TSC Offshore Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8149)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008

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

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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of TSC Offshore Group Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (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: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

RESULTS HIGHLIGHTS

- Turnover amounted to approximately US$101.9 million for the nine months ended 30 September 2008, representing an approximately 352.0% increase over the same period in 2007;

- Gross profit amounted to approximately US$25.4 million for the nine months ended 30 September 2008, representing an approximately 176.9% increase over the same period in 2007;

- Profit from operations amounted to approximately US$5.2 million for the nine months ended 30 September 2008, representing an approximately 62.9% increase over the same period in 2007;

- Profit attributable to equity holders amounted to approximately US$4.4 million for the nine months ended 30 September 2008 against approximately US$2.7 million for the same period in 2007;

- The Directors do not recommend the payment of an interim dividend for the nine months ended 30 September 2008.

RESULTS

The board of Directors of the Company (the "Board") is pleased to announce the unaudited results of the Company and its subsidiaries (collectively the "Group") for the three months and the nine months ended 30 September 2008, together with the unaudited comparative figures for the corresponding period in 2007 as follows:

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

		For the three months ended 30 September		For the nine months ended 30 September	
		2008	2007	**2008**	2007
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	Notes	***US$'000***	*US$'000*	***US$'000***	*US$'000*
Turnover	*3*	**36,821**	9,280	**101,893**	22,542
Cost of sales		**(28,248)**	(5,936)	**(76,494)**	(13,371)
Gross profit		**8,573**	3,344	**25,399**	9,171
Other revenue	*3*	**148**	299	**706**	905
Selling and distribution expenses		**(1,418)**	(674)	**(2,777)**	(1,728)
General and administrative expenses		**(6,979)**	(1,786)	**(16,038)**	(5,079)
Other operating income/(expenses)	*4*	**399**	38	**(2,068)**	(64)
Profit from operations		**723**	1,221	**5,222**	3,205
Finance costs	*5*	**29**	(78)	**(526)**	(206)
Share of results of associates		**(71)**	3	**(138)**	3
Profit before taxation		**681**	1,146	**4,558**	3,002
Income tax	*6*	**(106)**	(179)	**(360)**	(312)
Profit for the period		**575**	967	**4,198**	2,690
Attributable to:					
Equity holders of the Company		**580**	967	**4,384**	2,690
Minority interests		**(5)**	–	**(186)**	–
		575	967	**4,198**	2,690
Dividend	*7*	**–**	–	**–**	–
Earnings per share					
Basic	*8(a)*	**US0.11 cent**	US0.28 cent	**US1.01 cent**	US0.83 cent
Diluted	*8(b)*	**US0.11 cent**	US0.26 cent	**US0.99 cent**	US0.80 cent

Notes:

1. **CORPORATE INFORMATION**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 22 February 2005 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and was listed on the GEM of the Stock Exchange on 28 November 2005.

The unaudited consolidated results for the nine months ended 30 September 2008 have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

All inter-company transactions and balances within the Group are eliminated on consolidation.

2. **SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules. The measurement basis used in the preparation of the financial statements is the historical cost basis. Revenue arising from the sale of goods is recognised when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value-added tax or other sales taxes and is after deduction of any trade discounts. The accounting policies adopted are consistent with those followed in preparation of the Group's annual consolidated financial statements for the year ended 31 December 2007, except that contract revenue from a turnkey contract is recognised in the profit or loss when the outcome of a construction contract can be estimated reliably, and that revenue from a fixed price turnkey contract is recognised using the percentage of completion method, measured by reference to the percentage of contract cost incurred to date to estimated total costs for the contract. Such change has no effect on the financial statements for the nine months ended 30 September 2007 if such change was applied for the same period in 2007.

