TSC Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 206)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

HIGHLIGHTS

- Turnover amounted to approximately US$183.7 million for the year ended 31 December 2012, representing an increase of 31.7% as compared with 2011;

- Gross profit amounted to approximately US$62.7 million for the year ended 31 December 2012;

- Gross profit margin decreased from 38.0% for 2011 to 34.1% for 2012;

- Profit attributable to equity holders of the Company amounted to approximately US$7.5 million for the year ended 31 December 2012; and

- The Directors do not recommend the payment of a dividend for 2012.

ANNUAL RESULTS

The board of the Directors (the "Board") is pleased to announce the results of TSC Group Holdings Limited (the "Company" or "TSC") and its subsidiaries (collectively the "Group") for the year ended 31 December 2012 (the "Year") together with the comparative figures for the year ended 31 December 2011 as follows using United States dollars as presentation currency:

Consolidated Income Statement
For the year ended 31 December 2012

	Note	2012 US$'000	2011 US$'000
Turnover	*3*	**183,742**	139,496
Cost of sales		**(121,063)**	(86,421)
Gross profit		**62,679**	53,075
Other revenue and net income	*4*	**1,349**	2,276
Selling and distribution expenses		**(8,522)**	(6,654)
General and administrative expenses		**(37,480)**	(35,610)
Other operating expenses		**(4,128)**	(5,125)
Profit from operations		**13,898**	7,962
Finance costs	*5(a)*	**(2,281)**	(1,722)
Share of results of associates		**(37)**	(113)
Profit before taxation	*5*	**11,580**	6,127
Income tax	*6(a)*	**(3,400)**	(2,096)
Profit for the year		**8,180**	4,031
Attributable to:			
Equity shareholders of the Company		**7,471**	3,472
Non-controlling interests		**709**	559
Profit for the year		**8,180**	4,031
Earnings per share	*8*		
Basic		**US1.09 cent**	US0.51 cent
Diluted		**US1.09 cent**	US0.50 cent

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2012

	2012	2011
	US$'000	*US$'000*
Profit for the year	**8,180**	4,031
Other comprehensive income for the year:		
Exchange differences on translation of financial statements of subsidiaries and associates	**2,628**	2,371
Total comprehensive income for the year	**10,808**	6,402
Attributable to:		
Equity shareholders of the Company	**10,079**	5,738
Non-controlling interests	**729**	664
Total comprehensive income for the year	**10,808**	6,402

Consolidated Statement of Financial Position
At 31 December 2012

	Note	2012 US$'000	2011 US$'000
Non-current assets			
Property, plant and equipment		**38,816**	36,660
Interest in leasehold land held for own use under operating leases		**4,292**	4,401
Goodwill		**24,822**	23,854
Other intangible assets		**13,432**	16,013
Interest in associate		**1,072**	2,159
Prepayments		**1,847**	70
Deferred tax assets		**10,887**	10,897
		95,168	94,054
Current assets			
Inventories		**48,760**	39,596
Trade and other receivables	*9*	**85,789**	79,455
Gross amount due from customers for contract work		**47,600**	16,517
Amount due from director		**114**	–
Amount due from a related Company		**101**	101
Pledged bank deposits		**3,356**	1,348
Cash at bank and in hand		**30,988**	34,140
		216,708	171,157
Current liabilities			
Trade and other payables	*10*	**86,623**	58,734
Bank loans		**28,431**	20,538
Current taxation		**5,563**	4,179
Provisions		**1,456**	1,769
		122,073	85,220

	Note	2012 US$'000	2011 US$'000
Net current assets		**94,635**	85,937
Total assets less current liabilities		**189,803**	179,991
Non-current liabilities			
Bank loans		**3,715**	4,921
Deferred tax liabilities		**987**	1,349
		4,702	6,270
NET ASSETS		**185,101**	173,721
CAPITAL AND RESERVES			
Share capital		**8,781**	8,770
Reserves		**168,823**	158,183
Total equity attributable to equity shareholders of the Company		**177,604**	166,953
Non-controlling interests		**7,497**	6,768
TOTAL EQUITY		**185,101**	173,721

Consolidated Statement of Changes in Equity

For the year ended 31 December 2012

	Attributable to equity shareholders of the Company											
	Share capital *US$'000*	Share premium *US$'000*	Merger reserve *US$'000*	Exchange reserve *US$'000*	Employee share-based compen-sation reserve *US$'000*	Capital reserve *US$'000*	Revaluation funds *US$'000*	Reserve funds *US$'000*	Retained profits *US$'000*	Total *US$'000*	Non-controlling interests *US$'000*	Total equity *US$'000*
Balance at 1 January 2011	8,727	119,744	2,161	(3,722)	5,232	512	627	3,281	23,715	160,277	6,454	166,731
Changes in equity for 2011:												
Profit for the year	–	–	–	–	–	–	–	–	3,472	3,472	559	4,031
Other comprehensive income	–	–	–	2,266	–	–	–	–	–	2,266	105	2,371
Total comprehensive income	–	–	–	2,266	–	–	–	–	3,472	5,738	664	6,402
Shares issued under share option schemes	43	299	–	–	(131)	–	–	–	–	211	–	211
Equity-settled share-based transactions	–	–	–	–	727	–	–	–	–	727	–	727
Transferred to reserve funds	–	–	–	–	–	–	–	103	(103)	–	–	–
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(350)	(350)
Balance at 31 December 2011 and 1 January 2012	8,770	120,043	2,161	(1,456)	5,828	512	627	3,384	27,084	166,953	6,768	173,721

