TSC Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 206)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

The board (the "Board") of directors (the "Directors") of TSC Group Holdings Limited (the "Company"or "TSC") is pleased to announce the unaudited results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2013, together with the unaudited comparative figures for the corresponding period in 2012 as follows:

RESULTS HIGHLIGHTS

- The Group's turnover for the six months ended 30 June 2013 reached approximately US$85.1 million, representing an increase of approximately 28.6% from US$66.2 million for the same period for 2012;

- Gross profit amounted to approximately US$29.1 million for the six months ended 30 June 2013, representing an increase of approximately 14.4% from US$25.4 million for the same period for 2012;

- Net profit attributed to equity shareholders of the Company amounted to approximately US$4.5 million for the six months ended 30 June 2013, representing approximately 821.9% increase over the same period for 2012;

- Earnings per share for the six months ended 30 June 2013 was US0.66 cent, representing an increase of 842.9% compared with US0.07 cent per share for the same period in 2012. The basis of calculating the earnings per share is detailed in note 10;

- The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2013.

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 June	
		2013	2012
		(unaudited)	(unaudited)
	Notes	***US$'000***	*US$'000*
Turnover	*3, 4*	**85,106**	66,169
Cost of sales		**(56,040)**	(40,765)
Gross profit		**29,066**	25,404
Other revenue and net income	*5*	**1,921**	1,145
Selling and distribution expenses		**(5,236)**	(4,313)
General and administrative expenses		**(17,239)**	(17,364)
Other operating expenses		**(1,434)**	(1,744)
Profit from operations		**7,078**	3,128
Finance costs	*6*	**(1,605)**	(1,077)
Profit before taxation	*7*	**5,473**	2,051
Income tax	*8*	**(705)**	(1,138)
Profit for the period		**4,768**	913
Attributable to:			
Equity shareholders of the Company		**4,499**	488
Non-controlling interests		**269**	425
Profit for the period		**4,768**	913
Earnings per share			
Basic	*10(a)*	**US0.66 cent**	US0.07 cent
Diluted	*10(b)*	**US0.64 cent**	US0.07 cent

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended 30 June	
		2013	2012
		(unaudited)	(unaudited)
	Notes	***US$'000***	*US$'000*
Profit for the period		**4,768**	913
Other comprehensive income for the period:			
Exchange differences on translation of financial statements of subsidiaries and associates		**322**	1,511
Total comprehensive income for the period		**5,090**	2,424
Attributable to:			
Equity shareholders of the Company		**4,760**	2,035
Non-controlling interests		**330**	389
Total comprehensive income for the period		**5,090**	2,424

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 30 June 2013 (unaudited)** ***US$'000***	As at 31 December 2012 (audited) *US$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**38,751**	38,816
Interests in leasehold land held for own use under operating leases		**4,992**	4,292
Goodwill		**23,571**	24,822
Other intangible assets		**11,780**	13,432
Interest in associates		**1,072**	1,072
Prepayments		**2,120**	1,847
Deferred tax assets		**10,422**	10,887
		92,708	95,168
CURRENT ASSETS			
Inventories		**40,600**	48,760
Trade and other receivables	*12*	**92,239**	85,381
Advance to suppliers		**9,814**	408
Gross amount due from customers for contract work		**69,053**	47,600
Amount due from director		**–**	114
Amount due from a related company		**101**	101
Pledged bank deposits		**2,041**	3,356
Cash at bank and in hand		**24,552**	30,988
		238,400	216,708
CURRENT LIABILITIES			
Trade and other payables	*13*	**89,844**	86,623
Bank loans		**33,572**	28,431
Current taxation		**4,544**	5,563
Provisions		**1,456**	1,456
		129,416	122,073

	Notes	As at 30 June 2013 (unaudited) US$'000	As at 31 December 2012 (audited) US$'000
NET CURRENT ASSETS		**108,984**	94,635
TOTAL ASSETS LESS CURRENT LIABILITIES		**201,692**	189,803
NON-CURRENT LIABILITIES			
Bank loans		**9,780**	3,715
Deferred tax liabilities		**1,245**	987
		11,025	4,702
NET ASSETS		**190,667**	185,101
CAPITAL AND RESERVES			
Share capital		**8,806**	8,781
Reserves		**174,034**	168,823
Total equity attributable to equity shareholders of the Company		**182,840**	177,604
Non-controlling interests		**7,827**	7,497
TOTAL EQUITY		**190,667**	185,101