3. TURNOVER AND OTHER REVENUE

The analysis of the Group's turnover and other revenue are as follows:

	Unaudited For the three months ended 30 September		Unaudited For the nine months ended 30 September	
	2008	2007	**2008**	2007
	US$'000	*US$'000*	***US$'000***	*US$'000*
Turnover				
Sales of rig turnkey solutions *(note (a))*	**3,034**	–	**28,185**	–
Sales of rig products and technology *(note (a))*	**27,890**	5,600	**60,492**	11,701
Sales of oilfield expendables and supplies	**5,897**	3,676	**12,768**	10,265
Consultancy service fee income	**–**	4	**448**	576
	36,821	9,280	**101,893**	22,542
Other revenue				
Interest income	**–**	332	**309**	369
(Loss)/Gain on disposal of investment	**–**	(127)	**–**	4
Rental income	**–**	–	**–**	7
Reversal of impairment losses on doubtful debts	**–**	4	**56**	8
Others	**148**	90	**341**	517
	148	299	**706**	905

The turnover was net of return, discount and sales tax.

Note (a): Sales to Yantai Raffles Shipyard Limited ("YRS") or its associates which are the Company's connected persons amounted to approximately US$29.2 million, representing approximately 28.7% of the total turnover of the Group for the nine months period ended 30 September 2008 (2007: Nil). The sales to YRS were all generated from turnkey solutions and part of the rig products and technology.

4. OTHER OPERATING (INCOME)/EXPENSES

	Unaudited For the three months ended 30 September		Unaudited For the nine months ended 30 September	
	2008	2007	**2008**	2007
	US$'000	*US$'000*	***US$'000***	*US$'000*
Amortisation of intangible assets	**691**	4	**1,488**	10
Net foreign exchange (gain)/loss	**(1,090)**	(42)	**580**	54
	(399)	(38)	**2,068**	64

5. FINANCE COSTS

	Unaudited For the three months ended 30 September		Unaudited For the nine months ended 30 September	
	2008	2007	**2008**	2007
	US$'000	*US$'000*	***US$'000***	*US$'000*
Interest on bank and other loans	**(29)**	78	**526**	206

6. INCOME TAX

Income tax in the consolidated income statement represents:

	Unaudited For the three months ended 30 September		Unaudited For the nine months ended 30 September	
	2008	2007	**2008**	2007
	US$'000	*US$'000*	***US$'000***	*US$'000*
Current tax				
UK tax	**–**	–	**–**	–
USA income tax	**–**	27	**–**	89
Mainland China enterprise income tax	**365**	152	**916**	383
	365	179	**916**	472
Deferred tax				
Origination and reversal of temporary differences	**(259)**	–	**(556)**	(160)
	106	179	**360**	312

In accordance with latest applicable tax laws and regulations in China, the Group's subsidiaries in China are subject to enterprise income tax ("EIT") at a rate of 25% effective from the tax year of 2008.

海爾海斯（西安）控制技術有限公司 ("海爾海斯") was subject to EIT at a rate of 7.5% for the tax year of 2007 and from 1 January 2008 was subject to EIT at a rate of 25%. However, since 海爾海斯 was set up in Xian falling to the Western region of China and is producing products encouraged by the Chinese government, 海爾海斯 has obtained approval from local provincial government on 25 April 2008 to entitle a tax break by paying EIT at a rate of 15%. It is expected that 海爾海斯 will be subject to EIT at a rate of 15% for tax years of 2008, 2009 and 2010.

青島天時海洋石油裝備有限公司(“青島海洋”) was set up in Qingdao, China before 31 December 2007. In accordance with relevant laws in China, 青島海洋 was exempted from EIT for the first two profitable years of operations (i.e. for the years ended 31 December 2007 and 2008) after offsetting prior year losses and is entitled to a 50% reduction on the EIT of 25% for the following three years (i.e. started from 1 January 2009) in accordance with Article 8 of Income Tax Law of the People’s Republic of China for Enterprises with Foreign Investment and Foreign Enterprises.

鄭州海來能源科技有限公司(“海來”) is a high-tech enterprise certified by Hena provincial government in China and enjoys the EIT rate of 15% for the year of 2007 and 2008. From 1 January 2009, 海來 shall pay EIT at a rate of 25% unless 海來 can extend its high-tech enterprise certification in which case 海來 is expected to pay EIT at a rate of 15%.

