deal in, the Consideration Shares subject only to the allotment and issue of the Sales Shares, delivery of the relevant share certificates and all relevant requirements (if any) of the Stock Exchange in respect of the granting listing of, and permission to deal in, the Consideration Shares having been complied with; and
- (i) the Board resolved to approve the Sale and Purchase Agreement and the allotment and issue of the Consideration Shares to the Vendor contemplated thereunder.

Except the condition (h) above, the Company may waive any of the above conditions in whole or in part by notice in writing.

Completion

If any of the conditions precedent of the Sale and Purchase Agreement has not been fulfilled or waived (as the case may be) by the Company on or before 18 November 2008, the Company shall be entitled to rescind the Sale and Purchase Agreement by serving a written notice to Vendor on or after the Completion Date.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately after Completion.

	As at the Latest Practicable Date		Immediately after Completion	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Global Energy Investors, LLC <i>(Note 1)</i>	136,871,200	24.94	136,871,200	24.49
Mr. Zhang Menggui, a Director	864,000	0.16	864,000	0.15
Mr. Jiang Bing Hua, a Director	864,000	0.16	864,000	0.15
Osbeck Investments Limited <i>(Note 2)</i>	16,228,800	2.96	16,228,800	2.90
Mr. Zhang Hongru, a Director	4,690,800	0.85	4,690,800	0.84
Mr. Chen Yunqiang, a Director	1,123,200	0.20	1,123,200	0.20
YRS Investments Limited <i>(Note 3)</i>	42,800,000	7.80	42,800,000	7.66
Asian Infrastructure Limited <i>(Note 3)</i>	16,072,800	2.93	16,072,800	2.88
Windmere International Limited <i>(Note 3)</i>	50,000,000	9.11	50,000,000	8.95
Public Shareholders				
– Vendor	–	–	10,000,000	1.79
– Existing public Shareholders	<u>279,393,204</u>	<u>50.89</u>	<u>279,393,204</u>	<u>49.99</u>
Total	<u>548,908,004</u>	<u>100.0</u>	<u>558,908,004</u>	<u>100.0</u>

Notes:

- Global Energy Investors, LLC is beneficially owned as to 50% each by Mr. Zhang Menggui and Mr. Jiang Bing Hua, both are executive Directors.
- Osbeck Investments Limited is beneficially wholly-owned by Mr. Zhang Hongru, the executive Director.
- YRS Investments Limited (“YRSI”) is ultimately wholly-owned by Yantai Raffles Shipyard Limited (“YRS”). YRS is owned as to approximately 34% by Mr. Brian Chang and his associates (as defined by the GEM Listing Rules). 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 also ultimately owns 100% interest in Asian Infrastructure Limited and Windmere International Limited.

LETTER FROM THE BOARD

INFORMATION ON CENTER MARK AND ZHENGZHOU JIER

Center Mark is a private company incorporated in Hong Kong. It has not carried on any business or operation save for the holding of its wholly-owned subsidiary, Zhengzhou Jier. Zhengzhou Jier is a company incorporated in the PRC with limited liability on 27 August 2007. Zhengzhou Jier is principally engaged in research and development, fabricating and sales of equipment used for offshore platforms and offshore projects.

Below are the unaudited consolidated financial results of Center Mark for the period from 24 January 2008 (date of incorporation) to 31 August 2008.

For the period from 24 January 2008 to 31 August 2008
(unaudited)
RMB

Turnover	9,659,502
Gross profit	3,347,565
Profit before tax	2,918,630
Profit after tax	2,183,005

As at 31 August 2008
(unaudited)
RMB

Net asset value	2,183,008
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REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is a product and service provider in the world oil and gas drilling industry onshore and offshore. The Group, through its subsidiaries in the US and in China, is principally engaged in the provision of onshore and offshore drilling equipment, offshore rig turnkey solutions, and oilfield supplies (such as expendables and accessories for drilling rigs).

It was stated in the Company's annual report for the year ended 31 December 2007 that the Group will seek potential investments and acquisition opportunities that provide synergies in terms of expansion of its product lines and penetration into the booming offshore drilling equipment sector. Zhengzhou Jier is principally engaged in research and development, manufacturing and sale of equipments for offshore drilling platforms and offshore projects such as gear boxes for jacking systems. The Directors consider that with the professional technical team, the innovative jacking gear box designed, developed and fabricated by Zhengzhou Jier, together with the Group's capability in designing and manufacturing jacking control system shall enable the Group to provide complete various jacking systems to the Group's customers, and hence greatly enhance the Group's competitive advantage in providing rig turnkey solutions to various jack-up platforms.