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Equity attributable to equity shareholders of the Company										Non-controlling interests	Total equity
	Share capital	Share premium	Merger reserve	Exchange reserve	Employee share-based compensation reserve	Capital reserve	Revaluation reserve	Reserve funds	Retained profits	Total		
	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 2012 (audited)	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 the six months ended 30 June 2012:												
Profit for the period	–	–	–	–	–	–	–	–	488	488	425	913
Other comprehensive income	–	–	–	1,547	–	–	–	–	–	1,547	(36)	1,511
Total comprehensive income	–	–	–	1,547	–	–	–	–	488	2,035	389	2,424
Shares issued under share option schemes	1	10	–	–	(5)	–	–	–	–	6	–	6
Equity-settled share-based transactions	–	–	–	–	360	–	–	–	–	360	–	360
Balance at 30 June 2012 (unaudited)	8,771	120,053	2,161	91	6,183	512	627	3,384	27,572	169,354	7,157	176,511
Balance at 1 January 2013 (audited)	**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 the six months ended 30 June 2013:												
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4,499**	**4,499**	**269**	**4,768**
Other comprehensive income	**–**	**–**	**–**	**261**	**–**	**–**	**–**	**–**	**–**	**261**	**61**	**322**
Total comprehensive income	**–**	**–**	**–**	**261**	**–**	**–**	**–**	**–**	**4,499**	**4,760**	**330**	**5,090**
Shares issued under share option schemes	**25**	**189**	**–**	**–**	**(97)**	**–**	**–**	**–**	**–**	**117**	**–**	**117**
Equity-settled share-based transactions	**–**	**–**	**–**	**–**	**359**	**–**	**–**	**–**	**–**	**359**	**–**	**359**
Balance at 30 June 2013 (unaudited)	**8,806**	**120,309**	**2,161**	**1,413**	**6,574**	**512**	**627**	**4,690**	**37,748**	**182,840**	**7,827**	**190,667**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	For the six months ended 30 June	
	2013	2012
	(unaudited)	(unaudited)
	US$'000	*US$'000*
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	**(17,296)**	2,734
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	**960**	(608)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	**9,717**	(9,124)
DECREASE IN CASH AND CASH EQUIVALENTS	**(6,619)**	(6,998)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**30,988**	34,140
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**183**	50
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**24,552**	27,192

Notes to the Financial Statements:

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempt company with limited liability on 22 February 2005 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and was listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Main Board") on 5 June 2009.

The condensed consolidated financial statements for the six months ended 30 June 2013 have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

In current interim period, the HKICPA has issued a few 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 11, *Joint arrangements*
- HKFRS 12, *Disclosure of interests in other entities*
- HKFRS 13, *Fair value measurement*
- Revised HKAS 19, *Employee benefit*
- *Annual Improvements* to *HKFRSs 2009-2011 Cycle*
- Amendments to HKFRS 7 – *Disclosures – Offsetting financial assets and financial liabilities*

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

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

3. SEGMENT REPORTING

The Group manages its business by divisions, which are organised by a mixture of both business units (products and services) and geography. The Group has presented the following reportable segments 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. No operating segments have been aggregated to form the following reportable segments.

–	Capital equipment and packages:	the design, manufacture, 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

(a) Segment results, assets and liabilities

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

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

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

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

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

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

The segment results for the periods ended 30 June 2013 and 2012 is set out below.

	Capital equipment and packages		Oilfield expendables and supplies		Engineering services		Total	
	Unaudited		Unaudited		Unaudited		Unaudited	
	For the period ended		For the period ended		For the period ended		For the period ended	
	30 June 2013	30 June 2012	**30 June 2013**	30 June 2012	**30 June 2013**	30 June 2012	**30 June 2013**	30 June 2012
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
Revenue from external customers	**59,684**	41,376	**18,170**	15,291	**7,252**	9,502	**85,106**	66,169
Inter-segment revenue	**–**	–	**1,379**	1,303	**–**	–	**1,379**	1,303
Reportable segment revenue	**59,684**	41,376	**19,549**	16,594	**7,252**	9,502	**86,485**	67,472
Reportable segment results	**10,415**	1,880	**387**	1,578	**18**	1,715	**10,820**	5,173

The segment assets and liabilities as at 30 June 2013 and 31 December 2012 is set out below:

	Capital equipment and packages		Oilfield expendables and supplies		Engineering services		Total	
	As at 30 June 2013 (unaudited)	As at 31 December 2012 (audited)	**As at 30 June 2013 (unaudited)**	As at 31 December 2012 (audited)	**As at 30 June 2013 (unaudited)**	As at 31 December 2012 (audited)	**As at 30 June 2013 (unaudited)**	As at 31 December 2012 (audited)
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
Reportable segment assets	**218,355**	209,644	**48,185**	28,428	**25,221**	26,142	291,761	264,214
Reportable segment liabilities	**(72,517)**	(71,422)	**(13,190)**	(11,543)	**(5,109)**	(4,069)	(90,816)	(87,034)

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

	Unaudited For the six months ended 30 June 2013 *US$'000*	2012 *US$'000*
Revenue		
Reportable segment revenue	**86,485**	67,472
Elimination of inter-segment revenue	**(1,379)**	(1,303)
Condensed consolidated turnover	**85,106**	66,169
Profit		
Segment results	**10,820**	5,173
Finance costs	**(1,605)**	(1,077)
Unallocated head office and corporate income and expenses	**(3,742)**	(2,045)
Condensed consolidated profit before taxation	**5,473**	2,051

	As at 30 June 2013 (unaudited) *US$'000*	As at 31 December 2012 (audited) *US$'000*
Assets		
Reportable segment assets	**291,761**	264,214
Interest in associates	**1,072**	1,072
Pledged bank deposits	**2,041**	3,356
Cash at bank and in hand	**24,552**	30,988
Deferred tax assets	**10,422**	10,887
Unallocated head office and corporate assets	**1,260**	1,359
Condensed consolidated total assets	**331,108**	311,876
Liabilities		
Reportable segment liabilities	**(90,816)**	(87,034)
Current taxation	**(4,544)**	(5,563)
Bank loans	**(43,352)**	(32,146)
Deferred tax liabilities	**(1,245)**	(987)
Unallocated head office and corporate liabilities	**(484)**	(1,045)
Condensed consolidated total liabilities	**(140,441)**	(126,775)

