TSC Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 206)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

HIGHLIGHTS

- Turnover amounted to approximately US$201.9 million for the year ended 31 December 2013, representing an increase of 9.9% as compared with 2012;
- Gross profit amounted to approximately US$63.8 million for the year ended 31 December 2013, representing an increase of 13.0% as compared with 2012;
- Gross profit margin increased from 30.7% for 2012 to 31.6% for 2013;
- Profit attributable to equity shareholders of the Company amounted to approximately US$14.6 million for the year ended 31 December 2013, representing an increase of 94.8% as compared with 2012; and
- The Directors do not recommend the payment of a dividend for 2013.

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 2013 (the "Year") together with the comparative figures for the year ended 31 December 2012 as follows using United States dollars as presentation currency:

Consolidated Income Statement

For the year ended 31 December 2013

	Note	**2013**	2012
		US$'000	*US$'000*
Turnover	*3*	**201,928**	183,742
Cost of sales		**(138,151)**	(127,322)
Gross profit		**63,777**	56,420
Other revenue and net income	*4*	**1,981**	1,349
Selling and distribution expenses		**(7,000)**	(6,722)
General and administrative expenses		**(32,961)**	(33,021)
Other operating expenses		**(4,934)**	(4,128)
Profit from operations		**20,863**	13,898
Finance costs	*5(a)*	**(3,372)**	(2,281)
Share of results of associate		**(54)**	(37)
Profit before taxation	*5*	**17,437**	11,580
Income tax	*6(a)*	**(2,138)**	(3,400)
Profit for the year		**15,299**	8,180
Attributable to:			
Equity shareholders of the Company		**14,550**	7,471
Non-controlling interests		**749**	709
Profit for the year		**15,299**	8,180
Earnings per share	*8*		
Basic		**US2.12 cents**	US1.09 cent
Diluted		**US2.07 cents**	US1.09 cent

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2013

	2013	2012
	US$'000	*US$'000*
Profit for the year	**15,299**	8,180
Other comprehensive income for the year:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries and associate (with nil tax effect)	**2,940**	2,628
Total comprehensive income for the year	**18,239**	10,808
Attributable to:		
Equity shareholders of the Company	**17,451**	10,079
Non-controlling interests	**788**	729
Total comprehensive income for the year	**18,239**	10,808

Consolidated Statement of Financial Position

At 31 December 2013

	Note	2013 US$'000	2012 US$'000
Non-current assets			
Property, plant and equipment		**36,940**	38,816
Interest in leasehold land held for own use under operating leases		**10,021**	4,292
Goodwill		**25,177**	24,822
Other intangible assets		**11,997**	13,432
Interest in associate		**–**	1,072
Prepayments		**419**	1,847
Deferred tax assets		**11,500**	10,887
		96,054	95,168
Current assets			
Inventories		**47,008**	48,760
Trade and other receivables	*9*	**114,620**	85,789
Gross amount due from customers for contract work		**56,270**	47,600
Amount due from director		**–**	114
Amount due from related company		**101**	101
Pledged bank deposits		**2,718**	3,356
Cash at bank and in hand		**37,909**	30,988
		258,626	216,708
Current liabilities			
Trade and other payables	*10*	**105,267**	86,623
Bank loans and other borrowings		**29,796**	28,431
Current taxation		**6,145**	5,563
Provisions		**1,456**	1,456
		142,664	122,073

	Note	2013	2012
		US$'000	*US$'000*
Net current assets		**115,962**	94,635
Total assets less current liabilities		**212,016**	189,803
Non-current liabilities			
Bank loans and other borrowings		**7,073**	3,715
Deferred tax liabilities		**699**	987
		7,772	4,702
NET ASSETS		**204,244**	185,101
CAPITAL AND RESERVES			
Share capital		**8,884**	8,781
Reserves		**187,514**	168,823
Total equity attributable to equity shareholders of the Company		**196,398**	177,604
Non-controlling interests		**7,846**	7,497
TOTAL EQUITY		**202,244**	185,101

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

	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 reserve *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 2012	8,770	120,043	2,161	(1,456)	5,828	512	627	3,384	27,084	166,953	6,768	173,721
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