	Attributable to equity shareholders of the Company											
	Share capital	Share premium	Merger reserve	Exchange reserve	Employee share-based compensation reserve	Capital reserve	Revaluation funds	Reserve funds	Retained profits	Total	Non-controlling interests	Total equity
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Changes in equity for 2012:												
Profit for the year	-	-	-	-	-	-	-	-	7,471	7,471	709	8,180
Other comprehensive income	-	-	-	2,608	-	-	-	-	-	2,608	20	2,628
Total comprehensive income	-	-	-	2,608	-	-	-	-	7,471	10,079	729	10,808
Shares issued under share option schemes	11	77	-	-	(26)	-	-	-	-	62	-	62
Equity-settled share-based transactions	-	-	-	-	510	-	-	-	-	510	-	510
Transferred to reserve funds	-	-	-	-	-	-	-	1,306	(1,306)	-	-	-
Balance at 31 December 2012	**8,781**	**120,120**	**2,161**	**1,152**	**6,312**	**512**	**627**	**4,690**	**33,249**	**177,604**	**7,497**	**185,101**

Note:

1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2012 comprise the Company and its subsidiaries and the Group's interest in associates.

The functional currency of the Company is Hong Kong dollars. Subsidiaries of the Company have their functional currencies in Renminbi ("RMB"), United States dollars and Pound Sterling. In view of expanded foreign operations, the directors of the Company consider United States dollars, being an internationally well-recognised currency, can provide more meaningful information to the Company's investors and meet the needs of the Group's global customers. Therefore, the directors choose United States dollars as the presentation currency of the financial statements.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that derivative financial instruments are stated at their fair value.

The preparation of financial statements in conformity with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2 STATEMENT OF COMPLIANCE AND CHANGES IN ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared in accordance with all applicable HKFRSs, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules").

Changes in accounting policies

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. Of these, Amendments to HKFRS 7, *Financial instruments: Disclosures – Transfer of financial assets* is relevant to the Group's financial statements.

The amendments to HKFRS 7 require certain disclosures to be included in the financial statements in respect of transferred financial assets that are not derecognised in their entirety and for any continuing involvement in transferred financial assets that are derecognised in their entirety, irrespective of when the related transfer transaction occurred. However, an entity need not provide the disclosures for the comparative period in the first year of adoption. The Group did not have any significant transfer of financial assets in previous periods or the current period which require disclosure in the current accounting period under the amendments.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 TURNOVER AND SEGMENT REPORTING

(a) Turnover

The principal activities of the Group are the design, manufacture, installation and commission of capital equipment (including rig electrical control system and other rig equipment) and packages on land and offshore rigs 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:

	2012	2011
	US$'000	*US$'000*
Capital equipment and packages		
– Sales of rig electrical control system	**21,370**	11,281
– Sales of other rig equipment	**9,265**	9,081
– Construction contracts revenue		
– Rig products and technology	**46,357**	39,677
– Rig turnkey solutions	**54,752**	29,123
	131,744	89,162
Oilfield expendables and supplies		
– Sales of expendables and supplies	**31,289**	27,033
Engineering services		
– Service fee income	**20,709**	23,301
	183,742	139,496

The Group's customer base is diversified and includes only one customer with whom transactions have exceeded 10% of the Group's revenues. In 2012, revenues from sales of capital equipment and packages to this customer, including sales to entities which are known to the Group to be under common control with this customer, amounted to approximately US$55 million (2011: US$29 million).

Further details regarding the Group's principal activities are described below:

(b) 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 most 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, installation and commissioning of capital equipment and packages 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

(i) 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 associate, cash at bank and in hand, pledged bank deposits, 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, finance costs 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), 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 for the years ended 31 December 2012 and 2011 is set out below.

	Capital equipment and packages		Oilfield expendables and supplies		Engineering services		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
Revenue from external customers	**131,744**	89,162	**31,289**	27,033	**20,709**	23,301	**183,742**	139,496
Inter-segment revenue	**–**	–	**7,270**	6,723	**1,390**	1,392	**8,660**	8,115
Reportable segment revenue	**131,744**	89,162	**38,559**	33,756	**22,099**	24,693	**192,402**	147,611
Reportable segment results	**12,531**	2,537	**4,753**	4,414	**3,503**	6,193	**20,787**	13,144
Depreciation and amortisation for the year	**4,964**	4,583	**540**	464	**1,584**	1,371	**7,088**	6,418
Reportable segment assets	**209,644**	168,517	**28,428**	22,111	**26,142**	25,722	**264,214**	216,350
Additions to non-current segment assets during the year	**2,751**	5,068	**2,809**	736	**1,362**	3,033	**6,922**	8,837
Reportable segment liabilities	**(71,422)**	(44,163)	**(11,543)**	(10,249)	**(4,069)**	(4,081)	**(87,034)**	(58,493)

(ii) Reconciliation of reportable segment revenue, profit or loss, assets and liabilities