The Group’s subsidiaries in UK are normally subject to corporate income tax at a rate of 28% from April 2008 (30% before April 2008) while the subsidiaries in USA are normally subject to corporate income tax at a rate of 34%.

No provision of Hong Kong Profits Tax has been made as the Directors consider that the Group had no assessable profit in Hong Kong during the nine months period ended 30 September 2008 (2007: Nil).

7. DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2008 (2007: Nil).

8. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share for the three months and nine months ended 30 September 2008 are based on the profit attributable to equity holders of the Company of approximately US$580,000 and US$4,384,000 (three months and nine months ended 30 September 2007: US$967,000 and US$2,690,000) and the weighted average number of 510,158,004 and 432,841,064 (2007: 349,342,583 and 323,189,515) ordinary shares in issue during the periods.

(b) Diluted earnings per share

The calculation of diluted earnings per share for the three months and nine months ended 30 September 2008 are based on the profit attributable to equity holders of the Company of approximately US$580,000 and US$4,384,000 (three months and nine months ended 30 September 2007: US$967,000 and US$2,690,000) and the weighted average number of ordinary shares for the three months and nine months ended 30 September 2008 are 519,884,006 and 443,391,785 (three months and nine months ended 30 September 2007: 365,005,971 and 337,486,646) ordinary shares which were calculated after adjusting for the effects of all dilutive potential ordinary shares under the Company’s share option schemes.

9. MOVEMENT OF RESERVES

	Reserves attributable to equity holders of the Company							
	(Unaudited) Share premium US$'000	(Unaudited) Merger reserve US$'000	(Unaudited) Exchange reserve US$'000	(Unaudited) Employee share-based compensation reserve US$'000	(Unaudited) Capital reserve US$'000	(Unaudited) Reserve funds US$'000	(Unaudited) Retained profits US$'000	(Unaudited) Total US$'000
At 1 January 2007 (audited)	1,124	2,161	540	321	512	883	8,511	14,052
Issue of ordinary shares	49,997	–	–	–	–	–	–	49,997
Share issue expenses	(1,329)	–	–	–	–	–	–	(1,329)
Capitalisation issue	(693)	–	–	–	–	–	–	(693)
Shares issued under share option scheme	171	–	–	(83)	–	–	–	88
Equity-settled share-based transactions	–	–	–	122	–	–	–	122
Exchange differences on translation of financial statement of foreign subsidiaries and associates	–	–	218	–	–	–	–	218
Profit for the period	–	–	–	–	–	–	2,690	2,690
At 30 September 2007 (unaudited)	49,270	2,161	758	360	512	883	11,201	65,145
At 1 January 2008 (audited)	52,912	2,161	1,473	597	512	1,640	11,250	70,545
Adjustment on 2007 share of results of associate	–	–	–	–	–	–	242	242
At 1 January 2008 (restated)	52,912	2,161	1,473	597	512	1,640	11,492	70,787
Issue of ordinary shares	35,374	–	–	–	–	–	–	35,374
Share issue expenses	(640)	–	–	–	–	–	–	(640)
Shares issued under share option schemes	178	–	–	(62)	–	–	–	116
Equity-settled share-based transactions	–	–	–	780	–	–	–	780
Exchange differences on translation of financial statement of foreign subsidiaries and associates	–	–	1,839	–	–	–	–	1,839
Profit for the period	–	–	–	–	–	–	4,384	4,384
At 30 September 2008 (unaudited)	87,824	2,161	3,312	1,315	512	1,640	15,876	112,640

10. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

For the three months ended 30 September 2008, the Group generated approximately US$37.0 million in total revenue and a net profit of approximately US$0.6 million. As a result, the Group realized a total revenue of approximately US$102.6 million for the nine months ended 30 September 2008 and a net profit of approximately US$4.2 million.

