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TSC Offshore Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 206)

DISCLOSEABLE TRANSACTION ACQUISITION OF AN AGGREGATE OF APPROXIMATELY 51% EQUITY INTEREST IN JURUN LIMITED

THE ACQUISITION AND THE SUBSCRIPTION

On 1 September 2010 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) entered into the Agreement with the Vendor, the Guarantor and the Target Company pursuant to which the Purchaser has conditionally agreed to (a) acquire for and the Vendor has conditionally agreed to dispose of the Sale Shares; and (b) subscribe for the Subscription Shares, which together with the Sale Shares will represent approximately 51% of the issued share capital of the Target Company, at an aggregate consideration of HK\$46,670,000.

The Consideration of HK\$46,670,000 shall comprise two parts: (a) HK\$25,160,000 shall be payable to the Vendor (or its nominee(s)) by the issuance and allotment of 17,000,000 Consideration Shares at the Issue Price of HK\$1.48 per Consideration Share on the Completion Date; and (b) HK\$21,510,000 shall be payable by the Purchaser to the Target Company being the subscription monies for the Subscription Shares.

The Consideration Shares will be allotted and issued pursuant to the General Mandate passed at the AGM. Application will be made to the Stock Exchange for the listing of, and the permission to deal in, the Consideration Shares.

Upon completion of the Acquisition and the Subscription, the Purchaser shall hold approximately 51% equity interest in the Target Company and the Vendor shall hold the remaining approximately 49% equity interest in the Target Company. The Target Company will be regarded as a subsidiary of the Group and the accounts of the Target Group will be consolidated into the financial statements of the Group.

The Target Group

The Target Company is an investment holding company incorporated under the laws of BVI with limited liability and is wholly and beneficially owned by the Vendor.

NN Petroleum is an investment holding company incorporated under the laws of Hong Kong with limited liability and is wholly and beneficially owned by the Target Company.

Tianjin Shengli is a company established in the PRC with limited liability and is owned as to 57% by NN Petroleum and 43% by Dongying Shengli.

Beijing Cruiser is a company established in the PRC with limited liability and is wholly-owned by Tianjin Shengli.

Dongying Shengli is a company established in the PRC with limited liability and is owned as to 84% by NN Petroleum and 16% by NN (U.S.) as at the date of this announcement. Upon completion of the Reorganization, the entire equity interest of Dongying Shengli will be wholly-owned by NN Petroleum.

Shandong Cruiser is a company established in the PRC with limited liability and is owned as to 71% by Dongying Shengli and 29% by NN (U.S.) as at the date of this announcement. Upon completion of the Reorganization, the entire equity interest of Shandong Cruiser will be owned as to 71% by Dongying Shengli and 29% by NN Petroleum.

IMPLICATION UNDER THE LISTING RULES

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition and the Subscription are not more than 25%, the Acquisition and the Subscription constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

INTRODUCTION

On 1 September 2010 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) entered into the Agreement with the Vendor, the Guarantor and the Target Company pursuant to which the Purchaser has conditionally agreed to (a) acquire for and the Vendor has conditionally agreed to dispose of the Sale Shares; and (b) subscribe for the Subscription Shares, which together with the Sale Shares, will represent approximately 51% of the entire issued share capital of the Target Company, at a total consideration of HK\$46,670,000.

THE AGREEMENT

Set out below are the principal terms of the Agreement:

Date:

1 September 2010 (after trading hours)

Parties involved:**Purchaser**

Oxford Asia Investments Limited, being a wholly-owned subsidiary of the Company, is an investment holding company incorporated under the laws of BVI.

Vendor

Xingbo Limited, being an investment holding company incorporated under the laws of BVI and is wholly and beneficially owned by the Guarantor.

Guarantor

Mr. Li Yong Hu, who is the sole shareholder of the Vendor and who provides guarantee for the due and punctual performance of the obligations of the Vendor under the Agreement.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Vendor, the Guarantor and their respective associates are (i) Independent Third Parties; and (ii) not a party acting in concert with any substantial shareholders of the Company as defined under the Takeovers Code.