(c) Geographic information

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

	Revenue from external customers		**Specified non-current assets**	
	For the six months ended 30 June 2013 (unaudited)	For the six months ended 30 June 2012 (unaudited)	**As at 30 June 2013 (unaudited)**	As at 31 December 2012 (audited)
	US$'000	*US$'000*	***US$'000***	*US$'000*
Hong Kong	**771**	349	**180**	218
Mainland China	**49,807**	28,612	**46,560**	43,456
North America	**10,596**	11,316	**6,685**	5,800
South America	**5,060**	5,799	**955**	890
Europe	**10,142**	7,696	**27,849**	31,012
Singapore	**648**	661	**3**	4
Others (Other part of Asia, India, Russia etc.)	**8,082**	11,736	**54**	2,901
	85,106	66,169	**82,286**	84,281

4. TURNOVER

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

	Unaudited For the six months ended	
	30 June 2013	30 June 2012
	US$'000	*US$'000*
Capital equipment and packages		
– Construction contracts revenue	**35,856**	25,861
– Sales of rig electrical control system	**10,819**	4,182
– Sales of other rig equipment	**13,009**	11,333
	59,684	41,376
Oilfield expendables and supplies		
– Sales of expendables and supplies	**18,170**	15,291
Engineering services		
– Service fee income	**7,252**	9,502
	85,106	66,169

5. OTHER REVENUE AND NET INCOME

	Unaudited For the six months ended	
	30 June 2013	30 June 2012
	US$'000	*US$'000*
Interest income	**192**	89
Net foreign exchange gain	**1,332**	–
Net gain on foreign exchange instrument	**–**	892
Others	**397**	164
	1,921	1,145

6. FINANCE COSTS

	Unaudited	
	For the six months ended	
	30 June 2013	30 June 2012
	US$'000	*US$'000*
Interest on bank loans wholly repayable within five years	**1,524**	994
Interest on other bank loan	**81**	83
	1,605	1,077

7. PROFIT BEFORE TAXATION

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

	Unaudited	
	For the six months ended	
	30 June 2013	30 June 2012
	US$'000	*US$'000*
Amortisation of intangible assets	**1,285**	1,444
Net foreign exchange (gain)/loss	**–**	9
Impairment losses on doubtful debts	**–**	161

8. INCOME TAX

	Unaudited	
	For the six months ended	
	30 June 2013	30 June 2012
	US$'000	*US$'000*
Current tax		
Provision for the period		
– People's Republic of China ("PRC") enterprise income tax	**1,264**	824
– Overseas corporation income tax	**246**	611
	1,510	1,435
Deferred tax		
Origination and reversal of temporary differences	**(805)**	(297)
	705	1,138

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

9. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

10. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share for the six months ended 30 June 2013 are based on the profit attributable to ordinary equity shareholders of the Company of approximately 4,499,000 (six months ended 30 June 2012: US$488,000) and the weighted average number of 684,390,000 (six months ended 30 June 2012: 681,984,000) ordinary shares in issue during the period.

(b) Diluted earnings per share

The calculation of diluted earnings per share for the six months ended 30 June 2013 are based on the profit attributable to ordinary equity shareholders of the Company of approximately 4,499,000 (six months ended 30 June 2012: US$488,000) and the weighted average number of 698,404,000 (six months ended 30 June 2012: 687,030,000) ordinary shares after adjusting for the effects of all dilutive potential ordinary shares under the Company's share option schemes.

11. PROPERTY, PLANT AND EQUIPMENT

During the period, additions to property, plant and equipment amounted to approximately US$1,359,000 (six months ended 30 June 2012: US$1,597,000).

12. TRADE AND OTHER RECEIVABLES

	As at 30 June 2013 US$'000 (unaudited)	As at 31 December 2012 US$'000 (audited)
Trade debtors and bills receivable	**83,837**	78,267
Less: allowances for doubtful debts	**(3,638)**	(3,638)
	80,199	74,629
Other receivables, prepayments and deposits	**14,160**	12,599
	94,359	87,228
Less: Non-current portion of prepayments	**(2,120)**	(1,847)
	92,239	85,381

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 upon contract milestones being completed. The remaining 5% to 10% of the contract sum represents the retention money and is payable within up to 18 months after delivery of the products or 1 year after completion of the onsite testing, whichever is earlier.

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

	As at 30 June 2013 US$'000 (unaudited)	As at 31 December 2012 US$'000 (audited)
Current	**38,598**	42,010
Less than 1 month past due	**9,991**	4,096
1 to 3 months past due	**5,984**	9,548
More than 3 months but within 12 months past due	**15,431**	8,499
More than 12 months past due	**10,195**	10,476
Amounts past due	**41,601**	32,619
	80,199	74,629

13. TRADE AND OTHER PAYABLES

	As at 30 June 2013 *US$'000* **(unaudited)**	As at 31 December 2012 *US$'000* (audited)
Trade creditors and bills payable	**53,210**	46,655
Other payables and accrued charges	**36,634**	39,968
	89,844	86,623

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

	As at 30 June 2013 *US$'000* **(unaudited)**	As at 31 December 2012 *US$'000* (audited)
Within 1 month	**26,737**	24,048
More than 1 month but within 3 months	**8,814**	14,649
More than 3 months but within 12 months	**14,760**	3,810
More than 12 months but within 24 months	**454**	2,221
More than 24 months	**2,445**	1,927
	53,210	46,655

14. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these condensed consolidation financial statements, the Group entered into the following related party transactions.