Financial Review

Turnover and Other Revenue

For the three months ended 30 September 2008, the Group recorded a total sales of approximately US$36.8 million, representing an increase of approximately 296.8% over the sales in the same period in 2007. Other revenue was approximately US$0.1 million for the three months ended 30 September 2008.

Cost of Sales and Gross Profit Margin

The Group's cost of sales for the three and nine months ended 30 September 2008 and the same periods in 2007 amounted to approximately US$28.2 million, US$76.5 million, US$5.9 million and US$13.4 million respectively, resulting in a consolidated gross profit margin of approximately 23.3%, 24.9%, 36.0% and 40.7% respectively.

Operating Costs and Net Profit

For the three and nine months ended 30 September 2008, the Group's selling and distribution expenses amounted to approximately US$1.4 million and US$2.8 million respectively, accounting for approximately 3.8% and 2.7% respectively of the Group's turnover, as compared to approximately 7.3% and 7.7% for the same periods in 2007. The increase of selling and distribution expenses was mainly related to the increased selling and marketing activities.

For the three and nine months ended 30 September 2008, the Group's general and administrative expenses amounted to approximately US$7.0 million and US$16.0 million respectively, representing approximately 19.0% and 15.7% of the Group's turnover, as compared to those of approximately 19.2% and 22.5% for the same periods in 2007.

For the three and nine months ended 30 September 2008, the Group's other operating (income)/expense amounted to approximately US$(0.4) million and US$2.1 million respectively while approximately US$(0.04) million and US$0.06 million occurred for the same periods in 2007 respectively. For the three and nine months ended 30 September 2008, the Group's finance costs amounted to approximately US$(0.03) million and US$0.5 million respectively while approximately US$0.08 million and US$0.2 million occurred for the same periods in 2007 respectively.

For the three months and nine months ended 30 September 2008, the Group realized a net profit attributable to equity holders of approximately US$0.6 million and US$4.4 million respectively.

Business Review

For the three months ended 30 September 2008, the Group continued implementing the six turnkey contracts for cantilever and drilling systems as per the progress milestones ascribed in updated contracts. The total value for the six contracts was approximately US$106 million. Based on the percentage of completion, the Group recognised a sales of approximately US$3 million. The growth of rig products and technology was strong in the third quarter of 2008, the Group realised a sales of approximately US$27.9 million in rig products and technology sales. The sales of expendables and supplies in the third quarter of 2008 were satisfactorily higher than the sales in the same period in 2007.

Liquidity, Financial Resources and Charge of Assets

As at 30 September 2008, the Group maintained current assets of approximately US$132.2 million in which approximately US$20.5 million was cash and bank balances while current liabilities were approximately US$85.2 million. As at 30 September 2008, the Group carried a short-term bank borrowings of approximately US$3.9 million, which were secured by the Group's inventory assets in its USA warehouse, leasehold land use right and buildings located in Qingdao and Xi'an as well as machineries located in Qingdao.

Gearing Ratio

As at 30 September 2008, the Group maintained a gearing ratio, based on total liabilities over total assets, of approximately 44.1% (31 December 2007: approximately 35.6%).

Contingent Liability

As at 30 September 2008, the Company has issued guarantees to banks in respect of banking facilities granted to a subsidiary.

As at 30 September 2008, the Directors do not consider it probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company under the guarantees issued is the facilities drawn down by a subsidiary of US$1.9 million (31 December 2007: US$2.4 million).

As at 30 September 2008, the Group had outstanding performance bonds in place totalling approximately US$10.5 million (31 December 2007: Nil).

As at 30 September 2008, the Group has potential exposure to liquidated damages approximately US$4.8 million (31 December 2007: Nil).

There is no history of customers levying liquidated damages against the Group and as such the Directors assess the likelihood of a liability crystallising in this respect to be remote. As such no provision has been booked.