	Attributable to equity shareholders of the Company											
	Share capital	Share premium	Merger reserve	Exchange reserve	Employee share-based compen-sation reserve	Capital reserve	Revaluation reserve	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*
Balance at 1 January 2013	**8,781**	**120,120**	**2,161**	**1,152**	**6,312**	**512**	**627**	**4,690**	**33,249**	**177,604**	**7,497**	**185,101**
Changes in equity for 2013:												
Profit for the year	-	-	-	-	-	-	-	-	14,550	14,550	749	15,299
Other comprehensive income	-	-	-	2,901	-	-	-	-	-	2,901	39	2,940
Total comprehensive income	-	-	-	2,901	-	-	-	-	14,550	17,451	788	18,239
Capital contribution received by a non-wholly owned subsidiary from non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	623	623
Shares issued under share option schemes	103	1,491	-	-	(503)	-	-	-	-	1,091	-	1,091
Equity-settled share-based transactions	-	-	-	-	252	-	-	-		252	-	252
Transferred to reserve funds	-	-	-	-	-	-	-	1,034	(1,034)	-	-	-
Dividends paid to non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	(1,062)	(1,062)
Balance at 31 December 2013	**8,884**	**121,611**	**2,161**	**4,053**	**6,061**	**512**	**627**	**5,724**	**46,765**	**196,398**	**7,846**	**204,244**

Note:

1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2013 comprise the Company and its subsidiaries and the Group's interest in associate.

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.

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 a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

– Amendments to HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*

– HKFRS 10, *Consolidated financial statements*

– HKFRS 12, *Disclosure of interests in other entities*

– HKFRS 13, *Fair value measurement*

– Amendments to HKFRS 7 – *Disclosures – Offsetting financial assets and financial liabilities*

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

Amendments to HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of comprehensive income in these financial statements has been modified accordingly.

HKFRS 10, *Consolidated financial statements*

HKFRS 10 replaces the requirements in HKAS 27, *Consolidated and separate financial statements* relating to the preparation of consolidated financial statements and HK-SIC 12 *Consolidation – Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

HKFRS 12, *Disclosure of interests in other entities*

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards.

HKFRS 13, *Fair value measurement*

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

Amendments to HKFRS 7 – *Disclosures – Offsetting financial assets and financial liabilities*

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32, *Financial instruments: Presentation* and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The adoption of the amendments does not have an impact on these financial statements because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of HKFRS 7 during the periods presented.

3 TURNOVER AND SEGMENT REPORTING

(a) Turnover

The principal activities of the Group are the design, manufacture, installation and commissioning of capital 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:

	2013	2012
	US$'000	*US$'000*
Capital equipment and packages		
– Sales of capital equipment	**32,784**	30,635
– Construction contracts revenue		
– Rig products and technology	**37,851**	46,357
– Rig turnkey solutions	**67,617**	54,752
	138,252	131,744
Oilfield expendables and supplies		
– Sales of expendables and supplies	**44,924**	31,289
Engineering services		
– Service fee income	**18,752**	20,709
	201,928	183,742

The Group's customer base is diversified and includes only one customer with whom transactions have exceeded 10% of the Group's revenues. In 2013, 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 $44 million (2012: $55 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 bank loans and other borrowings, 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 segments. 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 segments, 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. Inter-segment revenue is priced with reference to prices charged to external parties for similar orders.

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 2013 and 2012 is set out below.

	Capital equipment and packages		Oilfield expendables and supplies		Engineering services		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
Revenue from external customers	**138,252**	131,744	**44,924**	31,289	**18,752**	20,709	**201,928**	183,742
Inter-segment revenue	**585**	–	**8,314**	7,270	**201**	1,390	**9,100**	8,660
Reportable segment revenue	**138,837**	131,744	**53,238**	38,559	**18,953**	22,099	**211,028**	192,402
Reportable segment results	**22,179**	12,531	**4,831**	4,753	**974**	3,503	**27,984**	20,787
Depreciation and amortisation for the year	**4,656**	4,964	**800**	540	**1,636**	1,584	**7,092**	7,088
Reportable segment assets	**242,412**	209,644	**34,361**	28,428	**24,556**	26,142	**301,329**	264,214
Additions to non-current segment assets during the year	**5,941**	2,751	**4,473**	2,809	**267**	1,362	**10,681**	6,922
Reportable segment liabilities	**(91,627)**	(71,422)	**(9,604)**	(11,543)	**(4,711)**	(4,069)	**(105,942)**	(87,034)