	2012	2011
	US$'000	*US$'000*
Revenue		
Reportable segment revenue	**192,402**	147,611
Elimination of inter-segment revenue	**(8,660)**	(8,115)
Consolidated turnover (note 3(a))	**183,742**	139,496
Profit		
Segment results	**20,787**	13,144
Share of results of associates	**(37)**	(113)
Finance costs	**(2,281)**	(1,722)
Unallocated head office and corporate income and expenses	**(6,889)**	(5,182)
Consolidated profit before taxation	**11,580**	6,127
Assets		
Reportable segment assets	**264,214**	216,350
Cash at bank and in hand	**30,988**	34,140
Pledged bank deposits	**3,356**	1,348
Interest in associates	**1,072**	2,159
Deferred tax assets	**10,887**	10,897
Unallocated head office and corporate assets	**1,359**	317
Consolidated total assets	**311,876**	265,211
Liabilities		
Reportable segment liabilities	**(87,034)**	(58,493)
Bank loans	**(32,146)**	(25,459)
Current taxation	**(5,563)**	(4,179)
Deferred tax liabilities	**(987)**	(1,349)
Unallocated head office and corporate liabilities	**(1,045)**	(2,010)
Consolidated total liabilities	**(126,775)**	(91,490)

(iii) 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, property under development, interest in leasehold land held for own use under operating leases, goodwill, other intangible assets, interest in associates and non-current portion of prepayments ("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 asset, in the case of property, plant and equipment, property under development and interest in leasehold land held for own use under operating leases, the location of the operation to which they are allocated, in the case of goodwill and intangible assets, and the location of operations, in the case of interest in associates and non-current portion of prepayments.

	Revenue from external customers		**Specified non-current assets**	
	2012	2011	**2012**	2011
	US$'000	*US$'000*	***US$'000***	*US$'000*
Hong Kong	**–**	–	**218**	14
Mainland China	**68,888**	48,436	**43,456**	41,519
North America	**24,257**	31,736	**5,800**	6,129
South America	**13,598**	12,984	**890**	756
Europe	**16,066**	16,028	**31,012**	31,128
Singapore	**53,870**	23,341	**4**	11
Others (other part of Asia, India, Russia, Middle East, etc.)	**7,063**	6,971	**2,901**	3,600
	183,742	139,496	**84,281**	83,157

4 OTHER REVENUE AND NET INCOME

	2012	2011
	US$'000	*US$'000*
Interest income	**130**	131
Reversal of impairment losses on doubtful debts	**–**	1,029
Bad debts recovered	**–**	760
Net gain on foreign exchange instrument	**931**	–
Gain on disposal of associate	**–**	65
Others	**288**	291
	1,349	2,276

5 PROFIT BEFORE TAXATION

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

	2012	2011
	US$'000	*US$'000*
(a) Finance costs		
Interest on bank loans wholly repayable within five years	**2,256**	1,612
Interest on other loans	**25**	110
	2,281	1,722
(b) Staff costs#		
Contributions to defined contribution retirement plans	**4,008**	2,815
Equity-settled share-based payment expenses	**510**	727
Salaries, wages and other benefits	**33,865**	28,218
	38,383	31,760
(c) Other items		
Amortisation of interest in leasehold land held for own use under operating leases#	**142**	130
Amortisation of intangible assets	**3,020**	3,106
Depreciation#	**3,943**	3,198
Impairment losses on doubtful debts	**74**	–
Research and development costs	**3,583**	5,247
Net foreign exchange loss	**990**	1,401
Net loss on foreign exchange instrument	**–**	795
Loss/(Gain) on disposal of property, plant and equipment and intangible assets	**10**	(18)
Auditors' remuneration	**525**	508
Minimum lease payments under operating leases in respect of land and buildings	**2,808**	2,713
Increase in provisions	**–**	292
Cost of inventories#	**116,954**	83,221

Cost of inventories includes US$16,205,000 (2011: US$12,332,000) relating to staff costs, depreciation and amortisation expenses which amount is also included in the respective total amounts disclosed separately above or in note 5(b) for each of these types of expenses.

6 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Income tax in the consolidated income statement represents:

	2012	2011
	US$'000	*US$'000*
Current tax		
Provision for the year		
– PRC enterprise income tax	**2,598**	1,144
– Overseas corporation income tax	**942**	794
	3,540	1,938
Under/(over)-provision in respect of prior years		
– PRC enterprise income tax	**115**	(76)
	3,655	1,862
Deferred tax		
Origination and reversal of temporary differences	**(255)**	234
	3,400	2,096

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group has no assessable profit subject to Hong Kong Profits Tax for the year. Taxation for subsidiaries in other jurisdictions is charged at the appropriate current rates of taxation ruling in relevant jurisdictions respectively. During the Year, certain PRC subsidiaries are subject to tax at reduced rates of 15% (2011: 12.5% to 15%) under the relevant PRC tax rules and regulations.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2012	2011
	US$'000	*US$'000*
Profit before taxation	**11,580**	6,127
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	**3,377**	1,745
Tax effect of non-deductible expenses	**709**	182
Tax effect of non-taxable income	**(501)**	(531)
Tax effect of profits entitled to tax reductions in the PRC	**(1,637)**	(720)
Tax effect of unused tax losses not recognised	**1,406**	–
Tax effect of recognition of temporary differences not recognised in prior year	**–**	1,318
Under/(over)-provision in prior years	**115**	(76)
Others	**(69)**	178
Actual tax expense	**3,400**	2,096

7 DIVIDEND

The directors do not recommend the payment of a dividend for the year ended 31 December 2012 (2011: Nil).