Significant Investments and Disposal

In the three months ended 30 September 2008, the Company completed acquisition of shares of Global Marine Energy Plc, a company previously listed on Alternative Investment Market of the London Stock Exchange, and renamed it as TSC Offshore (UK) Limited ("TSC (UK)"). The results of TSC (UK) for the third quarter of 2008 were fully consolidated into the management account of the Group, and partly contributed to the significant growth in the Group's total sales of rig products and technology for the period.

Order Book and Prospect

As of 30 September 2008, the Group as a whole carried an uninvoiced order book valued at approximately US$160 million for rig products & technology, turnkey solutions and expendables. As at the date of this announcement, the Company holds a master agreement with YRS, by which the Company and YRS can negotiate for possible orders from YRS up to approximately RMB589 million (US$86.4 million) and approximately RMB1,028 million (US$151 million) for the two years ending 31 December 2009 respectively. The Company is actively bidding for new contracts from other potential customers in China and from other countries. The management has the confidence that the Company will obtain more contract awards in future.

Capital Structure

On 24 July 2008, the Company completed a placing of 155,000,000 placing shares at the placing price of HK$1.88 per placing share to five placees. The net proceeds raised from the Subscription were approximately HK$286 million.

As at 30 September 2008, the Company carried 548,908,004 shares in issue, and a share capital of approximately US$7,055,000.

Capital Commitment

The capital commitments outstanding at the balance sheet date not provided for in the financial statement was approximately US$2,552,000.

Foreign Currency Exchange Exposure and Treasury Policy

Most of the Group's trading transactions, assets and liabilities were denominated in Renminbi, United States dollars and Hong Kong dollars. Since July 2005, magnitude of fluctuation of the exchange rates of Hong Kong dollars and United States dollars to Renminbi have become larger than before, the Directors considered that the impact of the foreign exchange exposure of the Group has some adverse effect on the income of the Group. As at 30 September 2008, no related hedges were made by the Group. The Group will seek ways to hedge currency exchange risk in future.

Employees and Remuneration Policy

As at 30 September 2008, the Group had approximately 750 full-time staff in USA, Hong Kong, the PRC and other countries.

The Group's remuneration policy is basically determined by the performance of individual employee and the market condition. In addition to salaries, employees' benefits included medical scheme, pension contributions and share option schemes.

Prospects and Strategies

The Group will continue to focus on its core business of serving oil and gas drilling industry worldwide. Even though the drop in oil price and financial crisis in the USA cause uncertainty in oil and gas drilling industry, the management of the Group expects that the demand for drilling products and expendables shall in the long run continue to be strong but may show some short-term downward adjustments. The Group will continue to implement its strategy through both organic growth, mergers and acquisitions. The management shall take stringent measures to control and reduce costs and expenses in the coming quarters. The Group's lower-cost manufacturing base in China, its international sales and distribution network and the ability of offering complete offshore drilling equipment "turnkey solutions" to its international clients has made the Group in a very competitive position for continuing growth in future.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2008, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Name of Directors	Number of issued ordinary shares of HK$0.10 each in the Company (long position)					Number of underlying shares (in respect of share options granted under the Pre-IPO Share Option Scheme) *(Note 3)*	Approximate percentage of the Company's issued share capital
	Personal interests	Family interests	Corporate interests	Other interests	Total		
Mr. Zhang Menggui *(Note 1)*	864,000	–	136,871,200	–	137,735,200	2,592,000	25.56%
Mr. Jiang Bing Hua *(Note 1)*	864,000	–	136,871,200	–	137,735,200	2,592,000	25.56%
Mr. Zhang Hongru *(Note 2)*	4,690,800	–	16,228,800	–	20,919,600	1,555,200	4.09%
Mr. Chen Yunqiang	1,123,200	–	–	–	1,123,200	1,684,800	0.51%

Notes:

1. Global Energy Investors, LLC is the beneficial owner of 136,871,200 shares. The entire shares capital of Global Energy Investors, LLC is beneficially owned as to 50% each by Mr. Zhang Menggui and Mr. Jiang Bing Hua, both are the executive Directors of the Company. Accordingly, both Mr. Zhang Menggui and Mr. Jiang Bing Hua are deemed to be interested in the 136,871,200 shares beneficially owned by Global Energy Investors, LLC.