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

	2013	2012
	US$'000	*US$'000*
Revenue		
Reportable segment revenue	**211,028**	192,402
Elimination of inter-segment revenue	**(9,100)**	(8,660)
Consolidated turnover (note 3(a))	**201,928**	183,742
Profit		
Segment results	**27,984**	20,787
Share of results of associate	**(54)**	(37)
Finance costs	**(3,372)**	(2,281)
Unallocated head office and corporate income and expenses	**(7,121)**	(6,889)
Consolidated profit before taxation	**17,437**	11,580
Assets		
Reportable segment assets	**301,329**	264,214
Cash at bank and in hand	**37,909**	30,988
Pledged bank deposits	**2,718**	3,356
Interest in associate	**–**	1,072
Deferred tax assets	**11,500**	10,887
Unallocated head office and corporate assets	**1,224**	1,359
Consolidated total assets	**354,680**	311,876
Liabilities		
Reportable segment liabilities	**(105,942)**	(87,034)
Bank loans and other borrowings	**(36,869)**	(32,146)
Current taxation	**(6,145)**	(5,563)
Deferred tax liabilities	**(699)**	(987)
Unallocated head office and corporate liabilities	**(781)**	(1,045)
Consolidated total liabilities	**(150,436)**	(126,775)

(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, interest in leasehold land held for own use under operating leases, goodwill, other intangible assets, interest in associate 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 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 associate and non-current portion of prepayments.

	Revenue from external customers		**Specified non-current assets**	
	2013	2012	**2013**	2012
	US$'000	*US$'000*	***US$'000***	*US$'000*
Hong Kong	**–**	–	**144**	218
Mainland China	**87,337**	68,888	**48,668**	43,456
North America	**25,908**	24,257	**1,650**	5,800
South America	**14,791**	13,598	**1,104**	890
Europe	**19,675**	16,066	**30,180**	31,012
Singapore	**45,921**	53,870	**2**	4
Others (other part of Asia, India, Russia, Middle East, etc.)	**8,296**	7,063	**2,806**	2,901
	201,928	183,742	**84,554**	84,281

4 OTHER REVENUE AND NET INCOME

	2013	2012
	US$'000	*US$'000*
Interest income	**112**	130
Gain on disposal of property, plant and equipment	**1,014**	–
Net gain on foreign exchange instrument	**–**	931
Others	**855**	288
	1,981	1,349

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2013	2012
	US$'000	*US$'000*
(a) Finance costs		
Interest on bank loans and other borrowings wholly repayable within five years	**3,341**	2,256
Interest on other loans	**31**	25
	3,372	2,281
(b) Staff costs#		
Contributions to defined contribution retirement plans	**4,095**	4,008
Equity-settled share-based payment expenses	**252**	510
Salaries, wages and other benefits	**33,910**	33,865
	38,257	38,383
(c) Other items		
Amortisation of interest in leasehold land held for own use under operating leases#	**172**	142
Amortisation of intangible assets	**2,618**	3,020
Depreciation#	**4,570**	3,943
Impairment losses on doubtful debts	**541**	74
Research and development costs	**1,676**	3,583
Net foreign exchange loss	**1,078**	990
Loss on disposal of property, plant and equipment	**–**	10
Auditors' remuneration	**546**	525
Minimum lease payments under operating leases in respect of land and buildings	**3,065**	2,808
Cost of inventories#	**133,226**	123,101

Cost of inventories includes $21,698,000 (2012: $20,292,000) 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:

	2013	2012
	US$'000	*US$'000*
Current tax		
Provision for the year		
– PRC enterprise income tax	**2,538**	2,598
– Overseas corporation income tax	**381**	942
	2,919	3,540
(Over)/under-provision in respect of prior years		
– PRC enterprise income tax	**(115)**	115
	2,804	3,655
Deferred tax		
Origination and reversal of temporary differences	**(666)**	(255)
	2,138	3,400

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% (2012: 15%) under the relevant PRC tax rules and regulations.

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

	2013	2012
	US$'000	*US$'000*
Profit before taxation	**17,437**	11,580
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	**4,284**	3,377
Tax effect of non-deductible expenses	**923**	709
Tax effect of non-taxable income	**(3,056)**	(501)
Tax effect of profits entitled to tax reductions in the PRC	**(1,408)**	(1,637)
Tax effect of unused tax losses not recognised	**1,510**	1,406
(Over)/under-provision in prior years	**(115)**	115
Others	**–**	(69)
Actual tax expense	**2,138**	3,400