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of US$7,471,000 (2011: US$3,472,000) and the weighted average number of 682,303,000 (2011: 680,606,000) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2012	2011
	'000	*'000*
Issued ordinary shares at 1 January	**681,892**	678,564
Effect of share options exercised	**411**	2,042
Weighted average number of ordinary shares at 31 December	**682,303**	680,606

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of US$7,471,000 (2011: US$3,472,000) and the weighted average number of 687,307,000 (2011: 689,162,000) ordinary shares, calculated as follows:

Weighted average number of ordinary shares (diluted)

	2012	2011
	'000	*'000*
Weighted average number of ordinary shares at 31 December	**682,303**	680,606
Effect of deemed issue of shares under the Company's share option schemes for nil consideration	**5,004**	8,556
Weighted average number of ordinary shares (diluted) at 31 December	**687,307**	689,162

9 TRADE AND OTHER RECEIVABLES

	2012	2011
	US$'000	*US$'000*
Trade debtors and bills receivable	**78,267**	76,919
Less: allowance for doubtful debts	**(3,638)**	(4,126)
	74,629	72,793
Other receivables, prepayments and deposits	**13,007**	6,732
	87,636	79,525
Less: Non-current portion of prepayments	**(1,847)**	(70)
	85,789	79,455

(a) Ageing analysis

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 end of the reporting period:

	2012	2011
	US$'000	*US$'000*
Current	**42,010**	24,933
Less than 1 month past due	**4,096**	14,996
1 to 3 months past due	**9,548**	5,650
More than 3 months but within 12 months past due	**8,499**	21,604
More than 12 months past due	**10,476**	5,610
Amounts past due	**32,619**	47,860
	74,629	72,793

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 rig electrical control system and other rig equipment 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 milestone have been met. The remaining 5% to 10% of the contract sum represents retention money and is payable within up to 18 months after delivery of the products or 1 year after completion of onsite testing, whichever is earlier.

(b) Impairment of trade debtors and bills receivable

Impairment losses in respect of trade debtors and bills receivable are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors and bills receivable directly.

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

	2012	2011
	US$'000	*US$'000*
At 1 January	**4,126**	6,758
Exchange adjustments	**2**	49
Impairment losses recognised/(reversed)	**74**	(1,029)
Uncollectible amounts written-off	**(564)**	(1,652)
At 31 December	**3,638**	4,126

At 31 December 2012, the Group's trade debtors and bills receivable of US$6,208,000 (2011: US$9,894,000) were individually determined to be impaired. The individually impaired receivables related to customers which management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowances for doubtful debts of US$3,638,000 (2011: US$4,126,000) were recognised. The Group does not hold any collateral over these balances.

(c) Trade debtors and bills receivable that are not impaired

The ageing analysis of trade debtors and bills receivable that are neither individually nor collectively considered to be impaired are as follows:

	2012	2011
	US$'000	*US$'000*
Neither past due nor impaired	**42,010**	24,913
Less than 1 month past due	**4,096**	14,783
1 to 3 months past due	**9,548**	5,415
More than 3 months but within 12 months past due	**8,471**	18,777
More than 12 months past due	**7,934**	3,137
	30,049	42,112
	72,059	67,025

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a past payment history with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

10 TRADE AND OTHER PAYABLES

	2012	2011
	US$'000	*US$'000*
Trade creditors and bills payable	**46,655**	32,094
Other payables and accrued charges	**39,968**	15,163
Gross amount due to customers for contract work	**–**	10,432
Advances received in relation to construction contracts	**–**	250
Derivative financial instruments		
– Foreign exchange instrument	**–**	795
	86,623	58,734

Included in trade and other payables are trade creditors and bills payable with the following ageing analysis as of the end of the reporting period:

	2012	2011
	US$'000	*US$'000*
Within 1 month	**24,048**	13,820
More than 1 month but within 3 months	**14,649**	8,942
More than 3 months but within 12 months	**3,810**	5,618
More than 12 months but within 24 months	**2,221**	1,641
More than 24 months	**1,927**	2,073
	46,655	32,094

11 COMPARATIVE FIGURES

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

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed the Group's annual results for the year ended 31 December 2012. The Audit Committee comprises three independent non-executive Directors, namely Mr. Chan Ngai Sang, Kenny, Mr. Bian Junjiang and Mr. Guan Zhichuan.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2012 have been compared by the Company's auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the Year and the amounts were found to be in agreement. The work performed by KPMG in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors on this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

1. OVERVIEW

TSC is a global product and service provider serving the worldwide offshore and land drilling rig industries. The Company's principal activities remained unchanged in 2012.

The Company is structured as a matrix organization; business units and functions are managed within four Regions. Organized as business units, TSC's three primary product segments are Capital Equipment and Packages, MRO Supplies, and Engineering Services.

The Capital Equipment and Packages segment includes land rig and offshore rig design, manufacturing, installation and commissioning. TSC's products are highly engineered automated equipment used in drilling and rig operations, as well as oil and gas land and offshore exploration and production units. These products provide automated mechanical handling, solids control, power control and drives, jacking systems and racks, tensioning and compensation equipment and operating systems for various offshore drilling rigs, well completion, well intervention and workover vessels.

The MRO Supplies segment encompasses oil field expendables and spares manufacturing and sales.

The Engineering Services segment comprises a comprehensive range of TSC product engineering and maintenance services, as well as equipment manufactured by others.