In addition, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Vendor, the Guarantor and their respective associates do not hold any Shares or other convertible securities of the Company as at the date of this announcement and there were no previous transactions or business relationship between the Company, the Vendor, the Guarantor and their respective associates which would result in aggregation under Rule 14.22 of the Listing Rules.

The Target Company

The Target Company, an investment holding company incorporated under the laws of BVI and is wholly and beneficially owned by the Vendor as at the date of this announcement.

Assets to be acquired:

Pursuant to the Agreement, the Purchaser has conditionally agreed to:

- (a) acquire for the Sale Shares; and
- (b) subscribe for the Subscription Shares.

The Target Group

The Target Company is an investment holding company incorporated under the laws of BVI with limited liability and is wholly and beneficially owned by the Vendor.

NN Petroleum is an investment holding company incorporated under the laws of Hong Kong with limited liability and is wholly and beneficially owned by the Target Company.

Tianjin Shengli is a company established in the PRC with limited liability and is owned as to 57% by NN Petroleum and 43% by Dongying Shengli.

Beijing Cruiser is a company established in the PRC with limited liability and is wholly-owned by Tianjin Shengli.

Dongying Shengli is a company established in the PRC with limited liability and is owned as to 84% by NN Petroleum and 16% by NN (U.S.) as at the date of this announcement. Upon completion of the Reorganization, the entire equity interest of Dongying Shengli will be wholly owned by NN Petroleum.

Shandong Cruiser is a company established in the PRC with limited liability and is owned as to 71% by Dongying Shengli and 29% by NN (U.S.) as at the date of this announcement. Upon completion of the Reorganization, the entire equity interest of Shandong Cruiser will be owned as to 71% by Dongying Shengli and 29% by NN Petroleum.

The Consideration:

The aggregate Consideration of HK\$46,670,000 shall comprise two parts:

- (a) HK\$25,160,000 shall be payable by the Purchaser to the Vendor for the acquisition of the Sale Shares by the issuance and allotment of 17,000,000 Consideration Shares at the Issue Price of HK\$1.48 per Consideration Share on the Completion Date; and
- (b) HK\$21,510,000 shall be payable by the Purchaser to the Target Company being the subscription monies for the Subscription Shares.

Basis of the Consideration:

The Consideration was determined among the Vendor, the Guarantor, the Purchaser after arm's length negotiations and on normal commercial terms, taking into account the valuation report on the Target Group and the net asset value of the Target Group.

Conditions precedent:

Completion of the Acquisition and the Subscription is subject to the satisfactory fulfillment and/or waiver by the Purchaser of the following conditions:

- (a) Each of the Vendor's and the Purchaser's warranties shall be true, accurate and complete in all respects on and as of the Completion Date by reference to the facts and circumstances subsisting as at the Completion Date;
- (b) Since the date of the Agreement, there shall have been no material adverse change in and there shall not have occurred any events which materially and adversely affect the business, prospects, operations or position, financial or otherwise, of the Group;
- (c) the Reorganization having been completed;
- (d) this Agreement has not been terminated;

- (e) any and all authorizations, approvals, consents or permits of any competent authority or of any third party that are required to be obtained by the Target Group before the Completion Date in connection with the transactions contemplated by the Agreement, including without limitation any waivers of rights of first refusal, preemptive rights, put or call rights, or other rights triggered by the Agreement (if any) shall have been duly obtained and effective as of the Completion Date; and
- (f) listing of and permission to deal in all of the Consideration Shares being granted by the Listing Committee of the Stock Exchange having been obtained.

The Purchaser shall have the right to waive in writing the conditions as mentioned above. If the aforementioned conditions precedent have not been fulfilled (or, where applicable, waived by the Purchaser in writing) on or before the Long Stop Date (or such other dates as agreed by parties to the Agreement in writing), the Agreement shall become void and of no further effect from the Long Stop Date and, save in respect of any antecedent breaches, all liabilities and obligations of the Vendor, the Guarantor, the Purchaser and the Target Company shall cease and determine provided that such termination shall be without prejudice to any rights or remedies of the Vendor and the Purchaser which shall have accrued prior to such termination.

Completion:

Completion of the Acquisition and the Subscription shall take place at 5:00 p.m. on the Completion Date (or such other dates agreed by parties to the Agreement in writing). Both the Acquisition and the Subscription shall take place simultaneously on the Completion Date.