Transaction with related companies

	Unaudited For the six months ended	
	30 June 2013 *US$'000*	30 June 2012 *US$'000*
Sales of capital equipment and packages	**25,849**	17,474

In the opinion of the Company's directors, the above transactions were carried out on normal commercial terms and in the ordinary course of business.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

TSC is a global product and service provider serving both the offshore and land drilling rig industry worldwide. These principal activities remained unchanged for the first half of 2013.

Our Capital Equipment and Packages segment comprises the designing, manufacturing, installing and commissioning of capital equipment for land and offshore rigs. Our equipment is highly engineered and automated for drilling operations and includes mechanical handling, solids control, power control and drives, tensioning and compensation systems for various offshore drilling rigs, completion, intervention and workover vessels for oil and gas exploration and production as well as for land rigs.

Our rig Maintenance, Repair and Operations (MRO) segments comprises two business units. The MRO Supplies business unit comprises the manufacture and sales of oilfield expendables and supplies. The MRO Services business unit provides a comprehensive range of engineering and maintenance services for our products as well as equipment manufactured by other suppliers.

INDUSTRY REVIEW

During the six months, oil price, which influences the demand for our products and services and capital spending budgets of our customers, fluctuated from the high of US$119 per barrel in February 2013 down to a low of US$98 per barrel in May 2013 (Brent Crude Oil). The demand for offshore rigs (Jack Ups, Semi-Submersibles and Drillships) and land rigs are further influenced by longer term factors such as government policies on oil production levels, national oil company policies, rig owner capital expenditure plans, charter rates and other factors such as financing availability and production capacity. In general, rig utilization decreased during the first half of 2013 mainly due to lower oil prices. However, the Brent Crude benchmark has since recovered to above US$110 per barrel in August 2013. TSC operates in a relatively stable market environment for its range of products.

BUSINESS REVIEW

The Group continues in its strategy to build up its base of core products in the MRO (Maintenance, Repair and Operations) Supplies and Services segments. These core products and services provide a firm base from which our longer term strategies are executed. The Group has established strong alliances with key players in several fast growing emerging markets to develop a base for its rig equipment solutions. Together with its wide base of engineering and technological capabilities developed through significant research and development efforts and accumulated over the years through several acquisitions, the Group is at a pivotal stage at which it is well positioned to take on significant growth. TSC has also established key alliances with several business partners to meet a growing demand for our products.

Our strength lies in the 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. We apply these strengths to innovative strategies to achieve higher future growth as the price of oil maintains at a consistent sustainable price around US$100 per barrel. Demand is expected to continue to grow as discussed in the section below on outlook.

FINANCIAL REVIEW

	30 June 2013 (unaudited)	30 June 2012 (unaudited)	Increase	
	US$'000	*US$'000*	*US$'000*	*%*
Turnover	**85,106**	66,169	18,937	28.6%
Gross profit	**29,066**	25,404	3,662	14.4%
Gross profit margin	**34.2%**	38.4%		
Profit from operations	**7,078**	3,128	3,950	126.3%
Profit for the period	**4,768**	913	3,855	422.3%
Earnings per share (Basic)	**US0.66 cent**	US0.07 cent		
Earnings per share (Diluted)	**US0.64 cent**	US0.07 cent		

Turnover for the first six months of 2013 increased 28.6% to US$85.1 million from US$66.2 million in 2012. The net profit for the first six months of 2013 was US$4.8 million, representing an increase of 422.3% from the previous year of US$0.9 million. The increase in net profit was mainly due to the increase in revenue achieved through expedited progress of new projects and completion of existing projects.

Segment Information by Business Segments

	30 June 2013		30 June 2012		Increase/(Decrease)	
	US$'000	***% of total***	*US$'000*	*% of total*	*US$'000*	*%*
Turnover						
Capital Equipment and Packages	**59,684**	**70%**	41,376	63%	18,308	44.2%
Oilfield Expendables and Supplies	**18,170**	**21%**	15,291	23%	2,879	18.8%
Engineering services	**7,252**	**9%**	9,502	14%	(2,250)	(23.7%)
Total	**85,106**	**100%**	66,169	100%	18,937	28.6%

Capital Equipment and Packages

The turnover of the Capital Equipment and Packages segment increased from US$41.4 million in first half year of 2012 to US$59.7 million in first half year of 2013. This was mainly due to the commencement of projects during the first six months of 2013. The Gross Profit ratio of this segment decreased from 35.3% in first the half year of 2012 to 34.7% in first half year of 2013.

Oilfield Expendables and Supplies (MRO Supplies)

The increase of 18.8% from US$15.3 million in the first half year of 2012 compared to US$18.2 million in the first half year of 2013 in Oilfield Expendables and Supplies (MRO Supplies) turnover came from expansion of the Group's distribution network. The general improvement in drilling activity also provided the base for the good growth in this segment.

Engineering Services (MRO Services)

The decrease of 23.7% in Engineering Services turnover from US$9.5 million in the first half year of 2012 to US$7.3 million in the first half year of 2012 was in line with the overall decrease in capital investment in the industry and general downturn in the Brazil market, which led to less demand for engineering personnel.

Gross Profit and Gross Profit Margins

Overall Gross Profit increased slightly by 14.4% from US$25.4 million to US$29.1 million with the increase of 28.6% in Group's turnover. Gross profit margin drop slightly to 34.2% in first half year of 2013 compared with the previous year margin of 38.4%. The decrease was primarily due to higher cost of labour in the capital equipment and packages segment.