2. Mr. Zhang Hongru personally holds 4,690,800 shares and indirectly holds 16,228,800 shares through Osbeck Investments Limited which is an investment holding company wholly owned by him. He is deemed to be interested in the shares held by Osbeck Investments Limited under Part XV of the SFO.

3. Please refer to the section "Share Option Schemes" below for details of share options held by the Directors and chief executives of the Company.

Save as disclosed above, as at 30 September 2008, none of the Directors or chief executives of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2008, the following persons had interests or short positions in the shares and underlying shares of the Company which as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

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

Name	Capacity and Nature of interest	Number of shares/underlying shares held	Approximate percentage of the Company's issued share capital
Global Energy Investors, LLC *(Note 1)*	Corporate	136,871,200 shares	24.94%
Madam Chen Fengying *(Note 2)*	Interest of the spouse	137,735,200 shares and 2,592,000 share options	25.56%
Madam Zhang Jiuli *(Note 3)*	Interest of the spouse	137,735,200 shares and 2,592,000 share options	25.56%
YRS Investments Limited *(Note 4)*	Corporate	42,800,000 shares	7.80%
Yantai Raffles Shipyard Limited *(Note 4)*	Corporate	42,800,000 shares	7.80%
Mr. Brian Chang *(Note 4)*	Interest in controlled entities	108,872,800 shares	19.83%
Windmere International Limited *(Note 4)*	Corporate	50,000,000 shares	9.11%
Keywise Greater China Opportunities Master Fund *(Note 5)*	Corporate	51,488,000 shares	9.38%
Keywise Capital Management (HK) Limited *(Note 5)*	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
China International Marine Containers (Group) Company Limited *(Note 6)*	Corporate	50,000,000 shares	9.11%
China International Marine Containers (Hong Kong) Limited *(Note 6)*	Corporate	50,000,000 shares	9.11%
Sharp Vision Holdings Limited *(Note 6)*	Corporate	50,000,000 shares	9.11%
Mr. Ou Yaping *(Note 7)*	Interest in controlled entities	32,000,000 shares	5.83%
Asia Pacific Promotion Limited *(Note 7)*	Corporate	32,000,000 shares	5.83%
Enerchina Holdings Limited *(Note 7)*	Corporate	32,000,000 shares	5.83%
Multiwin Corporation *(Note 7)*	Corporate	32,000,000 shares	5.83%
Roxy Link Limited *(Note 7)*	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 previous section headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES".

2. These interests represent the same block of shares and share options held by Mr. Zhang Menggui as shown in the previous section headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES". Since Madam Chen Fengying is the spouse of Mr. Zhang Menggui, she is deemed to be interested in the Shares and share options held by him under Part XV of the SFO.

3. These interests represent the same block of shares and share options held by Mr. Jiang Binghua as shown in the previous section headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES". Since Madam Zhang Jiuli is the spouse of Mr. Jiang 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 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 under Part XV of the SFO.

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, as at 30 September 2008, there was no person (other than the Directors and chief executives of the Company whose interests are set out under the paragraph headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES" above and section headed "SHARE OPTION SCHEMES" below), had an interest or short position in the shares or underlying shares of the Company as recorded in the register to be kept under Section 336 of the SFO.

SHARE OPTION SCHEMES

On 1 February 2005, Oxford Asia Investments Limited ("Oxford"), a wholly-owned subsidiary of the Company, adopted a share option scheme pursuant to which 1,690 share options were granted to certain employees of the Group. On 19 October 2005, the Company adopted a share option scheme ("Pre-IPO Share Option Scheme") to replace the share option scheme of Oxford which was cancelled on the same date. The total number of shares in the Company that are subject to the Pre-IPO Share Option Scheme is 15,210,000 shares at HK$0.286 each, and all the options under the Pre-IPO Share Option Scheme were granted to the option holders of the Oxford's option scheme in the same proportion with their original holding. No further options will be granted under the Pre-IPO Share Option Scheme after 28 November 2005. Details of the Pre-IPO Share Option Scheme are summarised in the paragraph headed "Summary of terms of the Pre-IPO Share Option Scheme" in Appendix 5 to the prospectus of the Company dated 21 November 2005.