7 DIVIDEND

The directors do not recommend the payment of a dividend for the year ended 31 December 2013 (2012: 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 $14,550,000 (2012: $7,471,000) and the weighted average number of 686,456,000 (2012: 682,303,000) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2013	2012
	'000	*'000*
Issued ordinary shares at 1 January	**682,782**	681,892
Effect of share options exercised	**3,674**	411
Weighted average number of ordinary shares at 31 December	**686,456**	682,303

(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 $14,550,000 (2012: $7,471,000) and the weighted average number of 702,309,000 (2012: 687,307,000) ordinary shares, calculated as follows:

Weighted average number of ordinary shares (diluted)

	2013	2012
	'000	*'000*
Weighted average number of ordinary shares at 31 December	**686,456**	682,303
Effect of deemed issue of shares under the Company's share option schemes for nil consideration	**15,853**	5,004
Weighted average number of ordinary shares (diluted) at 31 December	**702,309**	687,307

9 TRADE AND OTHER RECEIVABLES

	2013	2012
	US$'000	*US$'000*
Trade debtors and bills receivable	**106,870**	78,267
Less: allowance for doubtful debts (note 9(b))	**(4,208)**	(3,638)
	102,662	74,629
Other receivables, prepayments and deposits	**12,377**	13,007
	115,039	87,636
Less: Non-current portion of prepayments	**(419)**	(1,847)
	114,620	85,789

(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:

	2013	2012
	US$'000	*US$'000*
Current	**58,555**	42,010
Less than 1 month past due	**10,449**	4,096
1 to 3 months past due	**11,581**	9,548
More than 3 months but within 12 months past due	**11,018**	8,499
More than 12 months past due	**11,059**	10,476
Amounts past due	**44,107**	32,619
	102,662	74,629

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 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:

	2013	2012
	US$'000	*US$'000*
At 1 January	**3,638**	4,126
Exchange adjustments	**29**	2
Impairment losses recognised	**541**	74
Uncollectible amounts written-off	**–**	(564)
At 31 December	**4,208**	3,638

At 31 December 2013, the Group's trade debtors of $5,371,000 (2012: $6,208,000) 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 $4,208,000 (2012: $3,638,000) 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:

	2013	2012
	US$'000	*US$'000*
Neither past due nor impaired	**58,555**	42,010
Less than 1 month past due	**10,449**	4,096
1 to 3 months past due	**11,581**	9,548
More than 3 months but within 12 months past due	**11,011**	8,471
More than 12 months past due	**9,903**	7,934
	42,944	30,049
	101,499	72,059

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 good track record 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

	2013	2012
	US$'000	*US$'000*
Trade creditors and bills payable	**54,214**	46,655
Other payables and accrued charges	**51,053**	39,968
	105,267	86,623

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:

	2013	2012
	US$'000	*US$'000*
Within 1 month	**39,081**	24,048
More than 1 month but within 3 months	**6,300**	14,649
More than 3 months but within 12 months	**5,546**	3,810
More than 12 months but within 24 months	**1,125**	2,221
More than 24 months	**2,162**	1,927
	54,214	46,655

11 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation. Certain staff costs included in general and administrative expenses in the prior year were reclassified to cost of sales to conform to current year's presentation.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed the Group's annual results for the year ended 31 December 2013. 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 2013 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 both the offshore and land drilling rig industry worldwide. These principal activities remained unchanged for 2013.

Our Capital Equipment and Packages segment comprises design, manufacture, installation and commissioning of capital equipment and packages for land and offshore rigs. Our equipment is highly engineered and automated for drilling, mechanical handling, jacking systems, 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 Maintenance, Repair and Operations (MRO) segments comprise two business units; the MRO Supplies business unit which comprises the manufacture and sales of oilfield expendables and spares, and the MRO Services business unit which provides a comprehensive range of engineering and maintenance services for our products as well as equipment manufactured by other suppliers.

The two factors that drive offshore rig activity are (i) new discoveries and (ii) oil prices, both of which will influence the general level of business activity in the oil and gas industry worldwide, and provide a positive impact on our business. In the past two years, oil prices have remained steadily above US$100 per barrel. This is conducive to higher levels of drilling activities, greater levels of capital investment, both of which will greatly benefit TSC's business.

Our strength lies in our comprehensive range of products, innovative technology and expertise which we integrate to offer our customers high value solutions, safe and high quality products and services at cost effective rates. These strengths are being applied on innovative strategies to leverage the company towards higher growth in the future as the price of oil recovers to a consistent, sustainable level of around US$100 per barrel. Demand is expected to continue to grow as discussed in the section below on outlook.