Two principal rig activity drivers are (i) new discoveries and (ii) oil and gas prices. Both factors influence the worldwide oil and gas industry business activity level and have an impact on our business. TSC has placed significant emphasis on the rapidly increasing importance of unconventional shale oil and gas exploration and production. The Company possesses key competencies from its extensive experience operating within the stringent requirements of the offshore rig environment. These competencies provide key strategic advantages for the Company to establish itself in the fast-growing sector of unconventional exploration and production of shale oil and gas.

2012 oil prices averaged approximately US$116 per barrel compared to the previous 2011 year average of US$100 per barrel. The favourable outlook and rapid unconventional shale oil and gas exploration and production development activities have a positive influence on our business.

The Company's key strength includes its capability to utilize innovative technology to design and manufacture a comprehensive range of products. TSC employs an extensive range of experienced expertise which enables TSC to meet industry requirements. TSC's matrix organization structure promotes expertise integration to provide customers high value solutions, safe and high quality products, and services at cost effective rates. These strengths empower the Company to pursue innovative strategies leveraging towards high future growth as the oil price sustains above US$80 per barrel, noted as the long term sustainable base price.

2. FINANCIAL REVIEW

Turnover

	31-Dec-12	31-Dec-11	Change	
	US$000	*US$000*	*US$000*	*%*
Turnover	**183,742**	139,496	44,246	31.7%
Gross profits	**62,679**	53,075	9,604	18.1%
	34.1%	38.0%		
Profit from Operations	**13,898**	7,962	5,936	74.6%
	7.6%	5.7%		
Profit for the year	**8,180**	4,031	4,149	102.9%
Earnings per Share (Basic)	**US 1.09 cent**	US 0.51 cent		
Earnings per Share (Diluted)	**US 1.09 cent**	US 0.50 cent		

Turnover for the Group in year 2012 increased 31.7% to US$183.7 million from US$139.5 million in year 2011. The increase in turnover came mainly from the Capital Equipment and Packages segment with good progress made on integrated solutions projects and rig electrical control systems. Revenue from rig electrical control systems revenue increased 89% this year 2012 compared to year 2011. In year 2012, rig turnkey solutions revenue also increased 88% over year 2011.

The profit for the year achieved for year 2012 was US$8.2 million, an increase of 102.9% over the US$4.0 million achieved for year 2011.

Segment Information by business segments

	31-Dec-12		31-Dec-11		Increase/ (Decrease)
	US$'000	***%***	*US$'000*	*%*	*US$'000*
Capital Equipment and Packages	**131,744**	**71.7**	89,162	63.9	42,582
Oilfield Expendables and Supplies	**31,289**	**17.0**	27,033	19.4	4,256
Engineering services	**20,709**	**11.3**	23,301	16.7	(2,592)
	183,742	**100.0**	139,496	100.0	44,246

Capital Equipment and Packages

Capital Equipment and Packages revenue increased 47.8% over the previous year 2011 and contributed to 96.2% of the increase in the turnover. Several projects reached manufacturing and testing phases during the year resulting in recognizing a higher level of revenue from projects during year 2012. The Company has so far completed 4 turnkey drilling packages with the latest delivery in December 2012 in the Caspian Sea and is in the process of completing further 2 units in the current year 2013.

Oilfield Expendables and Supplies

Oilfield Expendables and Supplies revenue increased 15.7% over the previous year 2011 and contributed to 9.6% of the increase in turnover in year 2012. The two new distribution centers set up in year 2011 in the United States were already profitable in year 2012 and the presence in high growth areas will provide higher growth rates in subsequent years.

Engineering Services

The negative growth in Engineering Services in year 2012 was mainly due to the weakening of the Brazilian Real from an average of R$1.66 to US$1.00 in 2011 to R$1.95 to US$1.00 in year 2012. The decrease was also due to engineering services for several projects completed in year 2011 which did not carry forward to year 2012.

Segment Information by Geographical Regions

Geographical Segments	31-Dec-12		31-Dec-11		Increase/ (Decrease)
	US$'000	*%*	*US$'000*	*%*	*US$'000*
Mainland China	**68,888**	**37.5**	48,436	34.7	20,452
North America	**24,257**	**13.2**	31,736	22.8	(7,479)
South America	**13,598**	**7.4**	12,984	9.3	614
Europe	**16,066**	**8.7**	16,028	11.5	38
Singapore	**53,870**	**29.3**	23,341	16.7	30,529
Others	**7,063**	**3.9**	6,971	5.0	92
Total	**183,742**	**100.0**	139,496	100.0	44,246

The increase in turnover in Mainland China in the year 2012 was due to a combination of higher rig building activities in shipyards in China in the year 2012 compared to the previous year 2011 and progress made in completion of execution of projects. The increase in turnover in Singapore was mainly due to the completion of Integrated Solutions contracts signed with a customer in Singapore. The decrease in turnover in the North America region was due to the completion of projects in the North America region.

Gross Profit and Gross Profit Margins

Gross Profit for the year 2012 increased to US$62.7 million compared to US$53.1 million in the previous year 2011, however, gross profit margin decreased from 38.0% in the previous year 2011 to 34.1% in the year 2012 mainly due to higher staff cost and increase in project related engineering costs.

