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## **TSC Group Holdings Limited**

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

**(Stock code: 206)**

### **INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011**

The board (the "Board") of directors (the "Directors") of TSC Group Holdings Limited (the "Company" or "TSC") is pleased to announce the unaudited results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2011, together with the unaudited comparative figures for the corresponding period in 2010 as follows:

#### **RESULTS HIGHLIGHTS**

- The Group's turnover for the six months ended 30 June 2011 reached approximately US\$78.1 million, representing an increase of approximately 29.1% from US\$60.5 million for the same period for 2010;
- Gross profit amounted to approximately US\$28.5 million for the six months ended 30 June 2011, representing an increase of approximately 25.1% over US\$22.7 million for the same period for 2010;
- Net profit attributed to equity shareholders of the Company amounted to approximately US\$2.8 million for the six months ended 30 June 2011, representing approximately 24.6% decrease over the same period for 2010;
- Earnings per share for the six months ended 30 June 2011 were US0.41 cent, representing a decrease of 28.1% compared with US0.57 cent per share for the same period in 2010. The basis of calculating the earnings per share is detailed in note 10;
- The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2011.

## CONDENSED CONSOLIDATED INCOME STATEMENT

|                                     |       | For the six months ended<br>30 June |                                 |
|-------------------------------------|-------|-------------------------------------|---------------------------------|
|                                     |       | 2011<br>(unaudited)<br>US\$'000     | 2010<br>(unaudited)<br>US\$'000 |
|                                     | Notes |                                     |                                 |
| Turnover                            | 3, 4  | <b>78,081</b>                       | 60,472                          |
| Cost of sales                       |       | <b>(49,630)</b>                     | (37,735)                        |
| Gross profit                        |       | <b>28,451</b>                       | 22,737                          |
| Other revenue                       | 5     | <b>247</b>                          | 46                              |
| Selling and distribution expenses   |       | <b>(3,099)</b>                      | (2,683)                         |
| General and administrative expenses |       | <b>(18,319)</b>                     | (12,941)                        |
| Other operating expenses            |       | <b>(997)</b>                        | (1,150)                         |
| Profit from operations              |       | <b>6,283</b>                        | 6,009                           |
| Finance costs                       | 6     | <b>(1,030)</b>                      | (577)                           |
| Share of results of associates      |       | <b>(10)</b>                         | 61                              |
| Profit before taxation              | 7     | <b>5,243</b>                        | 5,493                           |
| Income tax expense                  | 8     | <b>(2,068)</b>                      | (1,763)                         |
| Profit for the period               |       | <b>3,175</b>                        | 3,730                           |
| Attributable to:                    |       |                                     |                                 |
| Equity shareholders of the Company  |       | <b>2,812</b>                        | 3,730                           |
| Non-controlling interests           |       | <b>363</b>                          | –                               |
| Profit for the period               |       | <b>3,175</b>                        | 3,730                           |
| Earnings per share                  |       |                                     |                                 |
| Basic                               | 10(a) | <b>US0.41 cent</b>                  | US0.57 cent                     |
| Diluted                             | 10(b) | <b>US0.41 cent</b>                  | US0.56 cent                     |

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

|                                                                                               | For the six months ended<br>30 June |                                 |
|-----------------------------------------------------------------------------------------------|-------------------------------------|---------------------------------|
|                                                                                               | 2011<br>(unaudited)<br>US\$'000     | 2010<br>(unaudited)<br>US\$'000 |
| Notes                                                                                         |                                     |                                 |
| Profit for the period                                                                         | <b>3,175</b>                        | 3,730                           |
| Other comprehensive income for the period:                                                    |                                     |                                 |
| Exchange differences on translation of<br>financial statements of subsidiaries and associates | <b>2,909</b>                        | (1,806)                         |
| Total comprehensive income for the period                                                     | <b>6,084</b>                        | 1,924                           |
| Attributable to:                                                                              |                                     |                                 |
| Equity shareholders of the Company                                                            | <b>5,832</b>                        | 1,924                           |
| Non-controlling interests                                                                     | <b>252</b>                          | –                               |
| Total comprehensive income for the period                                                     | <b>6,084</b>                        | 1,924                           |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

|                                                                        |       | As at<br>30 June<br>2011<br>(unaudited)<br>US\$'000 | As at<br>31 December<br>2010<br>(audited)<br>US\$'000 |
|------------------------------------------------------------------------|-------|-----------------------------------------------------|-------------------------------------------------------|
|                                                                        | Notes |                                                     |                                                       |
| <b>NON-CURRENT ASSETS</b>                                              |       |                                                     |                                                       |
| Property, plant and equipment                                          | 11    | <b>32,089</b>                                       | 27,911                                                |
| Property under development                                             |       | <b>2,017</b>                                        | 429                                                   |
| Interests in leasehold land held for<br>own use under operating leases |       | <b>4,413</b>                                        | 4,377                                                 |
| Goodwill                                                               |       | <b>24,575</b>                                       | 23,776                                                |
| Other intangible assets                                                |       | <b>18,143</b>                                       | 18,884                                                |
| Interest in associates                                                 |       | <b>3,784</b>                                        | 4,132                                                 |
| Prepayments                                                            |       | –                                                   | 2,082                                                 |
| Deferred tax assets                                                    |       | <b>12,059</b>                                       | 13,124                                                |
|                                                                        |       | <b>97,080</b>                                       | 94,715                                                |
| <b>CURRENT ASSETS</b>                                                  |       |                                                     |                                                       |
| Inventories                                                            |       | <b>24,617</b>                                       | 33,339                                                |
| Trade and other receivables                                            | 12    | <b>74,856</b>                                       | 64,926                                                |
| Gross amount due from customers for contract work                      |       | <b>56,543</b>                                       | 42,932                                                |
| Amount due from a related company                                      |       | <b>101</b>                                          | 101                                                   |
| Pledged bank deposits                                                  |       | <b>986</b>                                          | 3,657                                                 |
| Cash at bank and in hand                                               |       | <b>16,847</b>                                       | 17,147                                                |
|                                                                        |       | <b>173,950</b>                                      | 162,102                                               |
| <b>CURRENT LIABILITIES</b>                                             |       |                                                     |                                                       |
| Trade and other payables                                               | 13    | <b>65,470</b>                                       | 62,179                                                |
| Bank loans                                                             |       | <b>17,008</b>                                       | 14,653                                                |
| Current taxation                                                       |       | <b>4,359</b>                                        | 4,394                                                 |
| Provisions                                                             |       | <b>2,236</b>                                        | 2,306                                                 |
|                                                                        |       | <b>89,073</b>                                       | 83,532                                                |

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

|                                                                    | Notes | As at<br>30 June<br>2011<br>(unaudited)<br>US\$'000 | As at<br>31 December<br>2010<br>(audited)<br>US\$'000 |
|--------------------------------------------------------------------|-------|-----------------------------------------------------|-------------------------------------------------------|
| NET CURRENT ASSETS                                                 |       | <b>84,877</b>                                       | 78,570                                                |
| TOTAL ASSETS LESS CURRENT LIABILITIES                              |       | <b>181,957</b>                                      | 173,285                                               |
| NON-CURRENT LIABILITIES                                            |       |                                                     |                                                       |
| Bank loans                                                         |       | <b>5,307</b>                                        | 3,330                                                 |
| Deferred tax liabilities                                           |       | <b>3,041</b>                                        | 3,224                                                 |
|                                                                    |       | <b>8,348</b>                                        | 6,554                                                 |
| NET ASSETS                                                         |       | <b>173,609</b>                                      | 166,731                                               |
| CAPITAL AND RESERVES                                               |       |                                                     |                                                       |
| Share capital                                                      |       | <b>8,753</b>                                        | 8,727                                                 |
| Reserves                                                           |       | <b>158,150</b>                                      | 151,550                                               |
| Total equity attributable to equity shareholders<br>of the Company |       | <b>166,903</b>                                      | 160,277                                               |
| Non-controlling interests                                          |       | <b>6,706</b>                                        | 6,454                                                 |
| TOTAL EQUITY                                                       |       | <b>173,609</b>                                      | 166,731                                               |