2. FINANCIAL REVIEW

	2013	2012	Change	
	US$'000	*US$'000*	*US$'000*	%
Turnover	**201,928**	183,742	18,186	9.9
Gross Profit	**63,777**	56,420	7,357	13.0
Gross Profit Margin	**31.6%**	**30.7%**		
Profit before Interest and Taxation	**20,863**	13,898	6,965	50.1
Net Profit attributable to Equity Shareholders	**14,550**	7,471	7,079	94.8
Net Profit Margin	**7.2%**	**4.1%**		
Earnings per Share (Basic)	**US2.12 cents**	US1.09 cent	US1.03 cent	94.5
Earnings per Share (Diluted)	**US2.07 cents**	US1.09 cent	US0.98 cent	89.9

Turnover

Consolidated group turnover increased 9.9% to US$201.9 million from US$183.7 million in 2012. The increase came mainly from a 43.6% increase in Oilfield Expendables and Supplies sales and 4.9% increase in Capital Equipment and Packages revenue recognition. However, Engineering Services revenue decreased 9.4% compared to the previous year.

The 94.8% increase in net profit was mainly due to improvements in overall operational efficiency and cost reduction measures. Costs relating to the higher level of operations as a result of the increase in turnover was offset by cost reduction measures which resulted in overall level of expenses remaining fairly consistent with the previous year. Overall the Company was able to execute its business and operational strategies well.

Total order backlog at the end of year 2013 increased 308.8% to US$278.8 million from US$68.2 million at the end of the previous year. Within this order backlog the amount of US$106.6 million is in respect of the portion of the sale of the first AOD R-550D Jack-up rig in addition to TSC's scope of supply. The remaining order backlog of US$172.2 million which comprises TSC's scope of supply for the AOD R-550D rig and several other contracts secured for capital equipment and packages orders. Projects progressed well on schedule with no significant delays.

Segment Information by Business Segments

	2013		2012		Increase/ (decrease)	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*
Capital Equipment and Packages	**138,252**	**68.5**	131,744	71.7	6,508	4.9
Oilfield Expendables and Supplies	**44,924**	**22.2**	31,289	17.0	13,635	43.6
Engineering Services	**18,752**	**9.3**	20,709	11.3	(1,957)	-9.4
Total turnover	**201,928**	**100.0**	183,742	100.0	18,186	

Capital Equipment and Packages

Revenue recognised based on progress achieved on Capital Equipment and Packages projects increased 4.9% in 2013 compared to the previous year 2012. This marginal increase of US$6.5 million came mainly from the rig turnkey package for the R-550D Jack-up drilling rig. The remaining Capital Equipment and Packages revenue was fairly consistent with the previous year coming from the various capital equipment business units.

Oilfield Expendables and Supplies

The increase of 43.6% from US$31.3 million in 2012 to US$44.9 million in 2013 in Oilfield Expendables and Supplies turnover came from the continuing expansion of the Group's distribution network with established drilling contractors and the development of products for Original Equipment Manufacturers. In the year 2013, branches were set up in Casper in the State of Wyoming, in Midland in the State of Texas and in Del Carmen in Mexico. Consistent oil prices above the US$100 per barrel benchmark price also supported the increase in drilling activities which provided the base for the good growth in this segment.

Engineering Services

Engineering Services revenue decreased from US$20.7 million in 2012 to US$18.8 million in 2013 mainly due to the slowdown in the Brazilian exploration activities. This resulted in a lower number of rigs operating in Brazil.

Segment Information by Geographical Regions

	2013		2012		Increase/ (decrease)	
	US$'000	**%**	*US$'000*	%	*US$'000*	%
Mainland China	**87,337**	**43.3**	68,888	37.5	18,449	26.8
North America	**25,908**	**12.8**	24,257	13.2	1,651	6.8
South America	**14,791**	**7.3**	13,598	7.4	1,193	8.8
Europe	**19,675**	**9.7**	16,066	8.7	3,609	22.5
Singapore	**45,921**	**22.7**	53,870	29.3	(7,949)	(14.8)
Others	**8,296**	**4.2**	7,063	3.9	1,233	17.5
Total turnover	**201,928**	**100.0**	183,742	100.0	18,186	9.9

The increase in revenue in China is mainly due to the completion of Capital Equipment and Packages contracts for shipyard customers in China. North America revenue is mainly Mainterance, Repair and Operations (MRO) spares sales and Deck Crane spares sales. South America revenue is mainly Engineering Services sales and MRO spares sales in Brazil. Europe revenue comprises Rig Mechanisation product sales for European customers, and Singapore revenue is mainly contracts signed in Singapore for delivery of equipment to shipyards in China.