Other Revenue and Net Income

The increase in Other Revenue and Net Income from US$1.1 million to US$1.9 million was mainly derived from the net exchange gain from operations.

Operating Expenses and Profit Attributable to Equity Shareholders of the Company

General & Administrative Expenses

General & Administration expenses remains around US$17.2 million in first half year of 2013 and 2012.

Selling & Distribution Expenses

Selling & Distribution expenses increased 21.4% by US$0.9 million from US$4.3 million in first half year of 2012 to US$5.2 million in first half year of 2013, with implementation of marketing and sales strategies which involved extensive domestic and overseas travelling.

Other Operating Expenses

The decrease in Other Operating Expenses from US$1.7 million in first half year of 2012 to US$1.4 million in first half year of 2013 was mainly due to the decrease in amortisation in intangible assets.

Finance Costs

Finance Costs, primarily interest on bank loans, amounted to approximately US$1.6 million compared to US$1.1 million in first half year of 2012. No significant change in finance costs as the overall bank borrowings remained around the same level.

Group's Liquidity and Capital Resources

As at 30 June 2013, the Group had intangible assets of approximately US$11.8 million (31 December 2012 – US$13.4 million). As at 30 June 2013, the Group carried fixed assets of approximately US$38.8 million (31 December 2012 – US$38.8 million) comprising property, plant and equipment, property under development and interest in leasehold land held for own use under operating leases.

As at 30 June 2013, the Group had interest in associates and deferred tax assets of approximately US$1.1 million (31 December 2012 – US$1.1 million) and approximately US$10.4 million (31 December 2012 – US$10.9 million), respectively.

As at 30 June 2013, the Group had current assets of approximately US$238.4 million (31 December 2012 – US$216.7 million). Current assets mainly comprised cash and bank balances of approximately US$24.5 million (31 December 2012 – US$31 million), and pledged bank deposits of approximately US$2 million (31 December 2012 – US$3.4 million), inventories of approximately US$40.6 million (31 December 2012 – US$48.8 million), trade and other receivables of approximately US$92.2 million (31 December 2012 – US$85.4 million), advance to suppliers of approximately US$9.8 million (31 December 2012 – US$0.4 million) and amount due from a related company of approximately US$0.1 million (31 December 2012 – US$0.1 million).

As at 30 June 2013, current liabilities amounted to approximately US$129.4 million (31 December 2012 – US$122.1 million), mainly comprising trade and other payables of approximately US$89.8 million (31 December 2012 – US$86.6 million), bank loans of approximately US$33.6 million (31 December 2012 – US$28.4 million), current tax payables of approximately US$4.5 million (31 December 2012 – US$5.6 million).

As at 30 June 2013, the Group had non-current liabilities of approximately US$11 million (31 December 2012 – US$4.7 million), comprising bank loans of approximately US$9.8 million (31 December 2012 – US$3.7 million) and deferred tax liabilities of approximately US$1.2 million (31 December 2012 – US$1 million). Gearing ratio was 76%, as compared to 71% in 2012.

Significant Investments and Disposals

On 30 May 2013, the Company acquired land use rights for an area of approximately 151.4 mu of land in Qingdao by way of a successful bid and execution of the Land Transfer Confirmation by the municipal government of Qingdao. The Land was acquired for a total consideration of RMB29,788,000 (equivalent to approximately HK$37,175,424) (the "Consideration") and will be used for constructing a manufacturing base for shale gas and offshore equipment in Qingdao (the "Qingdao Project"). On 29 July 2013, a Ground Breaking Ceremony was held to mark the commencement of the construction of manufacturing facilities for the Group's product lines. Consideration for the purchase of land and construction shall be satisfied in part from bank borrowings and the remaining from internal resources of the Group.

Capital Structure

At the beginning of the year at 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 first six months in year 2013, the Company issued 1,927,000 shares to option holders who exercised their options under the Company employee share option schemes. At 30 June 2013, the Company had 684,709,204 Shares in issue, and a paid up capital of approximately US$8,806,000.

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 as 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 30 June 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.

Contingent Liabilities

As at 30 June 2013, the Company has outstanding guarantees issued to banks in respect of banking facilities granted to a subsidiary. The Directors do not consider it probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at the end of the reporting period under the guarantees issued is the facilities drawn down by a subsidiary of US$Nil (2012: US$Nil).

Employees and Remuneration Policy

As at 30 June 2013, the Group had approximately 1,331 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.

Future Plans for Material Investments, Capital Assets and Capital Commitment

TSC China purchased new land use rights in Qingdao, China to consolidate operations and increase production capacity and efficiency. The new facilities will also be able to meet increased R&D needs and production capacity.

TSC continues to explore plans to acquire expertise and expand capabilities by way of purchasing assets or acquisition of equity interest in companies with such expertise and or capability.

Strategy, Prospects and Order Book

Strategies

TSC continues to execute is 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, Engineering, Training, Installation and Commissioning), Rack Cutting, Solids Control and other developed range of equipment. The mid section of the pyramid, which we call "revenue boosters", comprises our individual sales of the wide range of products such as Deck Cranes, Mechanical Handling, Mud Pumps, Jacking Systems, Jack-up Rack and Chord, Electrical Controls and Drives. These are equipment which we design and supply individually. The top section of our strategy pyramid, our "growth engine", where we tailor 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.