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011

|                                                                 | Equity attributable to equity shareholders of the Company |                           |                            |                              |                                                       |                             |                                 |                           |                              |                   |                                       | Total equity<br>US\$'000 |
|-----------------------------------------------------------------|-----------------------------------------------------------|---------------------------|----------------------------|------------------------------|-------------------------------------------------------|-----------------------------|---------------------------------|---------------------------|------------------------------|-------------------|---------------------------------------|--------------------------|
|                                                                 | Share capital<br>US\$'000                                 | Share premium<br>US\$'000 | Merger reserve<br>US\$'000 | Exchange reserve<br>US\$'000 | Employee share-based compensation reserve<br>US\$'000 | Capital reserve<br>US\$'000 | Revaluation reserve<br>US\$'000 | Reserve funds<br>US\$'000 | Retained profits<br>US\$'000 | Total<br>US\$'000 | Non-controlling interests<br>US\$'000 |                          |
| <b>Balance at 1 January 2010 (audited)</b>                      | 8,393                                                     | 116,515                   | 2,161                      | (5,658)                      | 4,068                                                 | 512                         | 627                             | 2,306                     | 11,119                       | 140,043           | –                                     | 140,043                  |
| <b>Changes in equity for the six months ended 30 June 2010:</b> |                                                           |                           |                            |                              |                                                       |                             |                                 |                           |                              |                   |                                       |                          |
| Profit for the period                                           | –                                                         | –                         | –                          | –                            | –                                                     | –                           | –                               | –                         | 3,730                        | 3,730             | –                                     | 3,730                    |
| Other comprehensive income                                      | –                                                         | –                         | –                          | (1,806)                      | –                                                     | –                           | –                               | –                         | –                            | (1,806)           | –                                     | (1,806)                  |
| <b>Total comprehensive income</b>                               | –                                                         | –                         | –                          | (1,806)                      | –                                                     | –                           | –                               | –                         | 3,730                        | 1,924             | –                                     | 1,924                    |
| Shares issued under share option schemes                        | 68                                                        | 415                       | –                          | –                            | (259)                                                 | –                           | –                               | –                         | –                            | 224               | –                                     | 224                      |
| Equity-settled share-based transactions                         | –                                                         | –                         | –                          | –                            | 927                                                   | –                           | –                               | –                         | –                            | 927               | –                                     | 927                      |
| <b>Balance at 30 June 2010 (unaudited)</b>                      | 8,461                                                     | 116,930                   | 2,161                      | (7,464)                      | 4,736                                                 | 512                         | 627                             | 2,306                     | 14,849                       | 143,118           | –                                     | 143,118                  |
| <b>Balance at 1 January 2011 (audited)</b>                      | 8,727                                                     | 119,744                   | 2,161                      | (3,722)                      | 5,232                                                 | 512                         | 627                             | 3,281                     | 23,715                       | 160,277           | 6,454                                 | 166,731                  |
| <b>Changes in equity for the six months ended 30 June 2011:</b> |                                                           |                           |                            |                              |                                                       |                             |                                 |                           |                              |                   |                                       |                          |
| Profit for the period                                           | –                                                         | –                         | –                          | –                            | –                                                     | –                           | –                               | –                         | 2,812                        | 2,812             | 363                                   | 3,175                    |
| Other comprehensive income                                      | –                                                         | –                         | –                          | 3,020                        | –                                                     | –                           | –                               | –                         | –                            | 3,020             | (111)                                 | 2,909                    |
| <b>Total comprehensive income</b>                               | –                                                         | –                         | –                          | 3,020                        | –                                                     | –                           | –                               | –                         | 2,812                        | 5,832             | 252                                   | 6,084                    |
| Shares issued under share option schemes                        | 26                                                        | 193                       | –                          | –                            | (99)                                                  | –                           | –                               | –                         | –                            | 120               | –                                     | 120                      |
| Equity-settled share-based transactions                         | –                                                         | –                         | –                          | –                            | 674                                                   | –                           | –                               | –                         | –                            | 674               | –                                     | 674                      |
| <b>Balance at 30 June 2011 (unaudited)</b>                      | 8,753                                                     | 119,937                   | 2,161                      | (702)                        | 5,807                                                 | 512                         | 627                             | 3,281                     | 26,527                       | 166,903           | 6,706                                 | 173,609                  |

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

|                                                        | For the six months ended<br>30 June |                                 |
|--------------------------------------------------------|-------------------------------------|---------------------------------|
|                                                        | 2011<br>(unaudited)<br>US\$'000     | 2010<br>(unaudited)<br>US\$'000 |
| NET CASH USED IN OPERATING ACTIVITIES                  | <b>(1,271)</b>                      | (15,992)                        |
| NET CASH USED IN INVESTING ACTIVITIES                  | <b>(2,080)</b>                      | (1,393)                         |
| NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES | <b>3,310</b>                        | (8,136)                         |
| DECREASE IN CASH AND CASH EQUIVALENTS                  | <b>(41)</b>                         | (25,521)                        |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD       | <b>17,147</b>                       | 38,519                          |
| EFFECT OF FOREIGN EXCHANGE RATE CHANGES                | <b>(259)</b>                        | (37)                            |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD             | <b>16,847</b>                       | 12,961                          |

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 Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Main Board") on 5 June 2009.

The condensed consolidated financial statements for the six months ended 30 June 2011 have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" and other relevant HKASs and Interpretations and the Hong Kong Financial Reporting Standards (HKFRSs) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010.

In current interim period, the Group has applied for the first time, the following new or revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

- HKFRSs (Amendments), Improvements to HKFRSs (2010)
- HKFRS 1 (Amendment), Amendment to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Statements – Limited Exemption from comparative HKFRS 7 Disclosures for First-time Adoptors
- HKAS 24 (revised 2009), *Related party disclosures*
- HK(IFRIC) 19, *Extinguishing financial liabilities with equity instruments*
- Amendments to HK(IFRIC) 14, HKAS 19 – *The limit on a defined benefit asset, minimum funding requirements and their interaction – Prepayments of a minimum funding requirement*

The adoption of the above new and revised HKFRSs had no significant financial impact on these unaudited condensed consolidated financial statements.

The Group has not applied any new or revised HKFRSs that have been issued but are not yet effective for the current accounting period.



### 3. SEGMENT REPORTING

The Group manages its business by divisions, which are organised by a mixture of both business lines (products and services) and geography, in a manner consistent with the way in which information is reported internally to the Group's senior executive management for the purposes of resource allocation and performance assessment. The Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Capital equipment and packages: the design, manufacturing, install and commission capital equipment on land and offshore rigs
- Oilfield expendables and supplies: the manufacturing and trading of oilfield expendables and supplies
- Engineering services: the provision of engineering services

#### (a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible assets, goodwill, intangible assets and current assets with the exception of interest in associates, cash balances, tax balances and other unallocated head office and corporate assets. Segment liabilities include trade and other payables and provisions attributable to the activities of the individual segment, with the exception of loans, tax balances and other unallocated head office and corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "segment results" i.e. "adjusted earnings before finance costs and taxes" of individual segment. To arrive at segment results, the Group's earnings are further adjusted for share of results of associates and items not specifically attributed to individual segment, such as directors' and auditors' remuneration and other head office or corporate income and expenses.

In addition to receiving segment information concerning segment results, management is provided with segment information concerning revenue (including inter-segment revenue), interest expense from borrowings managed directly by the segments, depreciation and amortisation and additions to non-current segment assets used by the segments in their operations.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance.

