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TSC Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 206)

**(1) PROPOSED RIGHTS ISSUE ON
THE BASIS OF ONE RIGHTS SHARE FOR
EVERY ONE SHARE HELD ON THE RECORD DATE
(2) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL
AND
(3) CLOSURE OF REGISTER OF MEMBERS**

Financial Adviser to the Rights Issue



Underwriters of the Rights Issue



PROPOSED RIGHTS ISSUE

The Company proposes, subject to the Authorised Share Capital Increase becoming effective and other conditions, to implement the Rights Issue on the basis of one Rights Share for every one Share held on the Record Date at the Subscription Price of HK\$0.45 per Rights Share. The Company proposes to raise gross proceeds of up to approximately HK\$662.92 million before expenses (assuming that there will be no change in the number of issued Shares on or before the Record Date) by way of the issue of up to 1,473,156,204 Rights Shares.

The Rights Issue will not be available to the Excluded Shareholders. To qualify for the Rights Issue, a Shareholder or an investor must be: (i) registered as a member of the Company on the register of members of the Company in Hong Kong at the close of business on the Record Date; and (ii) not be an Excluded Shareholder.

Irrevocable Undertaking

As at the date of this announcement, Prime Force, the controlling shareholder of the Company, holds 765,186,000 Shares, representing approximately 51.94% of the existing issued Shares. Pursuant to the Irrevocable Undertaking, Prime Force has irrevocably undertaken in favour of the Company, that it will remain the beneficial owner of the 765,186,000 Shares currently held by it at the close of business on the Record Date and that it will subscribe for or procure the subscription of a total of 765,186,000 Rights Shares, being its full entitlement under the Rights Issue.

Besides the Irrevocable Undertaking, Prime Force also indicated that it may subscribe for or procure the subscription of an addition of 118,970,000 Rights Shares by way of excess application through completing the EAF for excess Rights Shares.

Underwriting Agreement

The Board is pleased to announce that on 8 November 2018 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriters. The underwriting obligations of the Underwriters are several. Pursuant to the Underwriting Agreement, Oceanwide Securities has agreed to subscribe for, or procure the subscription for, up to 589,000,000 Rights Shares, being all the Underwritten Shares, and CCBI has agreed to procure the subscription for, on a best effort basis, any untaken Right Shares up to 118,970,204 Rights Shares. For the avoidance of doubt, should CCBI fails to subscribe for, or procure the subscription for, any of the aforementioned Rights Shares, the underwriting obligations of Oceanwide Securities shall remain unaffected.

The Rights Issue is only partially underwritten. Pursuant to the Company's constitutional documents and the Companies Law, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level. Based on the Irrevocable Undertaking and the underwriting obligations of Oceanwide Securities under the Underwriting Agreement, it is anticipated that at least 1,354,186,000 Rights Shares will be taken up.

In the event the Rights Issue is undersubscribed, any Rights Shares not taken up by the Qualifying Shareholders or transferees of nil-paid Rights Shares or otherwise subscribed by the Underwriters or other subscribers procured by them pursuant to the Underwriting Agreement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.

Intended use of proceeds of the Rights Issue

The estimated net proceeds from the Rights Issue, if fully subscribed (after deducting the estimated expenses), will be approximately HK\$656.58 million, assuming that there will be no change in the number of issued Shares on or before the Record Date. The Company intends to use the net proceeds for (i) expansion of the Group's operating business through potential acquisition of offshore drilling rigs; (ii) repayment of the existing debts of the Group; and (iii) general working capital of the Group.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Rights Issue is conditional on , among other things, the Underwriting Agreement having become unconditional and not terminated in accordance with its terms (see the section headed "Underwriting Arrangement — Termination of the Underwriting Agreement" in this announcement). The conditions of the Underwriting Agreement are set out in the section headed "Underwriting Arrangement – Conditions of the Underwriting Agreement" in this announcement. Shareholders and potential investors of the Company should note that if any of the conditions to the Rights Issue is not satisfied, the Rights Issue will not proceed.

Shareholders and potential investors contemplating buying or selling Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled (including the date on which Oceanwide Securities's right of termination of the Underwriting Agreement ceases), and/or any dealings in the Rights Shares in their nil-paid form from 9:00 a.m. on Friday, 4 January 2019 to 4:00 p.m. on Friday, 11 January 2019 (both dates inclusive), bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors are advised to exercise due caution when dealing in the Shares and/or the Rights Shares in their nil-paid form and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that according to the expected timetable, the Shares will be dealt in on an ex-rights basis commencing from Wednesday, 19 December 2018. The Rights Shares will be dealt with in their nil-paid form from Friday, 4 January 2019 to Friday, 11 January 2019 (both days inclusive). In order to be registered as a member of the Company on the Record Date, Shareholders must lodge any transfers of the Shares (together with the relevant share certificate(s) or indemnities thereof) with the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on Thursday, 20 December 2018. The Latest Time for Acceptance is expected to be 4:00 p.m. on Wednesday, 16 January 2019.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the Company's authorised share capital is HK\$200 million divided into 2,000,000,000 Shares. In order to facilitate the Rights Issue, to accommodate the future expansion and growth of the Group and to provide the Company with greater flexibility for future expansion in the share capital of the Company, the Company proposes that the authorised share capital of the Company be increased to HK\$1,000 million divided into 10,000,000,000 Shares. The proposed Authorised Share Capital Increase is subject to the approval of the Shareholders by way of an ordinary resolution at the EGM.