Upon completion of the Acquisition and the Subscription, the Purchaser shall hold approximately 51% equity interest in the Target Company and the Vendor shall hold the remaining approximately 49% equity interest in the Target Company. The Target Company will be regarded as a subsidiary of the Group and the accounts of the Target Group will be consolidated into the financial statements of the Group.

The Consideration Shares:

The Consideration Shares at the Issue Price of HK\$1.48 per Consideration Share will be issued and allotted by the Company to the Vendor (or its nominee(s)) on the Completion Date. The Consideration Shares shall be subject to a lock-up period of 5 years, commencing from the Completion Date. During the lock up period, the Vendor (or its nominee(s)) can only dispose of a maximum of 20% of the Consideration Shares each year.

The Issue Price was arrived at after arm's length negotiations among the Purchaser, the Vendor and the Guarantor after taking into account of the prevailing market price of the Shares and the recent market condition of the financial market in Hong Kong.

The Issue Price represents:

- (i) a premium of approximately 20.33% over the closing price of HK\$1.23 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (ii) a premium of approximately 16.54% over the average of the closing price of HK\$1.27 per Share for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 9.63% over the average of the closing price of HK\$1.35 per Share for the last ten consecutive trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 5.73% to the audited consolidated net asset value of the Company per Share of approximately HK\$1.57 as at 31 December 2009 (based on the audited consolidated net asset value of the Company of approximately HK\$1,030,647,720 as at 31 December 2009 and 657,875,004 issued Shares as at the date of the Agreement).

The Consideration Shares represent (i) approximately 2.58% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 2.52% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares.

The Consideration Shares shall rank *pari passu* in all respects with the Shares in issue on the date of issuance and allotment including the rights to all dividends, distributions and other payments made or to be made for which the record date falls or after the date of such issuance and allotment.

The Consideration Shares will be issued under the General Mandate to allot, issue and deal with the Shares granted to the Directors by resolution of the Shareholders passed at the AGM, subject to the limit up to 20% of the then issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorized to issue up to 131,575,000 Shares. Up to the date of this announcement, no Share has been issued under the General Mandate. Following the completion of the Acquisition, a total number of 17,000,000 Shares will be allotted and issued, leaving a balance of 114,575,000 Shares to be allotted and issued under the General Mandate.

Application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Consideration Shares.

INFORMATION ON THE TARGET GROUP

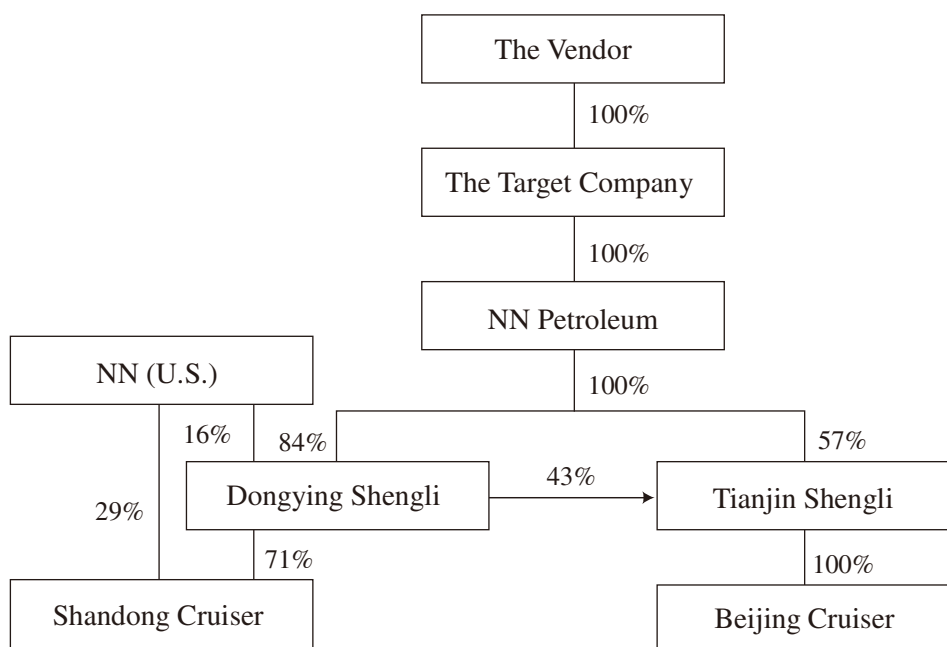
Financial information on the Target Group