Other Revenue

The decrease in Other Revenue from US$2.3 million in the previous year 2011 to US$1.3 million was mainly due to the reversal of impairment losses on doubtful debts by US$1 million in year 2011. There was no such reversal in year 2012.

Operating Expense and Profit Attributable to Equity Holders of the Company

General and Administrative Expenses

General and Administration expenses increased slightly in the year 2012 to US$37.5 million compared to US$35.6 million in the year 2011. The increase came mainly from increased number of staff and related staff cost and travelling expenses. However, as a percentage of turnover, the level of General and Administrative expenses in year 2012 improved to a level of 20.4% of turnover compared to 25.5% in the previous year 2011. General and Administrative expenses included costs incurred in developing strategic alliances in emerging markets which will come to fruition to provide a broader revenue base in future.

Selling and Distribution Expenses

Selling and Distribution expense increased 28.1% by US$1.8 million from US$6.7 million in year 2011 to US$8.5 million in year 2012. The Company provides extensive technical and marketing support to key customers to execute its marketing strategies in emerging markets. This involved extensive domestic and overseas travelling and development of sales strategies with our strategic alliance partners.

Other Operating Expenses

Other Operating Expenses decreased from US$5.1 million in year 2011 to US$4.1 million in year 2012 mainly due to the decrease of loss on fair value change in foreign exchange contracts by US$0.8 million.

Finance Costs

Finance Costs, primarily interest on bank loans, amounted to approximately US$2.3 million compared to US$1.7 million in the previous year for the Group. The increase is due to a higher level of bank borrowings from US$25.5 million at end year 2011 to US$32.1 million at end year 2012 and slight increase in bank interest rates.

Group's Liquidity and Capital Resources

As at 31 December 2012, the Group had intangible assets of approximately US$38.3 million (31 December 2011 – US$39.9 million). As at 31 December 2012, the Group carried fixed assets of approximately US$43.1 million (31 December 2011 – US$41.1 million) consisting of property, plant and equipment and interest in leasehold land held for own use under operating leases.

As at 31 December 2012, the Group had interest in associates and deferred tax assets of approximately US$1.1 million (2011 – US$2.2 million) and approximately US$10.9 million (2011 – US$10.9 million) respectively and non-current portion of prepayments of approximately US$1.8 million (2011 – US$0.07 million).

As at 31 December 2012, the Group had current assets of approximately US$216.7 million (2011 – US$171.2 million). Current assets mainly comprised cash and bank balances of approximately US$31.0 million (2011 – US$34.1 million), and pledged bank deposits of approximately US$3.4 million (2011 – US$1.3 million), inventories of approximately US$48.8 million (2011 – US$39.6 million), trade and other receivables of approximately US$85.8 million (2011 – US$79.5 million) and amount due from a related Company of approximately US$0.1 million (2011 – US$0.1 million), gross amount due from customers for contract work of approximately US$47.6 million (2011 – US$16.5 million) and an amount due from director of approximately US$0.1 million (2011 – US$nil).

As at 31 December 2012, current liabilities amounted to approximately US$122.1 million (2011 – US$85.2 million), mainly comprising trade and other payables of approximately US$86.6 million (2011 – US$58.7 million), bank loans of approximately US$28.4 million (2011 – US$20.5 million), current tax payables of approximately US$5.6 million (2011 – US$4.2 million) and provision of contract loss of approximately US$1.5 million (2011 – US$1.8 million).

As at 31 December 2012, the Group had non-current liabilities of approximately US$4.7 million (2011 – US$6.3 million), comprising bank loans of approximately US$3.7 million (2011 – US$4.9 million) and deferred tax liabilities of approximately US$1.0 million (2011 – US$1.3 million). Gearing ratio, being the Group's total liabilities to equity shareholders' funds as at 31 December 2012 was 71%, as compared to 55% as at December 2011.

Significant Investments and Disposals

There were no other significant investments or disposals during the Year.

Capital Structure

At the beginning of the year at 1 January 2012, there were 681,892,204 shares in issue (the "Shares") and the Company carried a share capital of approximately US$8,770,000.

During the Year, the Company issued 890,000 shares to option holders who exercised their options under the Company employee share option schemes. At 31 December 2012, the Company had 682,782,204 Shares in issue, and a paid up capital of approximately US$8,781,000.

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, inventories and trade receivables with aggregate net book value of US$46.7 million (2011: US$56.0 million).

(ii) Corporate guarantees given by TSCOE, HHCT, TSC China and TSC (Qingdao) to the extent of banking facilities outstanding of US$6.6 million as at 31 December 2012 (2011: US$8.4 million).

(iii) Guarantees given by the directors of the Company (the "Director") to the extent of banking facilities outstanding of US$5.4 million as at 31 December 2012 (2011: US$4.9 million).

Certain bank loans of the Group are subject to the fulfilment of covenants relating to certain of the subsidiaries' statement of financial position ratios, as are commonly found in lending arrangements with financial institutions. The drawn down loan balances would become payable on demand if the covenants were breached. The Group regularly monitors its compliance with these covenants. As at 31 December 2012, none of the covenants relating to the Group's bank loans has been breached.

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 approximately 50% of the Group's turnover was denominated in United States dollars. As at 31 December 2012, no related hedges were made by the Group.

In order to mitigate that foreign exchange exposure, we may utilize 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. The Group will actively explore ways to hedge or reduce currency exchange risk in future.