LISTING RULES IMPLICATIONS

As the Rights Issue will result in an increase of the number of issued Shares by more than 50%, the Rights Issue is subject to, among other things, the approval by the Independent Shareholders at the EGM. Pursuant to Rule 7.27A(1) of the Listing Rules, Prime Force, being the controlling shareholder of the Company, and its associates shall abstain from voting in favour of the resolution relating to the Rights Issue at the EGM.

The Authorised Share Capital Increase is conditional upon, among other things, the approval by the Shareholders by way of an ordinary resolution at the EGM. As none of the Shareholders or their associates would have any interest in the Authorised Share Capital Increase, no Shareholder would be required to abstain from voting in favour of the resolution(s) relating to the Authorised Share Capital Increase at the EGM.

GENERAL

The Company will establish an Independent Board Committee, comprising all the independent non-executive Directors, to advise the Independent Shareholders with respect to the Rights Issue, and to provide recommendations as to voting. The Company will appoint an Independent Financial Adviser (subject to the approval of the Independent Board Committee) to advise the Independent Board Committee and the Independent Shareholders as to the terms of the Rights Issue and as to voting. The Independent Board Committee will form its views with respect to the Rights Issue after considering the advice of the Independent Financial Adviser.

The EGM will be convened and held for the Shareholders and/or Independent Shareholders (as the case may be) to consider and, if thought fit, approve, among other matters, the Authorised Share Capital Increase and the Rights Issue. The Circular containing, among other things, further details of (i) the Authorised Share Capital Increase; (ii) the Rights Issue; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue; and (v) a notice convening the EGM is expected to be despatched to the Shareholders on or before Friday, 30 November 2018.

Subject to the approval of the Authorised Share Capital Increase by the Shareholders and the approval of the Rights Issue by the Independent Shareholders at the EGM, and the Authorised Share Capital Increase becoming effective, the Prospectus Documents are expected to be despatched to the Qualifying Shareholders on or before Wednesday, 2 January 2019 and the Prospectus (but not the PAL and EAF) will be despatched to the Excluded Shareholders for information only.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 11 December 2018 to Monday, 17 December 2018 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM.

The register of members of the Company will be closed from Friday, 21 December 2018 to Monday, 31 December 2018 (both days inclusive) for determining the entitlements to the Rights Issue.

No transfer of the Shares will be registered during the above book closure periods.

PROPOSED RIGHTS ISSUE

Subject to the Authorised Share Capital Increase becoming effective and other conditions as detailed in the section headed “Underwriting Arrangement – Conditions of the Underwriting Agreement” below, the Board proposes to implement the Rights Issue on the following terms:

Issue statistics

Basis of the Rights Issue	:	One Rights Share for every one Share held on the Record Date
Subscription Price	:	HK\$0.45 per Rights Share
Net price per Rights Share	:	HK\$0.45 per Rights Share (assuming full subscription under the Rights Issue)
Number of Shares in issue as at the date of this announcement	:	1,473,156,204 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	Up to 1,473,156,204 Rights Shares (assuming no change in the number of issued Shares on or before the Record Date and full subscription under the Rights Issue)
Aggregate nominal value of the Rights Shares	:	Up to HK\$147,315,620 (assuming no change in the number of issued Shares on or before the Record Date and full subscription under the Rights Issue)
Total number of issued Shares upon Completion	:	Up to 2,946,312,408 Shares (assuming no change in the number of issued Shares on or before the Record Date and full subscription under the Rights Issue)

As at the date of this announcement, the Company has no outstanding warrants, options, derivatives or securities convertible into or exchangeable for Shares. Assuming no new Shares are issued and no repurchase of the Shares takes place on or before the Record Date, up to 1,473,156,204 Rights Shares to be issued pursuant to the terms of the Rights Issue represents 100% of the number of existing issued Shares and 50% of the number of issued Shares as enlarged immediately upon Completion.

The Rights Issue is only partially underwritten. Pursuant to the Company's constitutional documents and the Companies Law, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level. Based on the Irrevocable Undertaking and underwriting obligations of Oceanwide Securities under the Underwriting Agreement, it is anticipated that at least 1,354,186,000 Rights Shares will be taken up.

In the event the Rights Issue is undersubscribed, any Rights Shares not taken up will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.

Subscription Price

The Subscription Price of HK\$0.45 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue, upon an application of excess Rights Shares, or where a transferee of the nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 6.3% over the closing price of HK\$0.48 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 8.2% to the average closing price of HK\$0.49 per Share for the five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 6.3% to the average closing price of HK\$0.48 per Share for the ten consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 4.3% over the theoretical ex-rights price of approximately HK\$0.47 per Share after the Rights Issue, based on the closing price of HK\$0.48 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (v) a premium of approximately 55.2% over the consolidated net asset value of the Company per Share of approximately HK\$0.29 as at 30 June 2018.

The Subscription Price was determined, among others, after arm's length negotiation between the Company and the Underwriters with reference to the market price of the Shares prior to and including the Last Trading Day, the financial position of the Group and the prevailing market conditions.

Since the Rights Issue will entitle the Qualifying Shareholders to participate in future growth of the Company on equal terms and to maintain their respective pro rata shareholdings in the Company, and the proceeds are intended to be used as set out in the section below headed "Reasons for and benefits of the Rights Issue and use of proceeds", the Directors (excluding the independent non-executive Directors who will form their views after considering the opinion of the Independent Financial Adviser) consider the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

At the Board meeting to approve the Rights Issue, no Director had abstained from voting on the Rights Issue.