### 3. SEGMENT REPORTING *(continued)*

#### (a) Segment results, assets and liabilities *(continued)*

The segment results for the periods ended 30 June 2011 and 2010 is set out below.

|                                 | Capital equipment<br>and packages<br>Unaudited<br>For the period ended |                             | Oilfield expendables<br>and supplies<br>Unaudited<br>For the period ended |                             | Engineering services<br>Unaudited<br>For the period ended |                             | Total<br>Unaudited<br>For the period ended |                             |
|---------------------------------|------------------------------------------------------------------------|-----------------------------|---------------------------------------------------------------------------|-----------------------------|-----------------------------------------------------------|-----------------------------|--------------------------------------------|-----------------------------|
|                                 | 30 June<br>2011<br>US\$'000                                            | 30 June<br>2010<br>US\$'000 | 30 June<br>2011<br>US\$'000                                               | 30 June<br>2010<br>US\$'000 | 30 June<br>2011<br>US\$'000                               | 30 June<br>2010<br>US\$'000 | 30 June<br>2011<br>US\$'000                | 30 June<br>2010<br>US\$'000 |
| Revenue from external customers | 55,106                                                                 | 46,106                      | 12,223                                                                    | 11,119                      | 10,752                                                    | 3,247                       | 78,081                                     | 60,472                      |
| Inter-segment revenue           | –                                                                      | –                           | 1,022                                                                     | 1,544                       | –                                                         | –                           | 1,022                                      | 1,544                       |
| Reportable segment revenue      | 55,106                                                                 | 46,106                      | 13,245                                                                    | 12,663                      | 10,752                                                    | 3,247                       | 79,103                                     | 62,016                      |
| Reportable segment results      | 5,511                                                                  | 3,762                       | 1,793                                                                     | 3,907                       | 2,610                                                     | 683                         | 9,914                                      | 8,352                       |

The segment assets and liabilities as at 30 June 2011 and 31 December 2010 is set out below:

|                                | Capital equipment<br>and packages                   |                                                       | Oilfield expendables<br>and supplies                |                                                       | Engineering services                                |                                                       | Total                                               |                                                       |
|--------------------------------|-----------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------|
|                                | As at<br>30 June<br>2011<br>(unaudited)<br>US\$'000 | As at<br>31 December<br>2010<br>(audited)<br>US\$'000 | As at<br>30 June<br>2011<br>(unaudited)<br>US\$'000 | As at<br>31 December<br>2010<br>(audited)<br>US\$'000 | As at<br>30 June<br>2011<br>(unaudited)<br>US\$'000 | As at<br>31 December<br>2010<br>(audited)<br>US\$'000 | As at<br>30 June<br>2011<br>(unaudited)<br>US\$'000 | As at<br>31 December<br>2010<br>(audited)<br>US\$'000 |
| Reportable segment assets      | 191,304                                             | 183,262                                               | 19,443                                              | 22,704                                                | 25,505                                              | 12,598                                                | 236,252                                             | 218,564                                               |
| Reportable segment liabilities | (57,353)                                            | (52,206)                                              | (8,649)                                             | (11,049)                                              | (1,135)                                             | (625)                                                 | (67,137)                                            | (63,880)                                              |

### 3. SEGMENT REPORTING *(continued)*

#### (b) Reconciliation of reportable segment revenue, profit, assets and liabilities

|                                                           | Unaudited<br>For the six months<br>ended 30 June    |                                                       |
|-----------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------|
|                                                           | 2011                                                | 2010                                                  |
|                                                           | US\$'000                                            | US\$'000                                              |
| <b>Revenue</b>                                            |                                                     |                                                       |
| Reportable segment revenue                                | 79,103                                              | 62,016                                                |
| Elimination of inter-segment revenue                      | (1,022)                                             | (1,544)                                               |
| Condensed consolidated turnover                           | 78,081                                              | 60,472                                                |
| <b>Profit</b>                                             |                                                     |                                                       |
| Segment results                                           | 9,914                                               | 8,352                                                 |
| Share of results of associates                            | (10)                                                | 61                                                    |
| Finance costs                                             | (1,030)                                             | (577)                                                 |
| Unallocated head office and corporate income and expenses | (3,631)                                             | (2,343)                                               |
| Condensed consolidated profit before taxation             | 5,243                                               | 5,493                                                 |
|                                                           | As at<br>30 June<br>2011<br>(unaudited)<br>US\$'000 | As at<br>31 December<br>2010<br>(audited)<br>US\$'000 |
| <b>Assets</b>                                             |                                                     |                                                       |
| Reportable segment assets                                 | 236,252                                             | 218,564                                               |
| Interest in associates                                    | 3,784                                               | 4,132                                                 |
| Pledged bank deposits                                     | 986                                                 | 3,657                                                 |
| Cash at bank and in hand                                  | 16,847                                              | 17,147                                                |
| Deferred tax assets                                       | 12,059                                              | 13,124                                                |
| Unallocated head office and corporate assets              | 1,102                                               | 193                                                   |
| Condensed consolidated total assets                       | 271,030                                             | 256,817                                               |
| <b>Liabilities</b>                                        |                                                     |                                                       |
| Reportable segment liabilities                            | (67,137)                                            | (63,880)                                              |
| Bank loans                                                | (22,315)                                            | (17,983)                                              |
| Current taxation                                          | (4,359)                                             | (4,394)                                               |
| Deferred tax liabilities                                  | (3,041)                                             | (3,224)                                               |
| Unallocated head office and corporate liabilities         | (569)                                               | (605)                                                 |
| Condensed consolidated total liabilities                  | (97,421)                                            | (90,086)                                              |

### 3. SEGMENT REPORTING *(continued)*

#### (c) Geographic information

The following table sets out information about the geographical locations of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, interest in leasehold land held for own use under operating lease, goodwill, other intangible assets and interest in associates ("specified non-current assets"). The geographical location of customers is based on the location of the customers. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment, interest in leasehold land held for own use under operating leases and the location of the operations to which they are allocated, in the case intangible assets and goodwill, and the location of operations, in the case of interest in associates.

|                                                    | Revenue from<br>external customers                                        |                                                                           | Specified<br>non-current assets                     |                                                       |
|----------------------------------------------------|---------------------------------------------------------------------------|---------------------------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------|
|                                                    | For the<br>six months<br>ended<br>30 June 2011<br>(unaudited)<br>US\$'000 | For the<br>six months<br>ended<br>30 June 2010<br>(unaudited)<br>US\$'000 | As at<br>30 June<br>2011<br>(unaudited)<br>US\$'000 | As at<br>31 December<br>2010<br>(audited)<br>US\$'000 |
| Hong Kong                                          | 458                                                                       | —                                                                         | 22                                                  | 28                                                    |
| Mainland China                                     | 28,115                                                                    | 14,057                                                                    | 41,497                                              | 38,537                                                |
| North America                                      | 23,609                                                                    | 15,289                                                                    | 7,269                                               | 7,655                                                 |
| South America                                      | 5,641                                                                     | 1,250                                                                     | 511                                                 | 401                                                   |
| Europe                                             | 8,614                                                                     | 4,162                                                                     | 33,312                                              | 32,582                                                |
| Singapore                                          | 5,407                                                                     | 23,204                                                                    | 18                                                  | 29                                                    |
| Others (Other part of Asia,<br>India, Russia etc.) | 6,237                                                                     | 2,510                                                                     | 2,393                                               | 2,359                                                 |
|                                                    | <b>78,081</b>                                                             | <b>60,472</b>                                                             | <b>85,022</b>                                       | <b>81,591</b>                                         |

#### 4. TURNOVER

The principal activities of the Group are the design, manufacture, install and commission capital equipment and packages on land and offshore rigs (including rig electrical control system and other rig equipment) and oilfield expendables and supplies and the provision of engineering services.

Turnover represents the invoiced value of goods supplied to customers, revenue from construction contracts and revenue from engineering services. The amount of each significant category of revenue recognised in turnover during the year is as follows:

|                                          | Unaudited<br>For the six months ended |                          |
|------------------------------------------|---------------------------------------|--------------------------|
|                                          | 30 June 2011<br>US\$'000              | 30 June 2010<br>US\$'000 |
| Capital equipment and packages           |                                       |                          |
| – Construction contracts revenue         | <b>41,573</b>                         | 35,684                   |
| – Sales of rig electrical control system | <b>8,025</b>                          | 7,140                    |
| – Sales of other rig equipment           | <b>5,508</b>                          | 5,713                    |
|                                          | <b>55,106</b>                         | 48,537                   |
| Oilfield expendables and supplies        |                                       |                          |
| – Sales of expendables and supplies      | <b>12,223</b>                         | 8,998                    |
| Engineering services                     |                                       |                          |
| – Service fee income                     | <b>10,752</b>                         | 2,937                    |
|                                          | <b>78,081</b>                         | 60,472                   |

#### 5. OTHER REVENUE

|                 | Unaudited<br>For the six months ended |                          |
|-----------------|---------------------------------------|--------------------------|
|                 | 30 June 2011<br>US\$'000              | 30 June 2010<br>US\$'000 |
| Interest income | <b>90</b>                             | 21                       |
| Others          | <b>157</b>                            | 25                       |
|                 | <b>247</b>                            | 46                       |