In view of the above, the Directors consider that the proposed Acquisition is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

FINANCIAL EFFECT

Following Completion, the 100% equity interest in Center Mark and Zhengzhou Jier will be recorded by the Company using the purchase method of accounting in the Group's accounts. Though all the earning of Center Mark and Zhengzhou Jier before Completion will be accounted for pre-acquisition profit in the financial statement of the Group which shall not have any effect on the earning of the Group, the Group will be able to consolidate the profit generated from Center Mark and Zhengzhou Jier after Completion. In addition, all the assets and liabilities of the Center Mark and Zhengzhou Jier will be consolidated into the consolidated balance sheet of the Company. Therefore, the total assets and liabilities of the Group will increase after Completion and the consolidated net asset value of the Group is also expected to increase immediately after Completion.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the relevant percentage (as defined in the GEM Listing Rules) ratios applicable to the proposed Acquisition exceed 5% but less than 25%, the proposed Acquisition constitutes a "discloseable transaction" of the Company under Chapter 19 of the GEM Listing Rules.

ADDITIONAL INFORMATION

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

Yours faithfully
For and on behalf of
the board of Directors of
TSC Offshore Group Limited
Jiang Bing Hua
Executive Chairman

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. SHARE CAPITAL OF THE COMPANY

HK\$

Authorised share capital

1,000,000,000 Shares of HK\$0.10 each	100,000,000.00
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Issued and fully paid as at the Latest Practicable Date:

548,908,004 Shares of HK\$0.10 each	54,890,800.40
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All the Shares rank pari passu in all aspects, including all rights as to dividend, voting and interests in the capital.

3. 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 Director	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	25.56%
Mr. Jiang Bing Hua (Note 1)	864,000	–	136,871,200	–	137,735,200	25.56%
Mr. Zhang Hongru (Note 2)	4,690,800	–	16,228,800	–	20,919,600	4.09%
Mr. Chen Yunqiang	1,123,200	–	–	–	1,123,200	0.51%

Notes:

1. The 136,871,200 Shares of corporate interests are held through Global Energy Investors, LLC, which is beneficially owned as to 50% each by Mr. Zhang Menggui and Mr. Jiang Bing Hua. Accordingly, both Mr. Zhang Menggui and Mr. Jiang Bing Hua are deemed to be interested in the 136,871,200 Shares.
2. The 16,228,800 Shares of corporate interests are held through Osbeck Investments Limited, a company wholly-owned by Mr. Zhang Hongru.

Interests in underlying shares through equity derivatives

Name of Director	Date of grant	Exercisable period	Exercise price	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) 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 carry rights to vote in all circumstances at general meetings of any other member of the Group:

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 <i>(Note 1)</i>	Corporate	136,871,200 Shares	24.94%
Madam Chen Fengying <i>(Note 2)</i>	Interest of the spouse	137,735,200 Shares and 2,592,000 share options	25.56%
Madam Zhang Jiuli <i>(Note 3)</i>	Interest of the spouse	137,735,200 Shares and 2,592,000 share options	25.56%
YRS Investments Limited <i>(Note 4)</i>	Corporate	42,800,000 Shares	7.80%
Yantai Raffles Shipyard Limited <i>(Note 4)</i>	Corporate	42,800,000 Shares	7.80%
Mr. Brian Chang <i>(Note 4)</i>	Interest in controlled entities	108,872,800 Shares	19.83%
Windmere International Limited <i>(Note 4)</i>	Corporate	50,000,000 Shares	9.11%
Keywise Greater China Opportunities Master Fund <i>(Note 5)</i>	Corporate	51,488,000 Shares	9.38%