Gross Profit and Gross Profit Margin

The Group's gross profit of US$63.8 million for the Year increased 13% from US$56.4 million in the previous year. Gross profit margin of 31.6% improved over the margin in the previous year of 30.7% (after cost reclassifications) resulting from higher manufacturing efficiency and efforts in standardising global procurement to achieve better cost and quality management. Cost of goods sold in the previous year was reclassified to be consistent with reclassification of costs adjusted in 2013 to align cost definitions for consistency throughout the group locations.

Other Revenue

The increase of 46.8% in Other Revenue from US$1.3 million in 2012 to US$2.0 million in 2013 was mainly due to profit arising from the sale of the Golden Spike property in the United States.

Operating Expense and Profit Attributable to Equity Shareholders of the Company

General and Administrative Expenses

General and Administrative expenses remains the same as the previous year at US$33.0 million. Expenses in the previous year were reclassified as explained above. Cost control, higher efficiency and productivity continues to be the focus at all levels of management in the Company.

Selling and Distribution Expenses

Selling and Distribution expenses increased 4.1% by US$278,000 from US$6.7 million in 2012 to US$7.0 million in 2013. Selling and Distribution expenses comprised mainly of sales staff salaries, commissions, marketing expenses including participation in trade shows, travel costs and other sales promotional expenditure.

Other Operating Expenses

The increase in Other Operating Expenses from US$4.1 million in 2012 to US$4.9 million in 2013 was mainly due to increase in impairment of accounts receivable and cost of the termination of a lease on premises in the United Kingdom prior to expiry of lease.

Finance Costs

Finance Costs, primarily interest on bank loans and other borrowings, amounted to approximately US$3.4 million in 2013 compared to US$2.3 million in the previous year for the Group. The increase was due to the higher level of bank and other borrowings during the year and a slight increase in the interest rates.

Group's Liquidity and Capital Resources

As at 31 December 2013, the Group had intangible assets of approximately US$37.2 million (2012: US$38.3 million). As at 31 December 2013, the Group carried fixed assets of approximately US$47.0 million (2012: US$43.1 million) being property, plant and equipment and interest in leasehold land held for own use under operating leases. The increase in the Group's fixed asset is due to the addition of land and buildings in Qingdao.

As at 31 December 2013, the Group's interest in associate was nil (2012: US$1.1 million) and deferred tax assets was approximately US$11.5 million (2012: US$10.9 million). Non-current portion of prepayments was approximately US$0.4 million (2012: US$1.8 million).

As at 31 December 2013, the Group had current assets of approximately US$258.6 million (2012: US$216.7 million). Current assets mainly comprised cash and bank balances of approximately US$37.9 million (2012: US$31.0 million), and pledged bank deposits of approximately US$2.7 million (2012: US$3.4 million), inventories of approximately US$47.0 million (2012: US$48.8 million), trade and other receivables of approximately US$114.6 million (2012: US$85.8 million) and amount due from related company of approximately US$0.1 million (2012: US$0.1 million), gross amount due from customers for contract work of approximately US$56.3 million (2012: US$47.6 million) and amount due from director of US$0.1 million at 31 December 2012, which was settled during the year. The increase in the level of trade and other receivables is due mainly to the increase in level of business activities towards the end of the year which resulted in a higher level of invoicing. The increase in the gross amount due from customers for contract work is due mainly to work performed on two projects towards the end of the year which had not yet reached invoicing milestones.

As at 31 December 2013, current liabilities amounted to approximately US$142.7 million (2012: US$122.1 million), mainly comprising trade and other payables of approximately US$105.3 million (2012: US$86.6 million), bank loans and other borrowings of approximately US$29.8 million (2012: US$28.4 million), current tax payables of approximately US$6.1 million (2012: US$5.6 million), and provision for contract loss amounted to approximately US$1.5 million (2012: US$1.5 million). The increase in trade and other payables was mainly due to the increase in project advances received for capital equipment and packages contracts signed towards the end of the year.

As at 31 December 2013, the Group had non-current liabilities of approximately US$7.8 million (2012: US$4.7 million), comprising bank loans and other borrowings of approximately US$7.1 million (2012: US$3.7 million) and deferred tax liabilities of approximately US$0.7 million (2012: US$1.0 million). Gearing ratio, being the Group's total liabilities to equity shareholders' funds as at 31 December 2013 was 77%, as compared to 71% as at 31 December 2012.