The net profits (after taxation and extraordinary items) of the Target Group for the two financial years ended 31 December 2008 and 31 December 2009 based on unaudited management accounts were US\$1,612,671 (approximately HK\$12,578,834) and US\$2,030,663 (approximately HK\$15,839,171) respectively. The net assets of the Target Group for the two financial years ended 31 December 2008 and 31 December 2009 were US\$5,539,581 (approximately HK\$43,208,732) and US\$7,473,779 (approximately HK\$58,295,476) respectively.

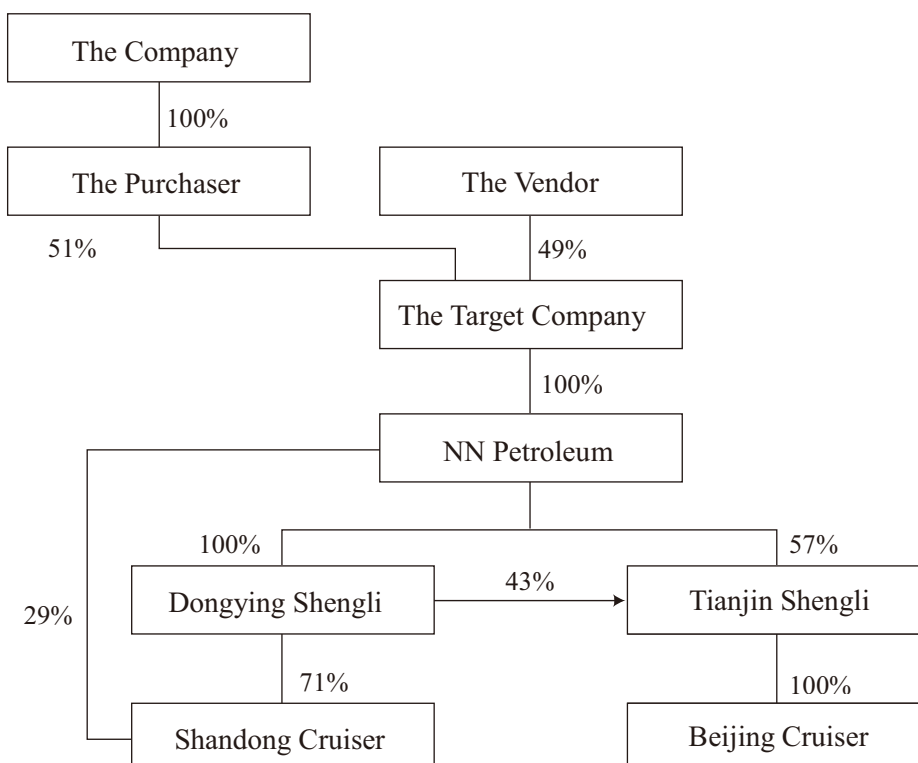
CHART ON THE TARGET GROUP

The following charts show the group structure of the Target Group (i) as at the date of this announcement; and (ii) immediately after the Completion:

Simplified shareholding structure as at the date of this announcement



Simplified shareholding structure immediately after the Completion



REASONS FOR THE ACQUISITION

The Target Group is principally engaged in the provision of petroleum engineering services, equipment rental, repair and maintenance services and trading of spare parts in various locations all over the world. The Directors consider that with the professional technical team, the sales and distribution network established by the Target Group, together with the Group's capability in engineering and services, the Target Group shall strengthen the Group to provide complete engineering services to the Group's customers and expand the Group's worldwide locations in selling rig capital equipment and distributing oilfield expendables to various countries.