## 6. FINANCE COSTS

|                                                           | Unaudited<br>For the six months ended |                          |
|-----------------------------------------------------------|---------------------------------------|--------------------------|
|                                                           | 30 June 2011<br>US\$'000              | 30 June 2010<br>US\$'000 |
| Interest on bank loans wholly repayable within five years | 943                                   | 502                      |
| Interest on other bank loan                               | 87                                    | 75                       |
|                                                           | <b>1,030</b>                          | 577                      |

## 7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

|                                                     | Unaudited<br>For the six months ended |                          |
|-----------------------------------------------------|---------------------------------------|--------------------------|
|                                                     | 30 June 2011<br>US\$'000              | 30 June 2010<br>US\$'000 |
| Amortisation of intangible assets                   | 1,362                                 | 1,314                    |
| Net foreign exchange loss/(gain)                    | 493                                   | (120)                    |
| Net reversal of impairment losses on doubtful debts | (549)                                 | (48)                     |

## 8. INCOME TAX IN THE CONDENSED CONSOLIDATED INCOME STATEMENT

|                                                            | Unaudited<br>For the six months ended |                          |
|------------------------------------------------------------|---------------------------------------|--------------------------|
|                                                            | 30 June 2011<br>US\$'000              | 30 June 2010<br>US\$'000 |
| <b>Current tax</b>                                         |                                       |                          |
| Provision for the period                                   |                                       |                          |
| – United States ("US") corporation income tax              | 2,451                                 | 2,581                    |
| – People's Republic of China ("PRC") enterprise income tax | 493                                   | 1,103                    |
| – Other corporation income tax                             | 609                                   | 196                      |
|                                                            | <b>3,553</b>                          | 3,880                    |
| <b>Deferred tax</b>                                        |                                       |                          |
| Origination and reversal of temporary differences          | (1,485)                               | (2,117)                  |
|                                                            | <b>2,068</b>                          | 1,763                    |

No provision for Hong Kong Profits Tax has been made in the condensed consolidated income statement as the Group had no assessable profit subject to Hong Kong Profits Tax for the period. Taxation for subsidiaries in other jurisdictions is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions. During both periods, certain PRC subsidiaries were subject to tax at reduced rates of 12.5% to 15% under the relevant PRC tax rules and regulations.

**9. DIVIDENDS**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2011 (six months ended 30 June 2010: Nil).

**10. EARNINGS PER SHARE**

**(a) Basic earnings per share**

The calculation of the basic earnings per share for the six months ended 30 June 2011 are based on the profit attributable to ordinary equity shareholders of the Company of approximately US\$2,812,000 (six months ended 30 June 2010: US\$3,730,000) and the weighted average number of 679,530,000 (six months ended 30 June 2010: 657,671,000) ordinary shares in issue during the period.

**(b) Diluted earnings per share**

The calculation of diluted earnings per share for the six months ended 30 June 2011 are based on the profit attributable to ordinary equity shareholders of the Company of approximately US\$2,812,000 (six months ended 30 June 2010: US\$3,730,000) and the weighted average number of 690,904,000 (six months ended 30 June 2010: 670,735,000) ordinary shares after adjusting for the effects of all dilutive potential ordinary shares under the Company's share option schemes.

**11. PROPERTY, PLANT AND EQUIPMENT**

During the period, additions to property, plant and equipment amounted to approximately US\$5,198,000 (six months ended 30 June 2010: US\$1,691,000).

**12. TRADE AND OTHER RECEIVABLES**

|                                             | As at<br>30 June<br>2011<br>US\$'000<br>(unaudited) | As at<br>31 December<br>2010<br>US\$'000<br>(audited) |
|---------------------------------------------|-----------------------------------------------------|-------------------------------------------------------|
| Trade debtors and bills receivable          | <b>74,928</b>                                       | 61,826                                                |
| Less: allowances for doubtful debts         | <b>(7,629)</b>                                      | (6,758)                                               |
|                                             | <b>67,299</b>                                       | 55,068                                                |
| Other receivables, prepayments and deposits | <b>7,557</b>                                        | 9,858                                                 |
|                                             | <b>74,856</b>                                       | 64,926                                                |

The credit terms offered by the Group to its customers differ with each product/service. The credit terms offered to customers of oilfield expendables and supplies and engineering services are normally 30 to 90 days. The credit terms offered to customers of capital equipment and packages are negotiated on a case-by-case basis. Deposits ranging from 10% to 30% of the contract sum are usually required. The balance of 60% to 85% would be payable in 1 to 2 months after delivery and acceptance of products. The remaining 5% to 10% of the contract sum represents the retention money and is payable within up to 18 months after delivery of the products or 1 year after completion of the onsite testing, whichever is earlier.

**12. TRADE AND OTHER RECEIVABLES** *(continued)*

Included in trade and other receivables are trade debtors and bills receivable (net of allowance for doubtful debts) with the following ageing analysis as of the balance sheet date:

|                                                  | As at<br>30 June<br>2011<br>US\$'000<br>(unaudited) | As at<br>31 December<br>2010<br>US\$'000<br>(audited) |
|--------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------|
| Current                                          | <b>8,565</b>                                        | 31,408                                                |
| Less than 1 month past due                       | <b>18,577</b>                                       | 7,711                                                 |
| 1 to 3 months past due                           | <b>10,866</b>                                       | 3,458                                                 |
| More than 3 months but within 12 months past due | <b>23,196</b>                                       | 10,743                                                |
| More than 12 months past due                     | <b>6,095</b>                                        | 1,748                                                 |
| Amounts past due                                 | <b>58,734</b>                                       | 23,660                                                |
|                                                  | <b>67,299</b>                                       | 55,068                                                |

**13. TRADE AND OTHER PAYABLES**

|                                                         | As at<br>30 June<br>2011<br>US\$'000<br>(unaudited) | As at<br>31 December<br>2010<br>US\$'000<br>(audited) |
|---------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------|
| Trade creditors and bills payable                       | <b>45,997</b>                                       | 43,417                                                |
| Other payables and accrued charges                      | <b>6,967</b>                                        | 11,447                                                |
| Gross amount due to customers for contract work         | <b>5,450</b>                                        | 6,330                                                 |
| Advances received in relation to construction contracts | <b>7,056</b>                                        | 985                                                   |
|                                                         | <b>65,470</b>                                       | 62,179                                                |

Included in trade and other payables are trade creditors and bills payable with the following ageing analysis as of the balance sheet date:

|                                          | As at<br>30 June<br>2011<br>US\$'000<br>(unaudited) | As at<br>31 December<br>2010<br>US\$'000<br>(audited) |
|------------------------------------------|-----------------------------------------------------|-------------------------------------------------------|
| Within 1 month                           | <b>16,248</b>                                       | 9,239                                                 |
| More than 1 month but within 3 months    | <b>13,941</b>                                       | 9,529                                                 |
| More than 3 months but within 12 months  | <b>8,073</b>                                        | 16,830                                                |
| More than 12 months but within 24 months | <b>3,541</b>                                        | 3,911                                                 |
| More than 24 months                      | <b>4,194</b>                                        | 3,908                                                 |
|                                          | <b>45,997</b>                                       | 43,417                                                |



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **OVERVIEW**

TSC is a global product and service provider serving both the offshore and land drilling rig industry worldwide. These principal activities remained unchanged for 2011.

We design, manufacture, install and commission capital equipment on land and offshore rigs. Our equipment are highly engineered and automated for drilling, mechanical handling, solids control, power control and drives, tensioning and compensation systems for various offshore drilling rigs, completion, intervention and workover vessels for oil, gas wells as well as for land rigs.

Our rig supply chain solution division provides complete MRO (Maintenance, Repair and Operations) supplies for all rig operations and equipment supplied by TSC as well as third party equipment.

Integral to the products described above, we have a global team of specialist offshore service personnel who provide a comprehensive range of engineering and maintenance services for our products as well as equipment manufactured by other suppliers.

The Company's updated strategy is to increase focus on lower risk, high margin areas of MRO expendable supplies, offshore services, after sales products and standard products which we have already established a ready market in the oil patch. Our long term strategy is to be a cost competitive provider of integrated solutions to the oil and gas drilling industry.