Significant Investments and Disposals

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

Capital Structure

At the 1 January 2013, there were 682,782,204 shares in issue (the "Shares") and the Company carried a share capital of approximately US$8,781,000.

During the Year, the Company issued 7,972,000 shares to option holders who exercised their options under the Company's employee share option schemes. At 31 December 2013, the Company had 690,754,204 Shares in issue, and a paid up capital of approximately US$8,884,000.

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, trade receivables and plant and machinery with aggregate net book value of US$37.1 million (2012: US$46.7 million).

(ii) Corporate guarantees given by Qingdao TSC Offshore Equipment Co., Ltd., TSC-HHCT (Xian) Control Technologies Limited, Zhengzhou TSC Offshore Equipment Co., Ltd., Dalian TSC Offshore Equipment Co., Ltd., and TSC (Qingdao) Manufacture Co., Ltd. to the extent of banking facilities outstanding of US$14.1 million as at 31 December 2013 (2012: US$6.6 million).

(iii) Guarantees given by the directors of the Company (the "Director") to the extent of banking facilities outstanding of US$6.9 million as at 31 December 2013 (2012: US$5.4 million).

Certain bank loans of the Group are subject to the fulfilment of covenants relating to certain aspects 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 2013, 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 carrying out production locally with Renminbi while approximately 50% of the Group's turnover was denominated in United States dollars. As at 31 December 2013, 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"):

On 24 April 2012, the Company and CIMC Raffles entered into new master agreement (the "New Master Agreement") to renew certain continuing connected transactions. Pursuant to the New Master Agreement, the Group shall provide the Equipment under the Turnkey Project(s) to CIMC Raffles. The New Master Agreement is valid for a period starting from 4 June 2012 and ending on 31 December 2014.

Details of the continuing connected transactions under the New Master Agreement are as follows:

The fabrication of BOP Handling and Transport System

Category of transaction	**Continuing Connected Transactions**
Transaction Date	24 April 2012
Transaction with	CIMC Raffles
Purpose of Transaction	The New Master Agreement with CIMC Raffles by which the Group can provide the Equipment and the Turnkey Project(s) to CIMC Raffles for three years ending 31 December 2014.
Contract Values and Other Details	The annual caps under the New 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 was published on the websites of the Stock Exchange and the Company. The New Master Agreement was approved by independent shareholders at extraordinary general meeting 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 Jacking System with a total contract value of approximately US$61 million, which is within the cap of US$200 million for the year ended 31 December 2013 approved by the independent shareholders of the Company. The actual sales amount of the continuing connected transactions between the Group and CIMC Raffles was approximately US$44.2 million for the year ended 31 December 2013 (2012: US$53.3 million).

Employees and Remuneration Policy

As at 31 December 2013, the Group had approximately 1,263 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 employees and the market conditions. The Group also provides other benefits to its employees, including medical schemes, pension contributions and share option schemes.

Business and Market Review

The continuing increase in demand for energy is leading exploration and production operations into new environments facing new challenges both on land and offshore. This sector of the oil and gas industry continues to develop with the need to secure future supply through innovations amid acute supply of skilled professionals. Success in these areas will require new solutions to safety, reliability and high performance in delivering as well as operating equipment on rigs. Meanwhile, Crude Oil benchmark prices remained consistently above US$100 per barrel over the past two years. This will encourage spending but pressure on bottom-line results will require companies to also extend operating life of existing assets.

Mexico, Brazil and Australia are considered top investment destinations for 2014 by many oil and gas analysts. Frontier markets will also feature high up on the list, however, political challenges in these emerging markets may add uncertainties to demand visibility. In the United States where unconventional drilling for shale oil and gas is most developed, there will be strong growth in demand for spares, expendables and services.

Global demand for new Jack-up drilling rigs is likely to continue to grow in part due to 53% of the global jack-up rig fleet now being over 30 years old. More than half of these new premium jack-up drilling rigs for operations in deeper water depths will likely be built in China. Also, the outlook for unconventional drilling and demand for related equipment, expendables and services will continue to be positive.