Basis of provisional allotments

The basis of the provisional allotment shall be one Rights Share (in nil-paid form) for every one Share held by the Qualifying Shareholders as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before the Last Acceptance Date.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and not be an Excluded Shareholder on the Record Date. In order to be registered as members of the Company on the Record Date, all transfers of the Shares (together with the relevant share certificate(s) or indemnities thereof) must be lodged with the Registrar no later than 4:30 p.m. (Hong Kong time) on Thursday, 20 December 2018, at the following address:

Tricor Investor Services Limited at
Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong

It is expected that the last day of dealings in the Shares on a cum-rights basis is Tuesday, 18 December 2018 and the Shares will be dealt with on an ex-rights basis from Wednesday, 19 December 2018.

The Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Posting Date and will despatch the Prospectus only (but not the PAL and the EAF) to the Excluded Shareholders for their information only.

Rights of the Overseas Shareholders (if any)

The Prospectus Documents will not be registered or filed under the applicable securities law of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

The Board will make necessary enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, based on legal advice, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions of the relevant overseas regulatory body or stock exchange, no provisional allotment of the Rights Shares will be made to such Overseas Shareholders. In such circumstances, the Rights Issue will not be extended to the Excluded Shareholders.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders, to be sold in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be paid pro rata (but rounded down to the nearest cent) to the relevant Excluded Shareholders in Hong Kong dollars, except that the Company will retain individual amounts of less than HK\$100 for its own benefit. Any unsold entitlements of the Excluded Shareholders will be made available for excess application by the Qualifying Shareholders.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. Accordingly, the Overseas Shareholders should exercise caution when dealing in the Shares.

Fractional entitlement to the Rights Shares

On the basis of provisional allotment of one Rights Share for every one Share held on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

Application for the excess Rights Shares

Qualifying Shareholders shall be entitled to apply, by way of excess application, for (i) the Rights Shares representing the entitlement of the Excluded Shareholders and which cannot be sold at a net premium; and (ii) any Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders. Applications for excess Rights Shares may be made by completing the EAF for the excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares being applied for.

The Board will allocate the excess Rights Shares at its discretion, but on a fair and equitable basis as far as practicable on the following principles:

- (i) no preference will be given to applications for topping-up odd-lot holdings to whole-lot holdings as the giving of such preference may potentially be abused by certain investors by splitting their Shares and thereby receiving more Rights Shares than they would receive if such preference is not given, which is an unintended and undesirable result; and
- (ii) subject to availability of the excess Rights Shares, the excess Rights Shares will be allocated to the Qualifying Shareholders who have applied for excess application on a pro rata basis based on the number of excess Rights Shares applied for by them. No reference will be made to Rights Shares subscribed through PALs, or the number of Shares held by the Qualifying Shareholders.

Beneficial owners of Shares whose shares are held by a nominee company (including HKSCC Nominees Limited) should note that for the purpose of the Rights Issue, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the beneficial owners of Shares whose shares are registered in name of nominee companies should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually and are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

For those beneficial owners of Shares whose Shares are held by their nominee(s) (including HKSCC Nominees Limited) and who would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Registrar, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for completion of the relevant registration not later than 4:30 p.m. on Thursday, 20 December 2018.

Rights Issue on a partially underwritten basis

The Rights Issue is only partially underwritten. Any Shareholder who applies to take up all or part of his entitlement under the PAL or apply for excess Rights Shares under EAF may also unwittingly incur an obligation to make a general offer under the Takeovers Code, unless a waiver from the Executive (as defined in the Takeovers Code) has been obtained.

Accordingly, the Rights Issue will be made on the term that the Company will provide for Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the applications of any Shareholder for his entitlement under the PAL or for excess Rights Shares under the EAF will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code.

Closure of register of members

The register of members of the Company will be closed from Tuesday, 11 December 2018 to Monday, 17 December 2018 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM.

The register of members of the Company will be closed from Friday, 21 December 2018 to Monday, 31 December 2018 (both days inclusive) for determining the entitlements to the Rights Issue.

No transfer of the Shares will be registered during the above book closure periods.

Status of the Rights Shares

The Rights Shares (when allotted, fully paid or credited as fully paid and issued) will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the fully paid Rights Shares will be entitled to receive all future dividends and distributions the record dates of which are on or after the date of allotment and issue of the fully paid Rights Shares. Dealings in the Rights Shares will be subject to payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Certificates of the Rights Shares and Refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be sent on or before Thursday, 24 January 2019, to those entitled thereto by ordinary post, at their own risk, to their registered addresses.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Thursday, 24 January 2019, by ordinary post to the applicants, at their own risk, to their registered addresses.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in each of their nil-paid and fully-paid forms on the Stock Exchange, or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Dealings in the Rights Shares in both nil-paid and fully-paid forms will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy or any other applicable fees and charges in Hong Kong.

Irrevocable Undertaking

As at the date of this announcement, Prime Force, the controlling shareholder of the Company, holds 765,186,000 Shares, representing approximately 51.94% of the existing issued Shares.

On 8 November 2018, Prime Force entered into the Irrevocable Undertaking in favour of the Company. Pursuant to the Irrevocable Undertaking, Prime Force irrevocably undertakes, among other things, that (i) it will take up or procure they are taken up on the terms of the Prospectus Documents the 765,186,000 Rights Shares which will constitute the provisional allotment of Rights Shares in respect of the Shares beneficially owned by Prime Force pursuant to the terms of the Rights Issue; (ii) it will not, and shall procure that companies controlled by it (whether directly or indirectly) not to, dispose of or transfer the Rights Shares to be provisionally allotted to it; and (iii) it shall remain the beneficial owner of the 765,186,000 Shares currently held by it at close of business on the Record Date and shall not dispose of or transfer its beneficial interests in any of the Shares owned by it or otherwise deal in any interests in the Shares or interests therein before the Record Date.