This 3-tier business strategy is complemented with marketing and operational strategies which as a whole serves to meet our vision to transform TSC into a formidable player in the global oil and gas service and equipment industry. We also adopt a "3D" approach where our teams are Customer-Driven, Service-Driven and Solution-Driven in everything we do. This enables us to achieve the penetration into the markets that we want to win as well as to deliver our products and services on time, on quality and within budget.

Prospects

TSC's strategies are also tied in with the strategies of our partners and alliances with synergistic and complementary capabilities to form the bigger picture that TSC needs in order to implement the growth path we have set. As execution of this long term strategy unfolds, we can witness the successful transformation of TSC business profile to higher level of penetration and participation in the global demand for our products. The feedback that we have received from prospective customers are encouraging. Our customers, in the emerging markets that we choose to establish our presence, highly appreciate our approach which is unique in the market compared to what is currently available in the market. We are optimistic about our long term prospects.

Order Book

As at 30 June 2013, the Group as a whole carried an order backlog of approximately US$97.7 million, of which US$60.6 million relates to Capital Equipment and Packages, US$26.3 million relates to MRO Services and US$10.8 million relates to MRO Supplies.

Non-Exempt Continuing Connected Transaction

For the six months ended 30 June 2013, the Group transacted three sales contracts with CIMC Raffles Offshore (Singapore) Limited ("CIMC Raffles") under the continuing connected transactions mandate pursuant to the New Master Agreement approved by the Company's independent shareholders at extraordinary general meeting held on 4 June 2012. The contracts covered the supply of a set of drilling equipment package, a power control package and one shipset (two units) of deck cranes with a total contract value of approximately US$28.85 million, which was within the cap of US$200 million for the year ending 31 December 2013. The actual sales amount of these continuing connected transactions between the Group and CIMC Raffles was approximately US$25.8 million for the period ended 30 June 2013. Further details regarding the New Master Agreement and the Annual Cap were as set out in the announcement dated 24 April 2012 and the circular dated 14 May 2012.

Subsequent Events

On 30 July 2013, the Company has entered a strategic cooperation agreement with the Industrial and Commercial Bank of China ("ICBC") Qingdao branch. According to the strategic cooperation agreement, ICBC will offer a total borrowing facilities of up to RMB5 billion over the next three years. The Company could utilise the integrated credit, cash management, online banking and account settlement and financial leasing facilities available from ICBC. The strategic corporation agreement and the transactions contemplated in relation thereto will be conducted in the ordinary and usual course of business of the Group.

Save as disclosed in this announcement, no subsequent events occurred after 30 June 2013 which may have significant effects on the assets and liabilities of future operations of the Group.

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

As at 30 June 2013, the interests and short positions of the Directors and Chief Executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

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

	Number of issued ordinary Shares of HK$0.10 each in the Company					Number of underlying Shares (in respect of share options granted under the Refreshment of the Post-IPO Scheme)	Approximate percentage of the Company's issued share capital
Name of Directors	Personal interests	Family interests	Corporate interests	Other interests	Total	*(Note 3)*	
Mr. Zhang Menggui *(Note 1)*	4,416,000	–	106,871,200	–	111,287,200	240,000	16.29%
Mr. Jiang Bing Hua *(Note 1)*	4,416,000	–	106,871,200	–	111,287,200	240,000	16.29%
Mr. Jiang Longsheng	–	–	–	–	–	400,000	0.06%
Mr. Brian Chang *(Note 2)*	–	–	66,072,800	–	66,072,800	–	9.65%
Mr. Chan Ngai Sang, Kenny	–	–	–	–	–	500,000	0.07%
Mr. Bian Junjiang	–	–	–	–	–	350,000	0.05%
Mr. Guan Zhichuan	240,000	–	–	–	240,000	60,000	0.04%

Notes:

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

2. Mr. Brian Chang indirectly holds 66,072,800 shares through Windmere International Limited which is his wholly-owned company. Accordingly, he is deemed to be interested in the shares held by Windmere International Limited under Part XV of the SFO.

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

Save as disclosed above, as at 30 June 2013, none of the Directors or Chief Executives of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules.

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

As at 30 June 2013, the following persons had interests or short positions in the Shares and underlying Shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

(i) Long positions in ordinary Shares and underlying Shares of the Company:

Name	Capacity and nature of interest	Number of Shares/underlying Shares held	Approximate percentage of the Company's issued share capital
Madam Chen Fengying *(Note 1)*	Interest of the spouse	111,287,200 Shares and 240,000 share options	16.29%
Madam Zhang Jiuli *(Note 2)*	Interest of the spouse	111,287,200 Shares and 240,000 share options	16.29%
Global Energy Investors, LLC. *(Note 3)*	Corporate	106,871,200 Shares	15.61%
Windmere International Limited *(Note 4)*	Corporate	66,072,800 Shares	9.65%
China International Marine Containers (Group) Company Limited *(Note 5)*	Corporate	92,800,000 Shares	13.55%
China International Marine Containers (Hong Kong) Limited *(Note 5)*	Corporate	92,800,000 Shares	13.55%
Harmony Master Fund *(Note 6)*	Corporate	47,904,800 Shares	7.00%

Notes:

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

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

3. This interest represents the same block of corporate interest held by Mr. Zhang Menggui and Mr. Jiang Bing Hua as shown in the above section headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES".

4. Mr. Brian Chang indirectly holds 66,072,800 Shares through Windmere International Limited which is his wholly-owned company. Mr. Brian Chang's interest is shown in the above section headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES". Accordingly, he is deemed to be interested in the shares held by Windmere International Limited under Part XV of the SFO.