Future Plans for Material Investments, Capital Assets and Capital Commitment

In addition to the head office based in Houston, the MRO Supplies and Service business unit now has three other branches in the State of Texas and one branch in Casper in the State of Wyoming, all in the United States. The branch in Del Carmen in Mexico was also established toward the end of 2013. The Colombia office was opened in year 2012 and further distribution branches are planned to be opened in Edmonton in Canada and Anaco in Venezuela in year 2014. MRO spares distribution channels are being improved to include internet based e-commerce solutions to integrate with customer supply chain systems which will minimise order delivery cycle times and inventory management. The MRO Supplies and Service business will also emphasize on higher service levels as the main thrust of its future business model rather than just as a supplier of spares and expendables. This will lead to better market penetration through higher value adding services.

In 2013, the Company was successful in acquiring approximately 24.7 acres (10.08 hectares) of industrial land in Qingdao, the PRC and has commenced construction of manufacturing plant facilities of which the first phase is planned to be completed by the end of 2014. Total built-up facilities will comprise approximate 382,000 square feet (35,500 square meters) of covered manufacturing space for the Company's various products. The total cost of land, building, plant and equipment is approximately US$32.3 million and will be funded partly by internal funds and partly by long term bank loans.

TSC will continue to explore new innovations to provide new solutions for higher safety, reliability and performance in the following product lines:

- Liftboats for tender assist and other offshore support operations;
- Jacking systems for harsh environment deepwater jack up rigs;
- Multi-service vessels (MSV) conceptualized based on operating parameters in several deepwater regions for well intervention, installation, repair and maintenance (IRM) and field development applications;
- Fast Moving Land Rigs (PDQ™ series) ultra-efficient mobile unconventional drilling rigs;
- Finalization of Workforce 2200/2400 series mud pumps, for deepwater rigs and vessels;
- Trial and evaluation of the high-pressure fracturing pumps;
- Zone Management System of Offshore Rig Operation; and
- Drilling package for Mono Column Platform jack up drilling and production rig.

The Company is also in the process of implementing a global enterprise resource planning (ERP) system to enable businesses processes to operate from a unified platform to increase operational efficiency.

Strategy, Prospects and Order Book

Strategies

TSC adopts a 3-tier business strategy which can be visualized as a pyramid where the base comprises our 'cash cow' business of MRO Supplies and Services (which include Repair and Offshore Services, Engineering, Training, Installation and Commissioning), Rack Cutting, Solids Control and other developed range of services and equipment. The mid section of the pyramid which we call 'revenue boosters' comprises our individual sales of the wide range of capital equipment products such as Deck Cranes, Mechanical Handling, Mud Pumps, Jacking Systems, Electrical Controls and Drives. These are equipment which we design and supply individually. The top section of our strategy pyramid, our 'growth engine', is where we put together our range of products as an 'Integrated Solution', addressing customers needs by leveraging TSC's product range, engineering capability, project execution and financial needs taken together as one product offering. We were recently able to augment this with a demand pull strategy where we leverage our strengths to proactively generate business opportunities.

This 3-tier business strategy is complemented by marketing and operational strategies in order to transform TSC into a formidable player in the global oil and gas service and equipment industry. We stress on a corporate culture represented by the acronym "4D TOP-E" which stands for the four drivers of behaviour, to be Customer-Driven, Service-Driven, Solution-Driven and Results-Driven in everything we do with emphasis on Teamwork, Openness, Passion and Entrepreneurship to achieve our common goals.

Prospects

As customers seek out reliable and competitive supply chain efficiencies to meet increasing complex and challenging environments, TSC is ideally positioned to take advantage of these opportunities. Our goal is to provide innovative solutions to reduce cost and increase productivity as well as to demonstrate real quality in the products and services we deliver. Continuing with this focus as our core strength we are very optimistic about the future. The combination of favourable industry and market factors, together with TSC's capabilities and determination of the leadership, we are confident that our prospects will be excellent.

Order Book

As at 31 December 2013, the Group as a whole carried an order backlog of approximately US$278.8 million for capital equipment and packages, expendables and services. Subsequent to 31 December 2013, the Group had secured further new orders amounting to US$26 million up to the date of this announcement.

Subsequent Events

Save as disclosed in this announcement, no subsequent events occurred after 31 December 2013 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 three 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 2013.

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 2013.

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 for the year ended 31 December 2013 as set out in Appendix 14 to Listing Rules at that time except for the deviation from CG Code A.6.7 where two independent non-executive directors and three non-executive directors were absent from the last annual general meeting of the Company held on 22 May 2013 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 2013, 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, 25 March 2014

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).