Besides the Irrevocable Undertaking, Prime Force indicated that it may subscribe for or procure the subscription of an addition of 118,970,000 Rights Shares by way of excess application through completing the EAF for excess Rights Shares.

Save for the above, the Company has not received any information from any substantial shareholders (as defined in the Listing Rules) of the Company of their intention to take up the Rights Shares to be provisionally allotted or offered to them under the Rights Issue as at the date of this announcement.

UNDERWRITING ARRANGEMENT

Underwriting Agreement

- Date : 8 November 2018 (after trading hours)
- Parties : (i) the Company;
- (ii) Oceanwide Securities. As at the date of this announcement, Oceanwide Securities is independent of and not connected with the Company or its connected persons. Oceanwide Securities is a licensed corporation to carry on Type 1 (dealing in securities), Type 2 (dealing in future contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and its ordinary course of business includes underwriting of securities; and
- (iii) CCBI. As at the date of this announcement, CCBI is independent of and not connected with the Company or its connected persons. CCBI is a licensed corporation to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and its ordinary course of business includes underwriting of securities.
- Number of Underwritten Shares : The underwriting obligations of Oceanwide Securities and the obligations of CCBI to procure subscription for untaken Rights Shares are several.

Oceanwide Securities has agreed to subscribe for, or procure the subscription for, up to 589,000,000 Rights Shares, being all the Underwritten Shares.

CCBI has agreed to procure the subscription for, on a best effort basis, any untaken Right Shares other than Rights Shares to be taken up by Prime Force pursuant to the Irrevocable Undertaking and the Underwritten Shares underwritten by Oceanwide Securities.

For the avoidance of doubt, should CCBI fails to procure the subscription for any of the aforementioned Rights Shares, the underwriting obligations of Oceanwide Securities shall remain unaffected.

Underwriting Commission : Underwriting commission equal to 0.8% of the aggregate Subscription Price in respect of the Underwritten Shares is payable to Oceanwide Securities.

Underwriting commission equal to 0.8% of the aggregate Subscription Price in respect of the Rights Shares actually subscribed for through CCBI is payable to CCBI.

Any sub-underwriting fees and expenses relating to the sub-underwriting(s) shall be borne by the respective Underwriters.

Each of the Underwriters shall be entitled to deduct part or all of the underwriting commission, out-of-pocket expenses and any other fees and expenses which the Company has agreed to pay to it from any amount to be paid by such Underwriter to the Company under the Underwriting Agreement.

The terms of the Underwriting Agreement, including the commission rate of 0.8%, were determined after arm's length negotiations between the Company and the Underwriters with reference to, among other things, the size of the Rights Issue, the current market conditions and the prevailing market rate for the underwriting commission of comparable transactions. The Directors consider that the terms of the Underwriting Agreement including the terms governing the underwriting commission are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Underwriter's Undertaking

Under the Underwriting Agreement, each of the Underwriters has undertaken with the Company that it shall use its reasonable endeavor to procure that each of the subscribers or purchasers (in each case together with their respective ultimate beneficial owners) of untaken Shares procured by it: (i) shall be third party(ies) independent of, not acting in concert (as such term is defined in the Takeovers Code) with and shall not be connected with the Directors, chief executive or substantial shareholders of the Company or their respective associates; (ii) shall not own 10% or more of the issued share capital of the Company immediately upon Completion and are not otherwise core connected persons (as defined in the Listing Rules) of the Company. Each of the Underwriters has also agreed that it shall procure, and shall ensure that the sub-underwriters (if any) to procure independent placees to take up the Rights Shares pursuant to the Listing Rules.

Conditions of the Rights Issue

The Rights Issue is conditional upon (i) the Authorised Share Capital Increase becoming effective on or before the Record Date, and (ii) the Underwriting Agreement having become unconditional and not being terminated in accordance with its terms.

Conditions of the Underwriting Agreement

The obligations of the Underwriters under the Underwriting Agreement are conditional upon:

- (a) the meeting(s) of the Board properly and validly convened, or the written resolution(s) of the Directors properly and validly passed, to approve and implement the Authorised Share Capital Increase and the Rights Issue;
- (b) the passing of all necessary resolution(s) by the Shareholders and/or the Independent Shareholders (as the case may be) at the EGM duly approving and confirming:
 - (i) the Authorised Share Capital Increase; and
 - (ii) the Rights Issue;each in accordance with the Articles and the Listing Rules;

- (c) the Authorised Share Capital Increase becoming effective on or before the Record Date;

- (d) the Stock Exchange having authorized the registration with, and the registration with, the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Board (and all other documents required to be attached thereto) not later than the Posting Date and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong);
- (e) the posting of the Prospectus Documents to Qualifying Shareholders and the posting of the Prospectus to the Excluded Shareholders, if any and for information purposes only, on or before the Posting Date;
- (f) the Listing Committee of the Stock Exchange granting, or agreeing to grant (subject to allotment), and not having revoked, the listing of and permission to deal in the Rights Shares in their nil-paid and fully-paid forms, either unconditionally or subject to such conditions as the Company may accept;
- (g) each condition to enable the nil-paid Rights Shares and the fully-paid Rights Shares to be admitted as eligible securities for deposit, clearance and settlement in CCASS having been satisfied prior to the first day of dealings in nil-paid Rights Shares or the fully-paid Rights Shares (as the case may be) and no notification having been received by the Company from HKSCC by such date that such admission or facility for holding and settlement has been or is to be refused;
- (h) the Shares remaining listed on the Stock Exchange and the listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than five (5) trading days and no indication being received before the Latest Time for Termination from the Stock Exchange and/or the SFC to the effect that such listing may be withdrawn or objected to;
- (i) the representations and warranties or undertakings given by the Company in the Underwriting Agreement being true, accurate and not misleading in all material respects on and as of the date of the Underwriting Agreement and at any time before the Latest Time for Termination, as though they have been given and made at such time by reference to the facts and circumstances then subsisting;