On 26 March 2007, the Directors of the Company announced in its annual results for the year ended 31 December 2006 of a bonus issue of shares (the "Bonus Issue") to those shareholders whose names appear on the register of members of the Company on 7 May 2007 on the basis of one bonus share for every five existing shares held. The above adjustments to the subscription price and the number of shares subject to the Pre-IPO Share Option became effective on the day of the Bonus Issue becoming unconditional on 10 May 2007.

Details of the adjusted outstanding options which have been granted and remaining unexercised under the Pre-IPO Scheme as at 30 September 2008 are as follows:

Name or category of participant	Date of grant *(Notes 1 & 2)*	Exercisable period *(Notes 1, 2 & 3)*	Exercise price per share *HK$*	Number of share options: Outstanding as at 30.6.2008	Exercised during the period *(Note 4)*	Cancelled during the period *(Note 4)*	Lapsed during the period *(Note 4)*	Outstanding as at 30.9.2008
Directors:								
Mr. Zhang Menggui	19.10.2005	29.11.2005 to 18.10.2015	0.2383	2,592,000	–	–	–	2,592,000
Mr. Jiang Bing Hua	19.10.2005	29.11.2005 to 18.10.2015	0.2383	2,592,000	–	–	–	2,592,000
Mr. Chen Yunqiang	19.10.2005	29.11.2005 to 18.10.2015	0.2383	1,684,800	–	–	–	1,684,800
Mr. Zhang Hongru	19.10.2005	29.11.2005 to 18.10.2015	0.2383	1,555,200	–	–	–	1,555,200
				8,424,000	–	–	–	8,424,000
Employees	19.10.2005	29.11.2005 to 18.10.2015	0.2383	2,527,200	–	–	–	2,527,200
Total				10,951,200	–	–	–	10,951,200

Notes:

1. All dates are shown day, month, year.

2. The vesting period of the options is 5 years and starts from the date of grant and become vested at stepped semi-annual increments of 10% of the total options originally granted subject to any adjustment due to the bonus issue, for a period of 5 years from the date of grant.

3. These grants are exercisable, starting from the first anniversary of the listing date at stepped semi-annual increments of 10% of the total options originally granted subject to any adjustment due to the bonus issue, for a period not later than 10 years from the date of grant.

4. The period refers to the three months ended 30 September 2008.

Pursuant to the share option scheme adopted by the Company on 20 October 2005 ("Share Option Scheme"), the board of Directors granted 7,280,000 share options at HK$2.43 each to 14 employees of the Group on 10 May 2007, granted 9,700,000 share options at HK$5.60 each to 51 employees and 2 consultants of the Group on 12 November 2007, and granted 2,000,000 share options at HK$5.23 each to 3 employees of the Group on 15 January 2008. Based on a valuation report done by an independent valuer Jones Lang LaSalle Sallmanns, the value of the option granted on 10 May 2007, 12 November 2007 and 15 January 2008 were HK$7,252,000, HK$21,812,000 and HK$4,166,000 respectively.

For 5,000,000 share options that were granted on 12 August 2008, the Company will request an independent valuer to evaluate the value of options.