### **INDUSTRY REVIEW**

During the six months, Oil price, which influences the demand for our products and services and capital spending budgets of our customers, sustained consistently above the US\$100 per barrel mark (Brent Crude Oil). Oil price will also determine demand for offshore rigs (Jack Ups, Semi-Submersibles and Drillships) and land rigs and rig activity is further influenced by longer term factors such as government policy on oil production levels, National Oil Company policies, rig owner capital expenditure plans, charter rates and other factors such as financing availability and production capacity. In general offshore rig utilization increased only slightly during the first half of 2011. This was mainly due to the arrival of new build rigs outpacing the replacement of old rigs. Overall rig utilization rate was 71%, still below the 5 year average of 81% but the current appetite for tenders continues to grow. TSC operates in a relatively stable market environment for its range of products.

### **BUSINESS REVIEW**

The primary focus of the Group during the six months was to focus on building up its base of core products in the MRO Oilfield Expendables, supplies and the Offshore Service segments. This base of core products provides resilience for the Group to vagaries in oil price fluctuations. There is significant room for new market capture and expansion in these segments based on our formula of supplying competitively priced, high quality, longer lifecycle products and superior services. Replacement of spares and expendables and the need for services will continue to grow in all phases of the oil price cycle. The group achieved significant growth in these sectors during the six months. The development of our base of core products also generates a platform from which our range of capital equipment and rig packages will be well positioned in the market.

The Company is also developing its markets for a range of capital equipment and packages mainly in the emerging markets. Over 90% of the increase in global demand is anticipated to come from emerging markets in the five-year period.

## FINANCIAL REVIEW

### Revenue By Business Segments

|                                   | Revenue                  |       |              |       |          |
|-----------------------------------|--------------------------|-------|--------------|-------|----------|
|                                   | For the six months ended |       |              |       |          |
|                                   | 30 June 2011             |       | 30 June 2010 |       | Increase |
|                                   | US\$'000                 | %     | US\$'000     | %     | %        |
| Capital Equipment and Packages    | 55,106                   | 70.6  | 46,107       | 76.2  | 19.5     |
| Oilfield Expendables and Supplies | 12,223                   | 15.7  | 11,119       | 18.4  | 9.9      |
| Engineering Services              | 10,752                   | 13.7  | 3,247        | 5.4   | 231.1    |
| Total                             | 78,081                   | 100.0 | 60,472       | 100.0 | 29.1     |

### Revenue, Gross Profit and Gross Margin

The Group has changed its presentation of four segments to the following three reportable segments to be consistent with the way in which information is reported internally for management of resources allocation and performance assessment. The Rig Product & Technology segment and the Rig Turnkey Solutions segments are now combined as the Capital Equipment and Packages segment due to the overlap of activities where most of our rig product and technology products would in fact be also part of the rig turnkey solutions segment.

The revenue of combined Capital Equipment and Package segment achieved an increase of 19.5% over the revenue for the segment in the corresponding first half. The increase in this segment is due mainly to the project activities in progress and a higher level of order intakes of capital equipment achieved in the current period.

With the emphasis placed on building the base of Oilfield Expendables and Engineering Services segments the Group achieved an increase of 9.9% and 231.1% respectively in revenue during the first six months compared to the corresponding period last year. Significant increase in revenue of Engineering Services segment for the current period was also due to the inclusion of sales in Jurun Limited after the acquisition in September 2010 of which its principal activity is the provision of engineering services for top drive equipment.

There is no material change in overall cost of sales which resulted in an average overall gross profit of 36% which is consistent with the margin achieved in the corresponding previous period.

### Selling and Distribution Expenses

Total Selling and Distribution Expenses increased 16% to US\$3.1 million compared US\$2.7 million for the corresponding period. The additional expenses came mainly from the setting up of the Aberdeen office in the United Kingdom ("UK") and additional of sales and marketing staff employed in the Dubai and Singapore offices. Sales related travelling expenditure increased in proportion to the increase in revenue.

### **General and Administrative Expenses**

General and Administrative Expenses increased 41.6% to US\$18.3 million for the first half of 2011 compared to US\$12.9 million for the same period in 2010. The increase of about US\$5.4 million came mainly from an increase in number of senior management staff in the US region, operational staff in Brazil and the inclusion of staff with the acquisition of Jurun Ltd. Other significant increases came from increase in travelling, insurance and operating expenses of US\$600,000 relating to the increase in number of staff and increase of US\$1.8 million in research and development activities.

### **Other Operating Expenses**

The decrease in Other Operating Expenses was due to an increase in loss on foreign exchange amounting to US\$493,000 which more than offset the reversal of provision of doubtful debts on US\$549,000.

### **Finance Costs**

Finance Costs increased to US\$1.0 million from US\$577,000 in line with the increase in overall bank loan balances and the increase in interest rates in the PRC.

### **Overall Result**

The overall result for the six months ended 30 June 2011 decreased to US\$3.2 million as compared to US\$3.7 million in the same period for 2010. The slightly decrease in net profit for the current period is mainly attributable to the increase in overall expenses, finance costs and income tax expense.

### **Liquidity and Capital Resources**

As at 30 June 2011, the Group had goodwill and other intangible assets of approximately US\$24.6 million and approximately US\$18.1 million (31 December 2010: US\$23.8 million and US\$18.9 million) respectively. As at 30 June 2011, the Group carried fixed assets of approximately US\$38.5 million (31 December 2010: US\$32.7 million) being property, plant and equipment, property under development and interest in leasehold land held for own use under operating leases.

As at 30 June 2011, the Group had interest in associates and deferred tax assets of approximately US\$3.8 million (31 December 2010: US\$4.1 million) and approximately US\$12.1 million (31 December 2010: US\$13.1 million) respectively.

As at 30 June 2011, the Group had current assets of approximately US\$173.9 million (31 December 2010: US\$162.1 million). Current assets mainly comprised cash and bank balances of approximately US\$16.8 million (31 December 2010: US\$17.1 million), and pledged bank deposits of approximately US\$986,000 (31 December 2010: US\$3.7 million), inventories of approximately US\$24.6 million (31 December 2010: US\$33.3 million), trade and other receivables of approximately US\$74.9 million (31 December 2010: US\$64.9) million, gross amount due from contract customers of approximately US\$56.5 million (31 December 2010: US\$42.9 million) and amount due from a related company of approximately US\$101,000 (31 December 2010: US\$101,000).

As at 30 June 2011, current liabilities amounted to approximately US\$89.1 million (31 December 2010: US\$83.5 million), mainly comprising trade and other payables of approximately US\$65.5 million (31 December 2010: US\$62.2 million), bank loans of approximately US\$17.0 million (31 December 2010: US\$14.7 million), current tax payables of approximately US\$4.4 million (31 December 2010: US\$4.4 million) and provisions of contract loss approximately US\$2.2 million (31 December 2010: US\$2.3 million).

As at 30 June 2011, the Group had non-current liabilities of approximately US\$8.3 million (31 December 2010: US\$6.6 million), comprising bank loans of approximately US\$5.3 million (31 December 2010: US\$3.3 million) and deferred tax liabilities of approximately US\$3.0 million (31 December 2010: US\$3.2 million). Gearing ratio, total liabilities to equity holders' fund was 56%, as compared to 54% at 31 December 2010.

### **Significant Investments and Disposals**

There were no other significant investments or disposals during the six months ended 30 June 2011.

### **Income Taxes**

The effective tax rate of the Group for the current period was 39.4% compared to 32.1% for the corresponding period last year. The increase in the effective tax rate is mainly due to the recognition of deferred tax assets as a result of an utilization of tax losses to set off the current period's profit for certain subsidiaries and a higher portion of the profit was generated from subsidiaries which were subject to the PRC's enterprise income tax rate of 25%.

### **Interim Dividends**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2011 (2010: Nil)

### **Capital Structure**

At the beginning of the year at 1 January 2011, there were 678,563,804 shares in issue (the "Shares") and the Company carried a share capital of approximately US\$8,727,000. During the current period, the Company issued 2,058,400 shares to option holders who exercised their options under the Company's employee share option schemes. At 30 June 2011, the Company had 680,622,204 Shares, and a paid up capital of approximately US\$8,753,000.

### **Charges on Assets**

To secure the loans from banks, the Group agreed to charge certain assets to banks.