- (j) the issue of the Rights Shares and the obligations of the Underwriters to underwrite the Underwritten Shares not being prohibited by any statute, order, rule, directive or regulation promulgated after the date of the Underwriting Agreement by any legislative, executive or regulatory body or authority of Hong Kong and/or the Cayman Islands and compliance by the sub-underwriters(s) with all their respective obligations under the sub-underwriting agreement(s) to be entered into by the Underwriters with such sub-underwriters(s), if any, and such sub-underwriting agreement being in full force and effect and not being terminated;
- (k) the Underwriting Agreement not being terminated by Oceanwide Securities in accordance with the terms thereof;
- (l) no stop order or similar order having been issued by any court or other judicial, governmental or regulatory authority in relation to the Rights Issue nor the sale and subscription and/or purchase of the Rights Shares in accordance with the provisions of this Underwriting Agreement and the execution and performance of the Underwriting Agreement by the Company being prohibited by any statute, order, rule, regulation or directive issued by, or objected to by any legislative, executive or regulatory body or authority of Hong Kong;
- (m) procurement of one or more sub-underwriter(s) to enter into sub-underwriting agreement(s) with Oceanwide Securities; and
- (n) compliance with and performance of undertakings and obligations of Prime Force under the Irrevocable Undertaking.

Oceanwide Securities may at any time in writing waive any of the above conditions (save for those required by law) or extend the time or date for fulfilment of any such condition subject to such terms and conditions determined by it.

If any of the conditions above has not been satisfied or otherwise waived (as the case maybe) on or before the relevant time and date specified in that respective condition or, if no such date is so specified or referred to, is not fulfilled on or prior to the Latest Time for Termination (or such later date(s) as the Underwriters and the Company may agree in writing), the Rights Issue will not proceed and all liabilities of the parties to the Underwriting Agreement shall cease and determine. In such event, none of the parties shall have any claim against the other parties (other than for antecedent breaches and claims) provided that, among other things, the Company shall remain liable to pay the Underwriters' reasonable out-of-pocket expenses in accordance with the terms of the Underwriting Agreement.

As the Rights Issue is subject to the above conditions, it may or may not proceed accordingly. If Oceanwide Securities terminates the Underwriting Agreement, the Rights Issue will not proceed.

Termination of the Underwriting Agreement

If, at any time prior to the Latest Time for Termination, there occurs in the reasonable opinion of Oceanwide Securities:

- (i) the success of the Rights Issue or the taking up of the Rights Shares by the Shareholders would be in any material respect adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in all material respects adversely affect the business or the financial or trading position or prospects of the Group as a whole or the Rights Issue; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic, currency or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities, armed conflict or act of terrorism, or affecting local securities market or the occurrence of any combination of circumstances which in any material respect adversely affects the business or the financial or trading position or prospects of the Group as a whole or in any material respect adversely prejudices the success of the Rights Issue or the taking up of the Rights Shares by the Shareholders or otherwise makes it inexpedient or inadvisable for the Company or the Underwriters to proceed with the Rights Issue; or
- (ii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities) occurs which in the absolute opinion of Oceanwide Securities in any material respect affect the success of the Rights Issue (such success being the taking up of the Rights Shares by the Shareholders) or otherwise in the absolute opinion of Oceanwide Securities makes it inexpedient or inadvisable or inappropriate for the Company or the Underwriters to proceed with the Rights Issue; or

- (iii) any change in the circumstances of the Company, its controlling Shareholder or any members of the Group which in the absolute opinion of Oceanwide Securities may have material adversely effect on the prospect of the Company; or
- (iv) any event of force majeure occurs, including without limiting the generality thereof, any act of God, war, fire, flood, explosion, epidemic, terrorism, which in any material respect adversely affect the business or the financial or trading position or prospects of the Group as a whole or the Rights Issue; or
- (v) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole occurs, whether or not ejusdem generis with any of the foregoing; or
- (vi) any matter occurs which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of Oceanwide Securities, a material omission in the context of the Rights Issue; or
- (vii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than five (5) consecutive trading days occurs, excluding any halt or suspension in connection with the Rights Issue; or
- (viii) any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange occurs due to exceptional financial circumstances or otherwise; or
- (ix) there occurs an event or a matter arising which, if it had occurred or arisen before the date of the Underwriting Agreement, would have rendered any of the warranties given by the Company untrue, incorrect, incomplete or misleading in any respect,

Oceanwide Securities shall be entitled by notice in writing issued to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

Upon giving the notice of termination in accordance with the terms of the Underwriting Agreement, all obligations of the Underwriters shall cease and determine and none of the parties to the Underwriting Agreement shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement, but without prejudice to the rights of the Company and the Underwriters in respect of any breach of the Underwriting Agreement occurring prior to such termination, and provided that the Company shall remain liable to pay to the Underwriters reasonable out-of-pocket expenses according to the terms of the Underwriting Agreement. Indemnities given by the Company in the Underwriting Agreement shall survive notwithstanding termination of the Underwriting Agreement.