The Board (including independent non-executive Directors) considers that the terms of the Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustrative purpose only, set out below is a summary of the shareholdings in the Company as a result of the issue of the Consideration Shares:

Name of Shareholder	As at the date of this announcement		Immediately after the issue of the Consideration Shares (assuming none of the share options are exercised)	
	No. of Shares	%	No. of Shares	%
Global Energy Investors LLC (Note 1)	106,871,200	16.24%	106,871,200	15.84%
Mr. Zhang Menggui (Note 1)	2,832,000	0.43%	2,832,000	0.42%
Mr. Jiang Bing Hua (Note 1)	2,832,000	0.43%	2,832,000	0.42%
Mr. Brian Chang (Note 2)	108,872,800	16.55%	108,872,800	16.13%
China International Marine Containers (Group) Company Limited (Note 3)	92,800,000	14.11%	92,800,000	13.75%
The Vendor	–	–	17,000,000	2.52%
Other Public Shareholders	343,667,004	52.24%	343,667,004	50.92%
Total	<u>657,875,004</u>	<u>100%</u>	<u>674,875,004</u>	<u>100%</u>

Notes:

- (1) Global Energy Investors, LLC is held wholly-owned and beneficially in equal shares by Mr. Zhang Menggui and Mr. Jiang Bing Hua, the executive Directors of the Company. Each of Mr. Zhang Menggui and Mr. Jiang Bing Hua personally holds 2,832,000 Shares.
- (2) CIMC Raffles Investments Limited (formerly known as “YRS Investments Limited”) (“CRIL”) is ultimately wholly-owned by CIMC Raffles Offshore (Singapore) Limited (formerly known as “Yantai Raffles Shipyard Limited” (“CIMC Raffles”), a company incorporated in Singapore and the shares of which are traded on the Oslo-Over-the-Counter Market. Accordingly, CIMC Raffles is deemed to be interested in 42,800,000 Shares held by CRIL. CIMC Raffles is owned as to approximately 31.95% by Mr. Brian Chang and his associates. Accordingly, Mr. Brian Chang is deemed to be interested in 42,800,000 Shares held by CIMC Raffles as he holds 31.95% interest in the issued share capital of CRIL and he currently serves as deputy chairman and chief executive officer of CIMC Raffles and serves as a director of certain subsidiaries of CIMC Raffle. Mr. Brian Chang is also deemed to be interested in 16,072,800 Shares and 50,000,000 Shares held by his wholly-owned companies, Asian Infrastructure Limited and Windmere International Limited, respectively. Mr. Brian Chang is a non-executive Director of the Company.
- (3) Sharp Vision Holdings Limited (“Sharp Vision”) is the beneficial owner of 50,000,000 Shares. Sharp Vision is a wholly-owned subsidiary of China International Marine Containers (Hong Kong) Limited (“CIMC HK”), which in turn is a wholly-owned subsidiary of China International Marine Containers (Group) Company Limited (“CIMC Group”). Therefore, CIMC HK is deemed to be interested in the 50,000,000 Shares held by Sharp Vision under Part XV of the SFO. Besides, from the public available information and to the best of the Directors’ knowledge, CIMC Raffles is being, directly or indirectly, held 50.01% by CIMC Group as at the date of this announcement, therefore CIMC Group is deemed to be interested in the 92,800,000 Shares of the Company.

IMPLICATION UNDER THE LISTING RULES

As the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Acquisition and the Subscription is not more than 25%, the Acquisition and the Subscription constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising activities for the 12 months immediately before the date of this announcement:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds up to the date of this announcement
10 December 2009	Placing of 90,000,000 Shares and subscription of 90,000,000 new Shares at a price of HK\$2.53 per Share	Approximately HK\$219 million	To develop deep water related products, general working capital and for future acquisition	To develop deep water related products, general working capital and for future acquisition

GENERAL

The Group is principally engaged in development, manufacture, marketing, installation and service of a comprehensive line of products for onshore and offshore drilling industries.