Details are set out as follows:

- (i) Interest in leasehold land held for own use under operating leases, buildings, property under development, plant and machinery, bank deposits, inventories and trade receivables of six subsidiaries namely, Qingdao TSC Offshore Equipment Co., Limited ("TSCOE"), TSC Offshore China Limited, TSC (Qingdao) Manufacture Co., Limited ("TSCQD"), TSC-HHCT (Xi'an) Control Technologies Limited ("TSC-HHCT"), Tianjin Shengli Petroleum Equipment Co., Ltd. ("Tianjin Shengli"), and 8655 Golden Spike, LLC. ("Golden Spike"). The aggregate net book value of assets pledged amounted to US\$22,059,000 (31 December 2010: Interest in leasehold land held for own use under operating leases, buildings, property under development, plant and machinery of four subsidiaries namely TSCQD, Golden Spike, Tianjin Shengli and TSC-HHCT. The aggregate net book value of assets pledged amounted to US\$12,927,000).
- (ii) Corporate guarantees given by TSCOE and TSCQD to the extent of banking facilities outstanding of US\$3,868,000 as at 30 June 2011. (31 December 2010: US\$7,433,000).
- (iii) Guarantees given by the directors of the Company to the extent of banking facilities outstanding of US\$3,641,000 (31 December 2010: US\$3,641,000) as at 30 June 2011.

**Employees and Remuneration Policy**

As at 30 June 2011, the Group had approximately 1,087 full-time staff in the USA, the UK, Brazil, United Arab Emirates, Russia, Singapore, Hong Kong and the PRC. The Group's remuneration policy is basically determined by the performance of individual employee and the market condition. The Group also provides other benefits to its employees, including medical schemes, pension contributions and share option schemes.

**Foreign Currency Exchange Exposures**

The Group is exposed to currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The Group has foreign exchange exposure resulting from most of the Group's subsidiaries in the PRC carried out production locally with Renminbi while over 50% of the Group's turnover was denominated in United States dollars.

In order to mitigate that foreign exchange exposure, we have entered into a non deliverable foreign currency forward contracts to better match the currency of our revenues and associated costs in the future. However, we do not use foreign currency forward contracts for trading or speculative purposes.

**Contingent Liabilities**

As at 30 June 2011, the Group did not have any significant contingent liabilities (31 December 2010: Nil).

**Business Prospects and Outlook**

As at 30 June 2011, the Group carried an order backlog of approximately US\$72.6 million for capital equipment and packages, expendables and engineering services. Subsequent to 30 June 2011, the Group has secured further new orders amounting to US\$13.3 million up to the date of this announcement.

The Company continues to aggressively pursue its immediate term strategy of expanding its base of core products of MRO Expendables and Offshore services. We have proven market acceptance in these areas based on a strong brand name in the market built on past deliveries of high quality products and services at competitive prices. Our outlook on these segments is extremely positive.

We continue to be well placed to win significant Capital Equipment and Package contracts as we complete our existing projects and build up a solid track record in this segment. The Company is optimistic in our outlook on this segment and is confident of securing contracts for the supply of capital equipment and packages whilst we build up as our base of MRO Expendables and Offshore services.

**Subsequent Event**

Save as disclosed in this announcement, no subsequent event occurred after 30 June 2011 which may have significant effects on the assets and liabilities of future operations of the Group.

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

As at 30 June 2011, 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 the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

### Long positions in ordinary Shares and underlying Shares of the Company:

| Name of Directors           | Number of issued ordinary Shares of HK\$0.10 each in the Company |                     |                        |                    |             | Number of<br>underlying<br>Shares<br>(in respect of<br>share options<br>granted under<br>the Pre-IPO<br>Scheme)<br>(Note 3) | Number of<br>underlying<br>Shares<br>(in respect of<br>share options<br>granted under<br>the Refreshment<br>of the Post-<br>IPO Scheme)<br>(Note 3) | Approximate<br>percentage of<br>the Company's<br>issued share<br>capital |
|-----------------------------|------------------------------------------------------------------|---------------------|------------------------|--------------------|-------------|-----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|
|                             | Personal<br>interests                                            | Family<br>interests | Corporate<br>interests | Other<br>interests | Total       |                                                                                                                             |                                                                                                                                                     |                                                                          |
| Mr. Zhang Menggui (Note 1)  | 3,936,000                                                        | -                   | 106,871,200            | -                  | 110,807,200 | 0                                                                                                                           | 720,000                                                                                                                                             | 16.39%                                                                   |
| Mr. Jiang Bing Hua (Note 1) | 3,936,000                                                        | -                   | 106,871,200            | -                  | 110,807,200 | 0                                                                                                                           | 720,000                                                                                                                                             | 16.39%                                                                   |
| Mr. Jiang Longsheng         | -                                                                | -                   | -                      | -                  | -           | -                                                                                                                           | 400,000                                                                                                                                             | 0.06%                                                                    |
| Mr. Brian Chang (Note 2)    | -                                                                | -                   | 66,072,800             | -                  | 66,072,800  | -                                                                                                                           | -                                                                                                                                                   | 9.71%                                                                    |
| Mr. Chan Ngai Sang, Kenny   | -                                                                | -                   | -                      | -                  | -           | -                                                                                                                           | 500,000                                                                                                                                             | 0.07%                                                                    |
| Mr. Bian Junjiang           | -                                                                | -                   | -                      | -                  | -           | -                                                                                                                           | 350,000                                                                                                                                             | 0.05%                                                                    |
| Mr. Guan Zhichuan           | 120,000                                                          | -                   | -                      | -                  | 120,000     | -                                                                                                                           | 180,000                                                                                                                                             | 0.04%                                                                    |

#### Notes:

- Global Energy Investors, LLC. is the beneficial owner of 106,871,200 Shares. The entire share capital of Global Energy Investors, LLC. is beneficially owned as to 50% each by Mr. Zhang Menggui and Mr. Jiang Bing Hua, both are the executive Directors of the Company. Accordingly, both Mr. Zhang Menggui and Mr. Jiang Bing Hua are deemed to be interested in the 106,871,200 Shares beneficially owned by Global Energy Investors, LLC. under Part XV of the SFO.

2. Mr. Brian Chang indirectly holds 16,072,800 shares and 50,000,000 through Asian Infrastructure Limited and Windmere International Limited respectively which are his wholly-owned companies. Accordingly, he is deemed to be interested in the shares held by Asian Infrastructure Limited and Windmere International 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 June 2011, none of the Directors or Chief Executives of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules.

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

As at 30 June 2011, the following persons had interests or short positions in the Shares and underlying Shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

**(i) 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 |
|------------------------------------------------------------------------|---------------------------------|----------------------------------------------|--------------------------------------------------------------|
| Madam Chen Fengying (Note 1)                                           | Interest of the spouse          | 110,807,200 Shares and 720,000 share options | 16.39%                                                       |
| Madam Zhang Jiuli (Note 2)                                             | Interest of the spouse          | 110,807,200 Shares and 720,000 share options | 16.39%                                                       |
| Global Energy Investors, LLC. (Note 3)                                 | Corporate                       | 106,871,200 Shares                           | 15.70%                                                       |
| Windmere International Limited (Note 4)                                | Corporate                       | 50,000,000 Shares                            | 7.35%                                                        |
| China International Marine Containers (Group) Company Limited (Note 5) | Corporate                       | 92,800,000 Shares                            | 13.63%                                                       |
| China International Marine Containers (Hong Kong) Limited (Note 5)     | Corporate                       | 92,800,000 Shares                            | 13.63%                                                       |

Notes:

1. These interests represent the same block of Shares and share options held by Mr. Zhang Menggui as shown in the above 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.
2. These interests represent the same block of Shares and share options held by Mr. Jiang Bing Hua as shown in the above 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 Bing Hua, she is deemed to be interested in the Shares and share options held by him under Part XV of the SFO.
3. This interest represents the same block of corporate interest held by Mr. Zhang Menggui and Mr. Jiang Bing Hua as shown in the above section headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES".
4. Mr. Brian Chang indirectly holds 16,072,800 Shares and 50,000,000 Shares through Asian Infrastructure Limited and Windmere International Limited respectively which are his wholly-owned companies. Mr. Brian Chang is shown in the above section headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES". Accordingly, he is deemed to be interested in the shares held by Asian Infrastructure Limited and Windmere International Limited under Part XV of the SFO.
5. China International Marine Containers (Hong Kong) Limited ("CIMC HK") is the beneficial owner of 92,800,000 Shares. CIMC HK is a wholly-owned subsidiary of China International Marine Containers (Group) Company Limited ("CIMC Group"). Therefore, CIMC Group is deemed to be interested in the 92,800,000 Shares of the Company held by CIMC HK under Part XV of the SFO.