EXPECTED TIMETABLE FOR THE RIGHTS ISSUE

The expected timetable for the Authorised Share Capital Increase and the Rights Issue is set out below. Dates or deadlines specified in this announcement are indicative only and will be affected by a number of matters such as timing of the despatch of the Circular, proxy form and notice of EGM, which are required to take into account, amongst other things, financial information of the Group. The times and dates may also be varied by agreement between the Company and the Underwriters. Any consequential changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

Event	Timeline
Announcement of the Rights Issue	Thursday, 8 November 2018
Expected despatch date of the Circular, proxy form and notice of the EGM	Friday, 30 November 2018
Latest time for lodging transfers of Shares to attend and vote at the EGM	4:30 p.m. on Monday, 10 December 2018
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the EGM (both dates inclusive)	From Tuesday, 11 December 2018 to Monday, 17 December 2018

Event	Timeline
Latest time for lodging proxy forms to qualify for attendance and voting at the EGM	Saturday, 15 December 2018
Record date for attendance and voting at the EGM	Monday, 17 December 2018
Expected date of the EGM	Monday, 17 December 2018
Announcement of results of the EGM	Monday, 17 December 2018
Effective date of the Authorised Share Capital Increase	Monday, 17 December 2018
Last day of dealings in Shares on cum-rights basis	Tuesday, 18 December 2018
First day of dealings in Shares on ex-rights basis	Wednesday, 19 December 2018
Latest time for the Shareholders to lodge transfer of Shares in order to qualify for the Rights Issue	4:30 p.m. on Thursday, 20 December 2018
Closure of register of members of the Company for determining entitlements under the Rights Issue (both dates inclusive)	From Friday, 21 December 2018 to Monday, 31 December 2018
Record Date for determining entitlements to the Rights Issue	Monday, 31 December 2018
Register of members of the Company re-opens	Wednesday, 2 January 2019

Event**Timeline**

Despatch of Prospectus Documents (in the case of the Excluded Shareholders, the Prospectus only for their information)	Wednesday, 2 January 2019
First day of dealings in nil-paid Rights Shares	Friday, 4 January 2019
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on Tuesday, 8 January 2019
Last day of dealings in nil-paid Rights Shares	Friday, 11 January 2019
Latest time for acceptance of, and payment for, the Rights Shares and the applications for excess Rights Shares	4:00 p.m. on Wednesday, 16 January 2019
Latest Time for Termination and for the Rights Issue to become unconditional	4:00 p.m. on Friday, 18 January 2019
Announcement of results of the Rights Issue	Wednesday, 23 January 2019
Refund cheques to be despatched in relation to wholly or partially unsuccessful applications for excess Rights Shares on or before	Thursday, 24 January 2019
Certificates for fully paid Rights Shares to be despatched on or before	Thursday, 24 January 2019
Commencement of dealings in the fully-paid Rights Shares	9:00 a.m. on Friday, 25 January 2019

Note: All references to time in this announcement are references to Hong Kong time. Dates or deadlines specified in the expected timetable above or in other parts of this announcement are indicative only and may be extended or varied. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The Latest Time for Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place as shown if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Last Acceptance Date. Instead the Latest Time for Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day;
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Last Acceptance Date. Instead the Latest Time for Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance and application and payment for excess Rights Shares does not take place on the Last Acceptance Date, the dates mentioned in the “Expected timetable for the Rights Issue” section may be affected. The Company will notify Shareholders by way of announcements on any change to the expected timetable as soon as practicable.

EFFECT OF THE RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY

For illustrative purpose only, assuming no new Shares (other than the Rights Shares) are allotted and issued on or before completion of the Rights Issue, the shareholding structure of the Company as at the date of this announcement and immediately after the Completion are and will be as follows:

Assuming all Rights Shares are taken up by the Qualifying Shareholders:

	As at the date of this announcement		Immediately after Completion	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Prime Force	765,186,000	51.94	1,530,372,000	51.94
Global Energy Investors, LLC. ⁽¹⁾	120,046,200	8.15	240,092,400	8.15
Directors	9,812,000	0.67	19,624,000	0.67
Windmere International Limited ⁽²⁾	66,072,800	4.49	132,145,600	4.49
China International Marine Containers (Hong Kong) Limited (“CIMC (HK)”)	92,800,000	6.30	185,600,000	6.30
Treasure Maker Investments Limited ⁽³⁾	5,095,000	0.35	10,190,000	0.35
Other public Shareholders	<u>414,144,204</u>	<u>28.11</u>	<u>828,288,408</u>	<u>28.11</u>
Total	<u>1,473,156,204</u>	<u>100.00</u>	<u>2,946,312,408</u>	<u>100.00</u>

Assuming no Rights Shares are taken up by the Qualifying Shareholders (other than Prime Force and the Underwriters and/or subscribers procured by them for all the Underwritten Shares pursuant to the Underwriting Agreement):

	Immediately after Completion (assuming Prime Force does not apply for any excess Rights Shares)		Immediately after Completion (assuming Prime Force applies for 118,970,000 excess Rights Shares)	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Prime Force	1,530,372,000	54.13	1,649,342,000	55.98
Global Energy Investors, LLC. ⁽¹⁾	120,046,200	4.25	120,046,200	4.07
Directors	9,812,000	0.35	9,812,000	0.33
Windmere International Limited ⁽²⁾	66,072,800	2.34	66,072,800	2.24
The Underwriters (and/or subscriber(s) procured by them)	589,000,000	20.83	589,000,000	19.99
CIMC (HK)	92,800,000	3.28	92,800,000	3.15
Treasure Maker Investments Limited ⁽³⁾	5,095,000	0.18	5,095,000	0.17
Other public Shareholders	<u>414,144,204</u>	<u>14.65</u>	<u>414,144,204</u>	<u>14.06</u>
Total	<u>2,827,342,204</u>	<u>100.00</u>	<u>2,946,312,204</u>	<u>100.00</u>

Notes;

- (1) Global Energy Investors, LLC. is the beneficial owner of 120,046,200 Shares. The entire share capital of Global Energy Investors, LLC. is beneficially owned as to 50% each by Mr. Zhang Menggui, Morgan and Mr. Jiang Bing Hua, both executive Directors of the Company.
- (2) Windmere International Limited is the beneficial owner of 66,072,800 Shares and is wholly-owned by Mr. Brian Chang. Mr. Brian Chang was a non-executive director of the Company and he resigned from the position with effect from 9 February 2018.
- (3) The Company adopted a share award plan on 16 January 2015. Treasure Maker Investments Limited is the trustee of the share award plan and it holds on trust under the share award plan 5,095,000 Shares.