Name	Capacity and nature of interest	Number of Shares/underlying Shares held	Approximate percentage of the Company's issued share capital
Keywise Capital Management (HK) Limited <i>(Note 5)</i>	Corporate	51,488,000 Shares	9.38%
China International Marine Containers (Group) Co., Ltd. <i>(Note 6)</i>	Corporate	50,000,000 Shares	9.11%
China International Marine Containers (Hong Kong) Ltd. <i>(Note 6)</i>	Corporate	50,000,000 Shares	9.11%
Sharp Vision Holdings Limited <i>(Note 6)</i>	Corporate	50,000,000 Shares	9.11%
Mr. Ou Yaping <i>(Note 7)</i>	Interest in controlled entities	32,000,000 Shares	5.83%
Asia Pacific Promotion Limited <i>(Note 7)</i>	Corporate	32,000,000 Shares	5.83%
Enerchina Holdings Limited <i>(Note 7)</i>	Corporate	32,000,000 Shares	5.83%
Multiwin Corporation <i>(Note 7)</i>	Corporate	32,000,000 Shares	5.83%
Roxy Link Limited <i>(Note 7)</i>	Corporate	32,000,000 Shares	5.83%

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. 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 42,800,000 Shares held by YRSI. YRS is owned as to approximately 34% 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 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 incorporated in Hong Kong.
6. Sharp Vision Holdings Limited (“Sharp Vision”) is the beneficial owner of 50,000,000 Shares. Sharp Vision is a wholly-owned subsidiary of China International Marine Containers (Hong Kong) Limited (“CIMC HK”), which in turn is a wholly-owned subsidiary of China International Marine Containers (Group) Company Limited (“CIMC Group”). Therefore, CIMC HK and CIMC Group are deemed to be interested in the 50,000,000 Shares held by Sharp Vision under Part XV of the SFO.
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.

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.

4. COMPETING BUSINESS

None of the directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business 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.

5. LITIGATION

As at the Latest Practicable Date, so far as the Directors were aware, neither the Company nor any of its subsidiaries was engaged in any litigation or claims of material importance and no litigation or claims of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, there was no existing and proposed service contract of the Directors or proposed Directors of the Company or any of its subsidiaries respectively which was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

7. GENERAL

- (a) The company secretary of the Company is Ms. Cheung Wai Sze, Candy, who is an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.
- (b) The qualified accountant of the Company is Mr. Wong Kin Ming, Terry, who is a Certified Practising Accountant (Australia) and an associate member of the Hong Kong Institute of Certified Public Accountants.
- (c) The compliance officer of the Company is Mr. Zhang Hongru.
- (d) The Company has established an audit committee which is responsible for reviewing and supervising the financial reporting process and internal control systems of the Group. The audit committee comprises three members, namely Mr. Chan Ngai Sang, Kenny (being the chairman of the committee), Mr. Bian Junjiang and Mr. Guan Zhichuan. All of them are independent non-executive Directors. Set out below are the biographical details of these Directors:

Mr. Chan Ngai Sang, Kenny, aged 43, is an independent non-executive Director since October 2005. Mr. Chan holds a bachelor degree in commerce from the University of New South Wales in Australia and is a member of the Institute of Chartered Accountants of New Zealand, the Association of International Accountants, CPA Australia, the Hong Kong Institute of Certified Public

Accountants and the Taxation Institute of Hong Kong. Mr. Chan currently also serves as the committee member of the Association of International Accountants Hong Kong Branch. He is a partner and founder of Kenny Chan & Co., a firm of Certified Public Accountants and holds position as an independent non-executive director of Golding Soft Limited, a company listed on GEM in Hong Kong.

Mr. Bian Junjiang, aged 65, is an independent non-executive Director since October 2005. Mr. Bian presently serves as the chairman of CGC Overseas Construction Company Limited (中地海外建設有限責任公司) and an independent director of CITIC Securities Co., Ltd. (中信證券股份有限公司). He has many years of working experience in accounting and economic analysis in petroleum organisations.

Mr. Guan Zhichuan, aged 49, is an independent non-executive Director since October 2005. Mr. Guan obtained a doctorate degree in engineering from the University of Petroleum (Beijing) (石油大學) in 1995 and pursued his research in the field of oil and gas drilling engineering and fluid mechanic. He presently serves as the vice president of the College of Petroleum Engineering of the China University of Petroleum (中國石油大學石油工程學院).

- (e) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business of the Company is at Unit 1612, 16th Floor, China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong.
- (f) The share registrar and transfer office of the Company in the Cayman Islands is Bank of Bermuda (Cayman) Limited, P.O. Box 513 GT, Strathale House, North Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies. The share registrar of the Company in Hong Kong is Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (g) The English text of this circular shall prevail over the Chinese text.