Details of share options under the Share Option Scheme as at 30 September 2008:

				Number of share options					
Name or category of participant	**Date of grant**	**Exercisable period**	**Exercise price per share**	**Outstanding as at 30.6.2008**	**Granted during the period**	**Exercised during the period**	**Cancelled during the period**	**Lapsed during the period**	**Outstanding as at 30.9.2008**
	(Notes 1 & 2)	*(Notes 1, 2 & 3)*	*HK$*		*(Note 4)*	*(Notes 4)*	*(Note 4)*	*(Note 4)*	
Employees	10.05.2007	10.11.2007 to 09.05.2017	2.43	7,002,000	–	–	–	–	7,002,000
Total				7,002,000	–	–	–	–	7,002,000
Employees	12.11.2007	12.05.2008 to 11.11.2017	5.60	9,210,000	–	–	–	–	9,210,000
Consultants	12.11.2007	12.05.2008 to 11.11.2017	5.60	200,000	–	–	–	–	200,000
Total				9,410,000		–	–	–	9,410,000
Employees	15.01.2008	15.07.2008 to 14.01.2018	5.23	2,000,000	–	–	–	–	2,000,000
Total				2,000,000	–	–	–	–	2,000,000
Employees	12.08.2008	12.02.2009 to 11.08.2018	2.32	–	5,000,000	–	–	–	5,000,000
Total				–	5,000,000	–	–	–	5,000,000

Notes:

1. All dates are shown day, month, year.

2. The vesting period of the options is 5 years and starts from the date of grant and become vested at stepped semi-annual increments of 10% of the total options granted for a period of 5 years from the date of grant.

3. These grants are exercisable, starting from the first anniversary of the listing date at stepped semi-annual increments of 10% of the total options granted, for a period not later than 10 years from the date of grant.

4. The period refers to the three months ended 30 September 2008.

On 6 October 2008, the Board proposed to refresh the scheme mandate limit in respect of the granting of share options under the Share Option Scheme. On 4 November 2008, the relevant ordinary resolution was approved by the shareholders at the extraordinary general meeting duly convened and held. As at the date of this announcement, the application has been made by the Company to the Stock Exchange in respect of the granting the listing of, and permission to deal in, the shares which may fall to be issued and allotted upon the exercise of any options that may be granted under the refreshed scheme mandate limit. Details of the circular were published on 20 October 2008.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any businesses that competes or may compete, either directly or indirectly, with the business of the Group, as defined in the GEM Listing Rules, or has any other conflict of interests with the Group during the nine months period ended 30 September 2008.

AUDIT COMMITTEE

The Company established an audit committee on 20 October 2005 with terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls of the Group.

The audit committee comprises three members, namely Mr. Chan Ngai Sang, Kenny (being the chairman of the audit committee), Mr. Bian Junjiang and Mr. Guan Zhichuan. All of them are independent non-executive Directors. The audit committee of the Company has reviewed the unaudited results of the Group for the nine months ended 30 September 2008 and are of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company or any of its subsidiaries was a party, and in which a Director had a direct and indirect material interest, subsisted during or at the end of the nine months ended 30 September 2008.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Directors have complied with such code of conduct and the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the nine months ended 30 September 2008.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

For the nine months ended 30 September 2008, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

SUBSEQUENT EVENT

On 23 October 2008, the Company entered into a loan agreement with Mr. Jiang Bing Hua ("Mr. Jiang"), a Director of the Company. Pursuant to such agreement, Mr. Jiang advanced a loan of HK$16 million to the Company for short term bridging financing purpose. The loan is unsecured, interest-free and shall be repaid in full on or before 30 December 2008.

On 31 October 2008, the Company entered into the sale and purchase agreement with Lewiside Investments Limited (the "Vendor") whereby the Company has conditionally agreed to purchase the entire issued share capital of Center Mark International Limited ("CMI") and a shareholder loan to CMI from the Vendor for a consideration of HK$12,900,000, by way of the allotment and issue of 10,000,000 shares, and RMB1,200,000 (equivalent to approximately HK$1,349,450), in cash, respectively. The acquisition is expected to be completed on 18 November 2008 or later date to be agreed mutually by the Company and the Vendor. Details of the transaction were announced on 31 October 2008 and in the circular dated 10 November 2008 which were published on the Stock Exchange's website.

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

Hong Kong, 11 November 2008

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

This announcement will remain on the "Latest Company Announcements" page of the GEM website for at least seven days from the date of its posting and on the website of the Company at www.tscoffshore.com.