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group has principally been engaged in the business of designing and manufacturing of rig equipment, manufacture and trading of oilfield expendables and offshore rig construction and services.

With the recent improvement of oil price to above US\$70 per barrel and the related offshore rig services charter rates, the Group is seeking to leverage its expertise and experience on the recovery in the drilling and offshore rig services sectors. The Group's long term strategic objective is to be a full service solution provider for the offshore marine industry. The Group plans to achieve this objective by expanding its operations vertically upstream and downstream, as well as horizontally throughout different segments of the oil & gas value chain.

The Company currently plans to expand its operating business through potential acquisition of offshore drilling rigs and related rig charter business. The Company will explore opportunities for forming strategic partnerships or other forms of co-operations with established operators with successful track record of offshore drilling rigs.

The new operating model of the Company will help switch from reliance on downstream capital expenditure to operational expenditure, which the Company sees signs of quicker recovery and promote the Company's transformation. At this stage, asset acquisition will also have room for appreciation in the long run. The company's participation in downstream companies will further promote the extension of the value chain.

The Company intends to employ equity financing to finance such expansion. Assuming full subscription under the Rights Issue, the gross proceeds and net proceeds from the Rights Issue are expected to be approximately HK\$662.92 million and approximately HK\$656.58 million, respectively. Assuming nil subscription under the Rights Issue (save for Prime Force pursuant to the Irrevocable Undertaking and the Underwriting Agreement in respect of the Underwritten Shares), the gross proceeds and net proceeds from the Rights Issue are expected to be no less than approximately HK\$609.38 million and approximately HK\$600.88 million, respectively. The net proceeds will be used for the following:

- approximately 70% of the net proceeds will be used for expansion of the Group's operating business through potential acquisition of offshore drilling rigs;
- approximately 20% of the net proceeds will be used for repayment of the existing debts of the Group; and
- the remainder will be used for general working capital of the Group.

In the event that there is an undersubscription of the Rights Issue, the net proceeds of the Rights Issue will be utilized in proportion to the above uses, and the Company may consider meeting any shortfall of the potential acquisition of offshore drilling rigs from available debt facilities, internal resources, and/or other financial resources.

After Completion, if the actual use of proceeds of the Rights Issue significantly deviates from the intended use as disclosed above (or as subsequently disclosed by the Company), the Company will appropriately disclose such information as soon as reasonably practicable.

In view of the above, the Board considers that it is in the interests of the Company and the Shareholders to proceed with the Rights Issue.

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

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

Date of announcement	Event	Estimated net proceeds raised	Intended use of proceeds	Actual use of proceeds (up to 30 September 2018)
14 December 2017	Issue of 765,186,000 Shares under Specific Mandate	Approximately HK\$505.07 million	<ul style="list-style-type: none"> (1) Repayment of a portion of the debts of the Group (approximately HK\$101.01 million, representing approximately 20% of proceed) (2) Expansion of the Group's business and/or potential acquisition to be decided by the Board after issue of the Shares (approximately HK\$136.55 million, representing approximately 27.04% of proceed) (3) Repayment of unsecured notes issued by the Company (approximately HK\$217 million, representing approximately 42.96% of the proceed) (4) General working capital of the Group (approximately HK\$50.51 million, representing approximately 10% of the proceed) 	<ul style="list-style-type: none"> (1) Expansion of the Group's business in approximately HK\$178.5 million (2) Repayment of unsecured notes issued by the Company in approximately HK\$217 million <p>It is intended that the amount not yet utilized which are being placed in interest bearing bank account of the Group will be used for general working capital purpose.</p>

Further, on 15 March 2018, the Company issued 850,000 new Shares pursuant to the exercise of options under the share option scheme of the Company adopted on 20 October 2005.

PROPOSED AUTHORISED SHARE CAPITAL INCREASE

As at the date of this announcement, the Company's authorised share capital is HK\$200 million divided into 2,000,000,000 Shares. In order to facilitate the Rights Issue, to accommodate the future expansion and growth of the Group and to provide the Company with greater flexibility for future expansion in the share capital of the Company, the Company proposes that the authorised share capital of the Company be increased to HK\$1,000 million divided into 10,000,000,000 Shares. The proposed Authorised Share Capital Increase is subject to the approval of the Shareholders by way of an ordinary resolution at the EGM.

The Board is of the view that the Authorised Share Capital Increase will provide flexibility to the Company for future fundraising and expansion in the share capital of the Company, and is therefore in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Authorised Share Capital Increase

The Authorised Share Capital Increase is conditional upon, among other things, the approval by the Shareholders by way of an ordinary resolution at the EGM. As none of the Shareholders or their associates would have any interest in the Authorised Share Capital Increase, no Shareholder would be required to abstain from voting in favour of the resolution(s) relating to the Authorised Share Capital Increase at the EGM.

The Rights Issue and the Underwriting Agreement

As the Rights Issue will result in an increase of the number of issued Shares by more than 50%, the Rights Issue is subject to, among other things, the approval by the Independent Shareholders at the EGM. Pursuant to Rule 7.27A(1) of the Listing Rules, any controlling shareholder of the Company and their associates, or where there is no such controlling shareholder, the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates are required to abstain from voting in favour of the resolution relating to the Rights Issue.