Non-Exempt Continuing Connected Transactions

The Group conducted the following continuing connected transactions with connected parties of the Company, namely CIMC Raffles Offshore (Singapore) Limited ("CIMC Raffles"):

In April 2012, the Group conducted the following continuing connected transactions with connected parties of the Company, namely CIMC Raffles.

On 11 May 2012, China International Marine Containers (Group) Company Limited ("CIMC Group") and China International Marine Containers (Hong Kong) Limited ("CIMC HK") (a wholly-owned subsidiary of CIMC Group) owned approximately 88.58% of CIMC Raffles through their wholly-owned subsidiary, CIMC Offshore Holdings Limited. CIMC Group, through CIMC HK, owned and had control over the voting right of 92,800,000 Shares, representing approximately 13.60% of the issued share capital of the Company. As at the date of this announcement, CIMC HK is the beneficial owner of 92,800,000 Shares, representing approximately 13.60% of the issued share capital of the Company. CIMC HK is a wholly-owned subsidiary of CIMC Group. Therefore, CIMC Group is deemed to be interested in the 92,800,000 Shares of the Company held by CIMC HK.

The Supply of Drilling Packages and Electrical Power Packages

Category of transaction	**Continuing Connected Transactions**
Transaction Date	24 April 2012
Transaction with	CIMC Raffles
Purpose of Transaction	The master agreement with CIMC Raffles by which the Group can provide the Equipment under the Turnkey Project(s) to CIMC Raffles for three years ending 31 December 2014.
Contract Values and Other Details	The annual caps under the master agreement for three years ending 31 December 2014 are approximately US$200 million each year.
Detailed announcement and shareholder approval	Details of the transaction were announced on 24 April 2012 which were published on the websites of the Stock Exchange and the Company. The master agreement was approved by independent shareholders at the extraordinary general meeting held on 4 June 2012.

During the Year, the Group transacted contracts with CIMC Raffles under the continuing connected transactions mandate approved by the Company's independent shareholders at extraordinary general meeting held on 4 June 2012. The abovementioned contracts cover the supply of drilling packages, electrical power packages and a submersible pump with a total contract value of approximately US$2 million, which is within the cap of US$200 million for the year ended 31 December 2012 approved by the independent shareholders of the Company. The actual sales amount of these continuing connected transactions between the Group and CIMC Raffles was approximately US$53.3 million for the year ended 31 December 2012.

Employees and Remuneration Policy

As at 31 December 2012, the Group had approximately 1,386 full-time staff in the USA, the United Kingdom ("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.

3. BUSINESS AND MARKET REVIEW

Based on a recent Credit Suisse report entitled 'The Shale Revolution', the current China natural gas and petroleum supply and demand trends could result in China becoming the world's largest oil importer, with import potential of 10 million barrels per day by 2020. The announcement mentions the importance for China, for both energy demand and environmental reasons, to expedite local production capacity and reduce imports. The United States is experiencing an oil and natural gas exploration boom. Oil and natural gas well exploration expenditure accounts for 9% of total business fixed investment, a growth of four times from the 1990s and is approximately 17% of the growth in real business fixed investment since 2009. Although the announcement does not suggest the energy would sector would transform the US economy any time soon, it is important to recognize the potential from the growth in expenditure on oil and gas exploration and production.

TSC, along with strategic alliance partners, has developed strong working relationships in emerging countries such as Brazil, Mexico, Argentina, Venezuela, Colombia and Russia, which are rapidly increasing capital expenditure to increase oil production.

At the end of year 2012, the worldwide jack up rig count was 388 (Source: Rigzone). By year 2015, 117 of these rigs will be over 35 years old. Increasing stringent regulatory requirements to meet higher safety and environmental standards, as well as improved operational efficiency and capability to drill in deeper water and drilling depths, will result in a growing demand for new generation jack-up rigs. Recent years indicate China shipyards have rapidly progressed in the jack up rig construction segment and it is believed that this trend will continue, leading to additional jack up rig construction in shipyards in China. Developed alliances provide TSC a competitive advantage for jack up rig construction in the near future. Our proximity to shipyards in China and our track record of previous packages delivered are significant TSC competitive advantages.

The Company's pressure pumps product range sanctions a wide range of applications, including, but not limited to, the hydraulic fracturing process for shale gas production. The hydraulic fracturing process for shale gas production is one of the largest direct beneficiaries in oil and gas capital expenditure.

All the above background information provides the basis for our business strategies and activities primary focus.

4. FUTURE PLANS FOR MATERIAL INVESTMENTS, CAPITAL ASSETS AND CAPITAL COMMITMENT

Expansion intentions for 2013 include two additional Texas locations and one international Mexico location. The additional locations will meet the growing expendable products and MRO supplies demand within these regions. The leased facilities will have sufficient stock and supplies enabling immediate customer request and assistance response.

The Company is in the process of acquiring a piece of industrial land of measuring approximately 8.5 acres located in Qingdao, China at a price to be determined by the Bureau of Land Resources. Should the acquisition be successful we intend to consolidate manufacturing facilities that we have in Zhengzhou and Dalian to one location in Qingdao. This will increase manufacturing efficiency and reduce manufacturing overheads.