**(ii) Long positions in Shares of a subsidiary of the Company:**

| Name of subsidiary          | Name of substantial shareholder | Percentage of shareholding |
|-----------------------------|---------------------------------|----------------------------|
| TSC Deepwater Systems, LLC. | Mr. Doug E. Wheeler             | 29%                        |
| Jurun Limited               | Xingbo Limited                  | 49%                        |

Save as disclosed above, as at 30 June 2011, no persons (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

Pursuant to written resolutions of all shareholders of the Company on 19 and 20 October 2005, the Company adopted a Pre-IPO Share Option Scheme (the "Pre-IPO Scheme") and a Post-IPO Share Option Scheme (the "Post-IPO Scheme") respectively.

The Pre-IPO Scheme ceased to be effective on 21 November 2005 save for the unexercised portion of the options granted and accepted during its life time, of which a total of 432,000 share options remain valid and outstanding as at 30 June 2011.

Pursuant to the Post-IPO Scheme, the Directors granted (i) 7,280,000 share options at HK\$2.43 each to 14 employees of the Group on 10 May 2007, (ii) 9,700,000 share options at HK\$5.60 each to 51 employees and 2 consultants of the Group on 12 November 2007, (iii) 2,000,000 share options at HK\$5.23 each to 3 employees of the Group on 15 January 2008, (iv) 5,000,000 share options at HK\$2.32 each to 6 employees of the Group on 12 August 2008 and (v) 16,050,000 share options at HK\$0.54 each to 8 Directors and 38 employees of the Group on 29 December 2008.

Based on a valuation report done by an independent valuer of Jones Lang LaSalle Sallmanns, the value of the options granted on 10 May 2007, 12 November 2007, 15 January 2008, 12 August 2008 and 29 December 2008 under the Post-IPO Scheme were HK\$7,252,000, HK\$21,812,000, HK\$4,166,000, HK\$4,736,000 and HK\$3,499,200 respectively.

The closing prices of the Company's Shares on the preceding option granted on 9 May 2007, 9 November 2007, 14 January 2008, 11 August 2008 and 24 December 2008 under the Post-IPO Scheme were HK\$2.50, HK\$5.58, HK\$5.18, HK\$2.22 and HK\$0.50 respectively.

On 4 November 2008, the refreshed scheme mandate limit of 54,890,800 Shares in respect of the granting of share options under the Post-IPO Scheme (the "Refreshment") was approved at the extraordinary general meeting duly convened and held. On 13 November 2008, the Stock Exchange has granted 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 Refreshment.

The Post-IPO Scheme including the Refreshment, was conditionally terminated by the Board on 6 May 2009. Upon the transfer of the listing of shares of the Company from the GEM to the Main Board on 5 June 2009, the termination of the Post-IPO Scheme became effective. Thereafter, no further option had been offered or granted under the Post-IPO Scheme. Pursuant to the Post-IPO Scheme, options previously granted but unexercised under the Post-IPO Scheme will remain valid and exercisable in accordance with their terms of issue, of which a total of 29,607,000 share options remain valid and outstanding as at 30 June 2011.

On 5 August 2009, the adoption of the new Share Option Scheme up to 56,254,040 Shares (the "New Scheme") which complies with the Listing Rules was approved at the extraordinary general meeting duly convened and held. On 10 August 2009, the Stock Exchange has granted 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 New Scheme. Pursuant to the New Scheme, the Directors granted (i) 20,295,000 share options at HK\$2.06 each to 82 employees of the Group on 18 September 2009, (ii) 9,070,000 share options at HK\$1.27 each to 29 employees of the Group on 1 September 2010, and (iii) 2,400,000 share options at HK\$1.97 each to 2 employees of the Group on 21 February 2011. Based on a valuation report done by an independent valuer of Jones Lang LaSalle Sallmanns, the value of the options granted on 18 September 2009 and 1 September 2010 under the New Scheme were HK\$18,701,000, HK\$4,602,100 and HK\$1,217,730 respectively. The closing price of the Company's Shares on the preceding option granted on 17 September 2009, 31 August 2010 and 18 February 2011 under the New Scheme were HK\$1.85, HK\$1.23 and HK\$1.92 respectively. Save as disclosed above, no option had been granted or agreed to be granted by the Company pursuant to the New Scheme.

Details of the movement of options under the Pre-IPO Scheme for the six months ended 30 June 2011 were as follows:

| Name or category of participant | Date of grant<br>(Notes 1 & 2) | Exercisable period<br>(Notes 1, 2 & 3) | Exercise price per share<br>HK\$ | Number of share options  |                                          |                                         |                                      | Balance as at 30.06.2011 |
|---------------------------------|--------------------------------|----------------------------------------|----------------------------------|--------------------------|------------------------------------------|-----------------------------------------|--------------------------------------|--------------------------|
|                                 |                                |                                        |                                  | Balance as at 01.01.2011 | Exercised during the period<br>(Notes 4) | Cancelled during the period<br>(Note 4) | Lapsed during the period<br>(Note 4) |                          |
| Employees                       | 19.10.2005                     | 29.11.2005 to 18.10.2015               | 0.2383                           | 950,400                  | (518,400)                                | -                                       | -                                    | 432,000                  |
| Total                           |                                |                                        |                                  | 950,400                  | (518,400)                                | -                                       | -                                    | 432,000                  |

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 becomes vested at stepped semi-annual increments of 10% of the total options originally granted subject to any adjustment due to a 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 six months ended 30 June 2011.

Details of movement of options under the Post-IPO Scheme including the Refreshment, for the six months ended 30 June 2011 were as follows:

| Name or category of participant | Date of grant<br>(Notes 1 & 2) | Exercisable period<br>(Notes 1, 2 & 3) | Exercise price<br>per share<br>HK\$ | Number of share options        |                                             |                                               |                                               |                                            | Balance<br>as at<br>30.06.2011 |
|---------------------------------|--------------------------------|----------------------------------------|-------------------------------------|--------------------------------|---------------------------------------------|-----------------------------------------------|-----------------------------------------------|--------------------------------------------|--------------------------------|
|                                 |                                |                                        |                                     | Balance<br>as at<br>01.01.2011 | Granted<br>during<br>the period<br>(Note 4) | Exercised<br>during<br>the period<br>(Note 4) | Cancelled<br>during<br>the period<br>(Note 4) | Lapsed<br>during<br>the period<br>(Note 4) |                                |
| (i) Employees                   | 10.05.2007                     | 10.11.2007 to 09.05.2017               | 2.43                                | 6,332,000                      | –                                           | –                                             | –                                             | –                                          | 6,332,000                      |
| Sub-total                       |                                |                                        |                                     | 6,332,000                      | –                                           | –                                             | –                                             | –                                          | 6,332,000                      |
| (ii) Employees                  | 12.11.2007                     | 12.05.2008 to 11.11.2017               | 5.60                                | 8,160,000                      | –                                           | –                                             | –                                             | –                                          | 8,160,000                      |
| Consultants                     | 12.11.2007                     | 12.05.2008 to 11.11.2017               | 5.60                                | 200,000                        | –                                           | –                                             | –                                             | –                                          | 200,000                        |
| Sub-total                       |                                |                                        |                                     | 8,360,000                      | –                                           | –                                             | –                                             | –                                          | 8,360,000                      |
| (iii) Employees                 | 15.01.2008                     | 15.07.2008 to 14.01.2018               | 5.23                                | 2,000,000                      | –                                           | –                                             | –                                             | –                                          | 2,000,000                      |
| Sub-total                       |                                |                                        |                                     | 2,000,000                      | –                                           | –                                             | –                                             | –                                          | 2,000,000                      |
| (iv) Employees                  | 12.08.2008                     | 12.02.2009 to 11.08.2018               | 2.32                                | 1,700,000                      | –                                           | –                                             | –                                             | –                                          | 1,700,000                      |
| Sub-total                       |                                |                                        |                                     | 1,700,000                      | –                                           | –                                             | –                                             | –                                          | 1,700,000                      |
| (v) Directors:                  |                                |                                        |                                     |                                |                                             |                                               |                                               |                                            |                                |
| Mr. Zhang Menggui               | 29.12.2008                     | 29.06.2009 to 28.12.2018               | 0.54                                | 840,000                        | –                                           | (120,000)                                     | –                                             | –                                          | 720,000                        |
| Mr. Jiang Bing Hua              | 29.12.2008                     | 29.06.2009 to 28.12.2018               | 0.54                                | 840,000                        | –                                           | (120,000)                                     | –                                             | –                                          | 720,000                        |
| Mr. Jiang Longsheng             | 29.12.2008                     | 29.06.2009 to 28.12.2018               | 0.54                                | 400,000                        | –                                           | –                                             | –                                             | –                                          | 400,000                        |
| Mr. Chan Ngai Sang,<br>Kenny    | 29.12.2008                     | 29.06.2009 to 28.12.2018               | 0.54                                | 500,000                        | –                                           | –                                             | –                                             | –                                          | 500,000                        |
| Mr. Bian Junjiang               | 29.12.2008                     | 29.06.2009 to 28.12.2018               | 0.54                                | 350,000                        | –                                           | –                                             | –                                             | –                                          | 350,000                        |
| Mr. Guan Zhichuan               | 29.12.2008                     | 29.06.2009 to 28.12.2018               | 0.54                                | 270,000                        | –                                           | (90,000)                                      | –                                             | –                                          | 180,000                        |
|                                 |                                |                                        |                                     | 3,200,000                      | –                                           | (330,000)                                     | –                                             | –                                          | 2,870,000                      |
| Employees and other             | 29.12.2008                     | 29.06.2009 to 28.12.2018               | 0.54                                | 9,555,000                      | –                                           | (1,210,000)                                   | –                                             | –                                          | 8,345,000                      |
| Sub-total                       |                                |                                        |                                     | 12,755,000                     | –                                           | (1,540,000)                                   | –                                             | –                                          | 11,215,000                     |
| Total                           |                                |                                        |                                     | 31,147,000                     | –                                           | (1,540,000)                                   | –                                             | –                                          | 29,607,000                     |