As completion of the Acquisition and the Subscription is subject to the fulfillment of a number of conditions precedent which are detailed in this announcement, the Acquisition and the Subscription may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

TERMS AND DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Acquisition”	the acquisition of approximately 35.94% of the issued share capital of the Target Company pursuant to the Agreement
“AGM”	the annual general meeting of the Company held on 2 June 2010
“Agreement”	the sale and purchase and subscription agreement dated 1 September 2010 entered into by and among the Vendor, the Guarantor, the Purchaser and the Target Company in connection with the Acquisition and the Subscription
“Beijing Cruiser”	北京科魯斯石油技術服務有限公司 (Beijing Cruiser Petroleum Technology Services Co., Ltd.*), a company established in the PRC which is wholly-owned by Tianjin Shengli
“Board”	the board of Directors
“Business Day”	a day (other than Saturday and Sunday and a day on which a tropical cyclone warning No.8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are open in Hong Kong for general banking
“BVI”	British Virgin Islands
“Completion”	completion of the Acquisition and the Subscription
“Completion Date”	the 10th Business Day after all the conditions having been satisfied or waived (as the case may be) (or such other time and/or date as the parties hereto may agree)

“Company”	TSC Offshore Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 0206)
“connected person(s)”	has the meaning given to that term in the Listing Rules
“Consideration”	the aggregate consideration of HK\$46,670,000 payable by the Purchaser for the Acquisition and the Subscription pursuant to the Agreement
“Consideration Shares”	17,000,000 new Shares to be issued and allotted to the Vendor (or its nominee(s)) on the Completion Date, credited as fully paid at the Issue Price and representing approximately 2.52% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares (assuming none of the share options are exercised) in accordance with the terms of the Agreement
“Director(s)”	director(s) of the Company
“Dongging Shengli”	東營勝利鑽採技術服務有限公司(Dongging Shengli Drilling Technology services Co., Ltd), a company established in the PRC which is owned as at 84% by NN Petroleum and 16% by NN (U.S.)
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM, among other things, to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Li Yong Hu, the sole legal and beneficial owner of the Vendor
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	third parties and their ultimate beneficial owner(s) which are independent of the Company and its connected persons
“Issue Price”	the issue price of HK\$1.48 per Consideration Share
“Last Trading Day”	31 August 2010, being the last full trading day for the Shares before the date of this announcement

“Listing Committee”	the listing sub-committee of the board of the Stock Exchange
“Listing Rules”	Rules Governing the Listing of the Securities on the Stock Exchange
“Long Stop Date”	15 October 2010
“NN Petroleum”	NN Petroleum Engineering (HK) Co., Ltd. 南南石油工程(香港)有限公司, a company incorporated under the laws of Hong Kong which is wholly-owned by the Target Company
“NN (U.S.)”	NN International Co., a company incorporated under the laws of the United States of America which is wholly and beneficially owned by the Guarantor
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“Purchaser”	Oxford Asia Investments Limited, a company incorporated under the laws of BVI and is a wholly-owned subsidiary of the Company
“Reorganization”	the reorganization of the Target Company and its subsidiaries
“Sale Shares”	2,516 shares in the Target Company, representing approximately 35.94% of the issued share capital of the Target Company as at the date of this announcement
“Share(s)”	ordinary share(s) of HK\$0.10 in the share capital of the Company
“Shandong Cruiser”	山東科魯斯頂驅裝備有限公司 (Cruiser Top Driver Equipment Co., Ltd.*), a company established in the PRC with limited liability which is owned as to 71% by Dongying Shengli and 29% by NN (U.S.) as at the date of this announcement
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares pursuant to the terms of the Agreement

“Subscription Shares”	2,151 shares in the Target Company to be subscribed by the Purchaser pursuant to the Subscription
“Takeovers Code”	The Code on Takeovers and Mergers and Share Repurchase
“Target Company”	Jurun Limited (鉅潤有限公司), a company incorporated in the BVI which is wholly owned by the Vendor
“Target Group”	the Target Company, NN Petroleum, Dongying Shengli, Shandong Cruiser, Beijing Cruiser and Tianjin Shengli
“Tianjin Shengli”	天津勝利石油裝備有限公司 (Tianjin Shengli Petroleum Equipment Co., Ltd.*), a company established in the PRC with limited liability which is held as to 57% by NN Petroleum and 43% by Dongying Shengli
“Vendor”	Xingbo Limited (星博有限公司), a company incorporated under the laws of BVI which is wholly owned by the Guarantor
“%”	per cent

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

Hong Kong, 1 September 2010

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

In this announcement, US\$1.00 = HK\$7.80