The Company intends to continue research and development efforts enhancing its competitive advantage, including, but not limited to, the following products:

- Jacking systems for harsh environment deepwater jack up rigs
- R-550D 400 feet Zentech design jack up project integration and rig equipment development
- Electric PLC (Programmable Logic Control) zone management software
- Fast-Moving Land Rigs for shale oil and gas exploration and production
- Further shale oil and gas MRO Supplies products research and development

5. STRATEGY, PROSPECTS AND ORDER BOOK

Strategies

Our vision is designed to develop TSC into an energy industry world class solutions provider. We intend to achieve this by driving business growth through creating value to our customers, shareholders, employees and stakeholders. TSC adopts a 3-tier business strategy, which can be visualized as a pyramid. The pyramid base is the 'cash cow' businesses encompassing MRO Supplies, Engineering Services (including repair, engineering, training, installation and commissioning), Rack Cutting, Solids Control and other developed equipment range. The pyramid mid-section consists of 'revenue boosters' and comprises a wide of range product sales such as Deck Cranes, Mechanical Handling, Mud Pumps, Jacking Systems, Jack-up Rack and Chord, Electric Controls and Drives. The pyramid top section is the 'growth engine', where TSC tailors and packages a range of products as an 'Integrated Solution'. We meet specific customer needs by leveraging and combining TSC's broad product range, engineering capability, project execution, and financial partnerships as an integrated product offering.

The 3-tier business strategy is complemented by marketing and operational strategies. As a whole, these serve to meet TSC's vision and transformation into a formidable global oil and gas service and equipment industry Company. We also adopt a Customer-Driven, Service-Driven, and Solution-Driven "3D" approach. This approach enables us to achieve desirable market penetration as well as deliver on-time, quality, within budget products and services.

Prospects

During the year 2012, numerous significant strategy milestones were achieved. Primarily, TSC completed and delivered the fourth jack up drilling package to CIMC raffles on 10 December 2012. Successful completion and delivery further cements the maturity process and strengthens TSC's track record and reputation to provide turnkey drilling packages. Two additional drilling packages are scheduled for completion within 2013. TSC continued strategic alliance expectations with CIMC Raffles positions the Company to carry out similar package and equipment development in the future.

On 3 December 2012, the Company entered into a jack up drilling rig strategic cooperation framework agreement with CSSC Guangzhou Huangpu Shipbuilding Co., Limited ("CSSC Huangpu") and Zentech Incorporated ("Zentech"), pursuant to which the Company is responsible for supplying drilling-related equipment, commissioning and after-sale services. Zentech is responsible for design and CSSC Huangpu Shipyard is responsible for rig construction. This strategic cooperation will jointly develop the next generation jack up drilling rig, bringing an affordable and technologically advanced alternative to today and tomorrow's jack up market.

The Company placed significant emphasis on the rapidly increasing importance of unconventional shale oil and gas exploration and production requirements. The demand for cost effective solutions for unconventional drilling technology will grow significantly in North America, Central America, South America, China and other countries where significant new gas reserves are discovered. TSC's offshore rig operating environment background and key competencies provide fundamental strategic advantages to establish itself in the fast growing unconventional shale gas exploration and production sector. The Company is in the position to capitalize on our capability in this sector.

Order Book

As at 31 December 2012, the Group as a whole carried an order backlog of approximately US$68.2 million for rig production technology, rig turnkey solutions and expendables. Subsequent to 31 December 2012, the Group has secured further new orders amounting to US$27.3 million up to the date of this announcement.

Subsequent Events

Save as disclosed in this announcement, no subsequent events occurred after 31 December 2012 which may have significant effects on the assets and liabilities of future operations of the Group.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company had received from each of the independent non-executive Directors an annual confirmation of his independence. The Company considered all the independent non-executive Directors are independent.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control systems of the Group. The audit committee comprises three members, namely Mr. Chan Ngai Sang, Kenny (being the Chairman), Mr. Bian Junjiang and Mr. Guan Zhichuan. All of them are independent non-executive Directors.

Throughout the Year, the audit committee held two meetings in considering and reviewing the interim and annual results of the Group and were of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, the Directors have complied with such code of conduct and the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the year ended 31 December 2012.

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 at the end of the year or at any time during the year ended 31 December 2012.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain 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.

The Company has complied with the code provisions ("CG Codes") of the Code on Corporate Governance Practices during the period from 1 January 2012 to 31 March 2012 and the Corporate Governance Code during the period from 1 April 2012 to 31 December 2012 as set out in Appendix 14 to Listing Rules at that time except for the deviation from CG Code A.6.7 where one executive director, three independent non-executive directors and three non-executive directors were absent from the last annual general meeting and extraordinary general meeting of the Company both held on 4 June 2012 as they were away from Hong Kong due to other important engagements at the time of those meetings.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2012, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

A copy of annual report containing all information required by relevant paragraphs of Appendix 16 to the Listing Rules will be published on the Stock Exchange's website (http://www.hkex.com.hk) and the Company's website (http://www.tsc-holdings.com) in due course.

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

Hong Kong, 27 March 2013

As at the date of this announcement, the Board comprises of Mr. Jiang Bing Hua (executive Director), Mr. Zhang Menggui (executive Director), Mr. Brian Chang (non- executive Director), Mr. Jiang Longsheng (non-executive Director), Mr. Yu Yuqun (non-executive Director), Mr. Bian Junjiang (independent non-executive Director), Mr. Chan Ngai Sang, Kenny (independent non-executive Director), Mr. Guan Zhichuan (independent non-executive Director) and Mr. Robert William Fogal Jr (independent non-executive Director).