**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 becomes 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 six months ended 30 June 2011.

Details of movement of options under the New Scheme for the six months ended 30 June 2011 were as follows:

| Name or category of participant | Date of grant<br>(Notes 1 & 2) | Exercisable period<br>(Notes 1, 2 & 3) | Exercise price<br>per share<br>HK\$ | Number of share options        |                                             |                                               |                                               |                                            | Balance<br>as at<br>30.06.2011 |
|---------------------------------|--------------------------------|----------------------------------------|-------------------------------------|--------------------------------|---------------------------------------------|-----------------------------------------------|-----------------------------------------------|--------------------------------------------|--------------------------------|
|                                 |                                |                                        |                                     | Balance<br>as at<br>01.01.2011 | Granted<br>during<br>the period<br>(Note 4) | Exercised<br>during<br>the period<br>(Note 4) | Cancelled<br>during<br>the period<br>(Note 4) | Lapsed<br>during<br>the period<br>(Note 4) |                                |
| (i) Employees                   | 18.09.2009                     | 18.03.2010 to 17.09.2019               | 2.06                                | 19,720,000                     | -                                           | -                                             | -                                             | -                                          | 19,720,000                     |
| (ii) Employees                  | 01.09.2010                     | 01.03.2011 to 31.08.2020               | 1.27                                | 8,620,000                      | -                                           | -                                             | -                                             | -                                          | 8,620,000                      |
| (iii) Employees                 | 21.02.2011                     | 21.08.2011 to 20.02.2021               | 1.97                                | -                              | 2,400,000                                   | -                                             | -                                             | -                                          | 2,400,000                      |
| Total                           |                                |                                        |                                     | 28,340,000                     | 2,400,000                                   | -                                             | -                                             | -                                          | 30,740,000                     |

**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 becomes 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 six months ended 30 June 2011.

Save as disclosed above, none of the Directors or their spouses and children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right for the six months ended 30 June 2011.

## APPOINTMENT OF NON-EXECUTIVE DIRECTOR

In January 2011, Mr. Yu Yuqun was recommended by the Company's nomination committee to be appointed as non-executive Director of the Company. Subsequently, the Company convened the meeting of the Board and resolved to appoint Mr. Yu Yuqun as non-executive Director of the Company with effect from 15 March 2011.

## GRANT OF SHARE OPTIONS

On 21 February 2011 (the "Date of Grant"), the Company granted 2,400,000 share options (the "Share Options") to 2 grantees to subscribe for a total of 2,400,000 ordinary shares of HK\$0.10 each in the share capital of the Company (the "Shares") under the share option scheme adopted by the Company on 5 August 2009. Each Share Option shall entitle the holder of the Share Option to subscribe for one Share upon exercise of such Share Option at an exercise price of HK\$1.97 per Share. The vesting period of the Share 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, and these grants are exercisable for a period not later than 10 years from the Date of Grant, i.e. from 21 February 2011 to 20 February 2021.

## **CHANGE OF COMPANY NAME**

Pursuant to resolutions passed by the shareholders of the Company at its extraordinary general meeting held on 4 March 2011, the name of the Company was changed from "TSC Offshore Group Limited" to "TSC Group Holdings Limited" (with "TSC集團控股有限公司" being adopted as its new Chinese name for identification purpose only) under the laws of the Cayman Islands. The certificate of incorporation on change of name was issued by the Registrar of Companies in the Cayman Islands on 4 March 2011 and the certificate of registration of change of name of overseas company was issued by the Registrar of Companies in Hong Kong on 1 April 2011. The stock short name for trading in the Shares on the Main Board was changed from "TSC Offshore" to "TSC Group" in English and from "TSC海洋集團" to "TSC集團" in Chinese with effect from 13 April 2011. The stock code of "206" of the Company remains unchanged. The website of the Company has been changed to "www.tsc-holdings.com" with effect from 7 April 2011.

## **CHANGES IN DIRECTOR'S BIOGRAPHICAL DETAILS**

Changes in Director's biographical details since the date of the Annual Report 2010 of the Company which are required to be disclosed pursuant to Rule 13.51(2) and Rule 13.51B(1) of the Listing Rules, are set out below.

**Mr. Robert William FOGAL JR.**, has been an independent non-executive Director of the Company since July 2009. In March 2008 to May 2011, he was the vice president of Jackup Structures Alliance, Inc. Since June 2011, Mr. Fogal Jr has worked in Zentech Inc. as Director of International Business Development, with primary focus on Zentech designs of offshore drilling rigs, multipurpose vessels, wind turbine installation vessels, platform drill rigs as well as major upgrades, conversions and repairs of existing vessels worldwide.

## **COMPETITION AND CONFLICT OF INTERESTS**

None of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates (as defined under the Listing Rules) has 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 during the six months period ended 30 June 2011.

## **AUDIT COMMITTEE**

The Company established an audit committee on 20 October 2005 with terms of reference in compliance with Rules 3.21 of the 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 six months ended 30 June 2011 and are of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures 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 six months ended 30 June 2011.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct for dealings in securities of the Company by Directors. All Directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2011.

## **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company is committed to maintaining a high standard of corporate governance practices to ensure transparency so that the interests of our shareholders and the cooperative development among customers, employees and the Group can be safeguarded. The Company has adopted the Code on Corporate Governance Practices of the Stock Exchange.

In the opinion of the Directors, the Company has complied with the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules for the six months ended 30 June 2011.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

For the six months ended 30 June 2011, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

## **DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE**

An interim report for the six months ended 30 June 2011 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders of the Company and published on the website of the Stock Exchange (<http://www.hkex.com.hk>) and the website of the Company (<http://www.tsc-holdings.com>) in due course.

## **ACKNOWLEDGEMENT**

The Directors would like to take this opportunity to express our sincere thanks to all the shareholders for their continuous support and to all our staff for their dedication and contribution to the Group during the reporting period.

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

Hong Kong, 23 August 2011

*As of the date of this announcement, the Board comprises 2 executive Directors, namely Mr. Jiang Bing Hua and Mr. Zhang Menggui; 3 non-executive Directors, namely Mr. Jiang Longsheng, Mr. Brian Chang and Mr. Yu Yuqun; and 4 independent non-executive Directors, namely Mr. Chan Ngai Sang, Kenny, Mr. Bian Junjiang, Mr. Guan Zhichuan and Mr. Robert William Fogal Jr.*