5. China International Marine Containers (Hong Kong) Limited ("CIMC HK") is the beneficial owner of 92,800,000 Shares. CIMC HK is a wholly-owned subsidiary of China International Marine Containers (Group) Company Limited ("CIMC Group"). Therefore, CIMC Group is deemed to be interested in the 92,800,000 Shares of the Company held by CIMC HK under Part XV of the SFO.

6. Harmony Master Fund ("Harmony Fund") is a long-only equity fund registered in Cayman Island. Harmony Fund is managed by DM Fund Management Limited, a company registered in Cayman Island and a subsidiary of DM Capital Limited, a company incorporated in British Virgin Islands. Harmony Fund primarily holds long equity positions in small capitalization stocks that derive a majority of their revenues within the Greater China region.

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

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

Save as disclosed above, as at 30 June 2013, no persons (other than the Directors and Chief Executives of the Company whose interests are set out under the paragraph headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES" above and the section headed "SHARE OPTION SCHEMES" below), had an interest or short position in the Shares or underlying Shares of the Company as recorded in the register to be kept under Section 336 of the SFO.

SHARE OPTION SCHEMES

The purpose of the Pre-IPO Share Option Scheme (the "Pre-IPO Scheme"), Post-IPO Share Option Scheme (the "Post-IPO Scheme") and the New Share Option Scheme (the "New Scheme") are to create incentive to the employees, Directors and other eligible participants.

Pre-IPO Scheme and Post-IPO Scheme

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

The Pre-IPO Scheme ceased to be effective on 21 November 2005 save for the unexercised portion of the options granted and accepted during its life time, of which none of the share option remain valid and outstanding as at 30 June 2013.

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

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

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

On 4 November 2008, the refreshed scheme mandate limit of 54,890,800 Shares in respect of the granting of share options under the Post-IPO Scheme (the "Refreshment") was approved at the extraordinary general meeting duly convened and held. On 13 November 2008, the Stock Exchange has granted the listing of, and permission to deal in, the Shares which may fall to be issued and allotted upon the exercise of any options that may be granted under the Refreshment.

The Post-IPO Scheme including the Refreshment, was conditionally terminated by the Board on 6 May 2009. Upon the transfer of the listing of shares of the Company from the GEM to the Main Board on 5 June 2009, the termination of the Post-IPO Scheme became effective. Thereafter, no further option had been offered or granted under the Post-IPO Scheme. Pursuant to the Post-IPO Scheme, options previously granted but unexercised under the Post-IPO Scheme will remain valid and exercisable in accordance with their terms of issue, of which a total of 20,732,000 share options remain valid and outstanding as at 30 June 2013.

New Scheme

On 5 August 2009, the adoption of the new Share Option Scheme up to 56,254,040 Shares (the "New Scheme") which complies with the Listing Rules was approved at the extraordinary general meeting duly convened and held. On 10 August 2009, the Stock Exchange has granted the listing of, and permission to deal in, the Shares which may fall to be issued and allotted upon the exercise of any options that may be granted under the New Scheme. Pursuant to the New Scheme, the Directors granted (i) 20,295,000 share options at HK$2.06 each to 82 employees of the Group on 18 September 2009, (ii) 9,070,000 share options at HK$1.27 each to 29 employees of the Group on 1 September 2010, (iii) 2,400,000 share options at HK$1.97 each to 2 employees of the Group on 21 February 2011, and (iv) 10,780,000 share options at HK$1.02 each to 18 employees of the Group on 4 September 2012. Based on a valuation report done by an independent valuer, Jones Lang LaSalle Sallmanns, the value of the options granted on 18 September 2009, 1 September 2010 and 21 February 2011 under the New Scheme were HK$18,701,000, HK$4,602,100, HK$1,973,100 and HK$6,934,500 respectively. The closing price of the Company's Shares on the preceding option granted on 17 September 2009, 31 August 2010, 18 February 2011 and 3 September 2012 under the New Scheme were HK$1.85, HK$1.23, HK$1.92 and HK$1.01 respectively. Pursuant to the New Scheme, options previously granted but unexercised under the New Scheme will remain valid and exercisable in accordance with their terms of issue, of which a total of 35,480,000 share options remain valid and outstanding as at 30 June 2013. Save as disclosed above, no option had been granted or agreed to be granted by the Company pursuant to the New Scheme.

The total number of Shares available for issue under all the share option schemes as at the date of this announcement is 13,709,040 Shares, representing 2% of the issued share capital of the Company.

Details of the movement of options under the Pre-IPO Scheme for the six months ended 30 June 2013 were as follows:

				Number of share options				
Name or category of participant	Date of grant *(Notes 1 & 2)*	Exercisable period *(Notes 1, 2 & 3)*	Exercise price per share *HK$*	Balance as at 01.01.2013	Exercised during the period *(Notes 4)*	Cancelled during the period *(Note 4)*	Lapsed during the period *(Note 4)*	Balance as at 30.06.2013
Employees	19.10.2005	9.11.2005 to 18.10.2015	0.2383	432,000	(432,000)	–	–	0
Total				432,000	(432,000)	–	–	0

Notes:

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

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

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

4. The period refers to the six months ended 30 June 2013.

Details of movement of options under the Post-IPO Scheme including the Refreshment, for the six months ended 30 June 2013 were as follows:

					Number of share options					
	Name or category of participant	Date of grant *(Notes 1 & 2)*	Exercisable period *(Notes 1, 2 & 3)*	Exercise price per share *HK$*	Balance as at 01.01.2013	Granted during the period *(Note 4)*	Exercised during the period *(Note 4)*	Cancelled during the period *(Note 4)*	Lapsed during the period *(Note 4)*	Balance as at 30.06.2013
(i)	Employees	10.05.2007	10.11.2007 to 09.05.2017	2.43	5,582,000	–	–	–	(1,000,000)	4,582,000
	Sub-total				5,582,000	–	–	–	(1,000,000)	4,582,000
(ii)	Employees	12.11.2007	12.05.2008 to 11.11.2017	5.60	7,040,000	–	–	–	(850,000)	6,190,000
	Consultants	12.11.2007	12.05.2008 to 11.11.2017	5.60	200,000	–	–	–	–	200,000
	Sub-total				7,240,000	–	–	–	(850,000)	6,390,000
(iii)	Employees	15.01.2008	15.07.2008 to 14.01.2018	5.23	2,000,000	–	–	–	–	2,000,000
	Sub-total				2,000,000	–	–	–	–	2,000,000
(iv)	Employees	12.08.2008	12.02.2009 to 11.08.2018	2.32	1,700,000	–	–	–	–	1,700,000
	Sub-total				1,700,000	–	–	–	–	1,700,000
(v)	Directors:									
	Mr. Zhang Menggui	29.12.2008	29.06.2009 to 28.12.2018	0.54	600,000	–	(360,000)	–	–	240,000
	Mr. Jiang Bing Hua	29.12.2008	29.06.2009 to 28.12.2018	0.54	600,000	–	(360,000)	–	–	240,000
	Mr. Jiang Longsheng	29.12.2008	29.06.2009 to 28.12.2018	0.54	400,000	–	–	–	–	400,000
	Mr. Chan Ngai Sang, Kenny	29.12.2008	29.06.2009 to 28.12.2018	0.54	500,000	–	–	–	–	500,000
	Mr. Bian Junjiang	29.12.2008	29.06.2009 to 28.12.2018	0.54	350,000	–	–	–	–	350,000
	Mr. Guan Zhichuan	29.12.2008	29.06.2009 to 28.12.2018	0.54	180,000	–	(120,000)	–	–	60,000
					2,630,000	–	(840,000)	–	–	1,790,000
	Employees and other	29.12.2008	29.06.2009 to 28.12.2018	0.54	5,530,000	–	(655,000)	–	(605,000)	4,270,000
	Sub-total				8,160,000	–	(1,495,000)	–	(605,000)	6,060,000
	Total				24,682,000	–	(1,495,000)	–	(2,455,000)	20,732,000

Notes:

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

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

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

4. The period refers to the six months ended 30 June 2013.

Details of movement of options under the New Scheme for the six months ended 30 June 2013 were as follows:

	Name or category of participant	Date of grant *(Notes 1 & 2)*	Exercisable period *(Notes 1, 2 & 3)*	Exercise price per share *HK$*	Number of share options: Balance as at 01.01.2013	Granted during the period *(Note 4)*	Exercised during the period *(Note 4)*	Cancelled during the period *(Note 4)*	Lapsed during the period *(Note 4)*	Balance as at 30.06.2013
(i)	Employees	18.09.2009	18.03.2010 to 17.09.2019	2.06	16,500,000	–	–	–	(1,170,000)	15,330,000
(ii)	Employees	01.09.2010	01.03.2011 to 31.08.2020	1.27	7,770,000	–	–	–	–	7,770,000
(iii)	Employees	21.02.2011	21.08.2011 to 20.02.2021	1.97	2,400,000	–	–	–	–	2,400,000
(iv)	Employees	04.09.2012	04.03.2013 to 03.09.2022	1.02	10,780,000	–	–	–	(800,000)	9,980,000
	Total				37,450,000	–	–	–	(1,970,000)	35,480,000

Notes:

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

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

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

4. The period refers to the six months ended 30 June 2013.

Save as disclosed above, none of the Directors or their spouses and children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right for the six months ended 30 June 2013.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates (as defined under the Listing Rules) has engaged in any businesses that competes or may compete, either directly or indirectly, with the business of the Group, or has any other conflict of interests with the Group during the six months period ended 30 June 2013.

AUDIT COMMITTEE

The Company established an audit committee on 20 October 2005 with terms of reference in compliance with Rules 3.21 of the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls of the Group.

The audit committee comprises three members, namely Mr. Chan Ngai Sang, Kenny (being the chairman of the audit committee), Mr. Bian Junjiang and Mr. Guan Zhichuan. All of them are independent non-executive Directors. The audit committee of the Company has reviewed the unaudited results of the Group for the six months ended 30 June 2013 and are of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company or any of its subsidiaries was a party, and in which a Director had a direct and indirect material interest, subsisted during or at the end of the six months ended 30 June 2013.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct for dealings in securities of the Company by Directors. All Directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2013.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

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

During the period, the Company has complied with the code provisions ("CG Codes") of the Code on Corporate Governance Practices during the six months period from 1 January 2013 to 30 June 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 this meeting.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

For the six months ended 30 June 2013, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

An interim report for the six months ended 30 June 2013 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders of the Company and published on the website of the Stock Exchange (http://www.hkex.com.hk) and the website of the Company (http://www.tsc-holdings.com) in due course.

ACKNOWLEDGEMENT

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

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

Hong Kong, 28 August 2013

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