As at the date of this announcement, Prime Force is the controlling shareholder of the Company, holding 765,186,000 Shares, representing approximately 51.94% of the issued Shares of the Company. Prime Force and its associates shall abstain from voting in favour of the resolution relating to the Rights Issue at the EGM.

GENERAL

The Company will establish an Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Chan Ngai Sang, Kenny, Mr. Zou Zhendong and Mr. Chen Weidong, to advise the Independent Shareholders with respect to the Rights Issue, and to provide recommendations as to voting. The Company will appoint an Independent Financial Adviser (subject to the approval of the Independent Board Committee) to advise the Independent Board Committee and the Independent Shareholders as to the terms of the Rights Issue and as to voting. The Independent Board Committee will form its views with respect to the Rights Issue after considering the advice of the Independent Financial Adviser.

The EGM will be convened and held for the Shareholders and/or Independent Shareholders (as the case may be) to consider and, if thought fit, approve, among other matters, the Authorised Share Capital Increase and the Rights Issue. The Circular containing, among other things, further details of (i) the Authorised Share Capital Increase; (ii) the Rights Issue; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue; and (v) a notice convening the EGM is expected to be despatched to the Shareholders on or before Friday, 30 November 2018.

Subject to the approval of the Authorised Share Capital Increase by the Shareholders and the approval of the Rights Issue by the Independent Shareholders at the EGM, and the Authorised Share Capital Increase becoming effective, the Prospectus Documents are expected to be despatched to the Qualifying Shareholders on or before Wednesday, 2 January 2019 and the Prospectus (but not the PAL and the EAF) will be despatched to the Excluded Shareholders for information only.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Rights Issue is conditional on, amongst other things, the Underwriting Agreement having become unconditional and not terminated (see the section headed “Underwriting Arrangement — Termination of the Underwriting Agreement” in this announcement). The conditions of the Underwriting Agreement are set out in the section headed “Underwriting Arrangement — Conditions of the Underwriting Agreement” in this announcement.

Shareholders and potential investors of the Company should note that if any of the conditions to the Rights Issue is not satisfied, the Rights Issue will not proceed.

Any Shareholders and potential investors contemplating buying or selling Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled on or before 4:00 p.m. on Friday, 18 January 2019 (including the date on which Oceanwide Securities’s right of termination of the Underwriting Agreement ceases), and/or any dealings in the Rights Shares in their nil-paid form from 9:00 a.m. on Friday, 4 January 2019 to 4:00 p.m. on Friday, 11 January 2019 (both dates inclusive), bear the risk that the Rights Issue may not become unconditional or may not proceed.

Any Shareholders and potential investors contemplating dealing in Shares and/or Rights Shares in their nil-paid form are advised to exercise caution when dealing in the Shares and/or the Rights Shares in their nil-paid form. Any person who is in doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

DEFINITIONS

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

“Articles”	the articles of association of the Company
“associate”	has the same meaning ascribed to it under the Listing Rules
“Authorised Share Capital Increase”	the proposed increase in the authorised share capital of the Company from HK\$200 million divided into 2,000,000,000 Shares to HK\$1,000 million divided into 10,000,000,000 Shares

“Board”	the board of Directors
“Business Day(s)”	any weekday(s) (other than a Saturday or a day on which a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.) on which banks are generally open for business in Hong Kong
“CCASS”	Central Clearing and Settlement System established and operated by HKSCC
“CCBI”	CCB International Capital Limited, a company incorporated in Hong Kong with limited liability
“Circular”	the circular to be despatched to the Shareholders giving details of, among other things, the Authorised Share Capital Increase and the Rights Issue and containing the notice of the EGM
“Companies Law”	the Companies Law of the Cayman Islands
“Companies Miscellaneous Provisions Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Company”	TSC Group Holdings Limited, a company incorporated in Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange (stock code: 206)
“Completion”	completion of the Rights Issue
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company

“EAF(s)”	the form(s) of application for use by the Qualifying Shareholders who wish to apply for the excess Rights Shares
“EGM”	the extraordinary general meeting of the Company to be convened and held at which resolution(s) will be proposed to consider, and, if thought fit, to approve, among other things, the Authorised Share Capital Increase and the Rights Issue
“Excluded Shareholder(s)”	the Overseas Shareholder(s) whose registered addresses in the Company’s register of members as at the Record Date are in places where the Directors, after making enquiries, consider it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Rights Shares to such Shareholder(s), if any
“Fund”	China Merchants & Great Wall Ocean Strategy & Technology Fund (L.P.), an exempted limited partnership registered in the Cayman Islands
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising Mr. Chan Ngai Sang, Kenny, Mr. Zou Zhendong and Mr. Chen Weidong, being all of the independent non-executive Directors, to be established to give recommendation to the Independent Shareholders in respect of the Rights Issue
“Independent Financial Adviser”	an independent financial adviser to be appointed by the Company with the approval of the Independent Board Committee for the purpose of advising the Independent Board Committee and the Independent Shareholders on the terms of the Rights Issue

“Independent Shareholder(s)”	any Shareholder(s) who are not required to abstain from voting at the EGM under the Listing Rules
“Irrevocable Undertaking”	an irrevocable undertaking dated 8 November 2018 given by Prime Force in favour of the Company as described in the section headed “Irrevocable Undertaking”
“Last Acceptance Date”	Wednesday, 16 January 2019, being the last day for acceptance and payment of the Rights Shares, or such other date as the Company may determine and notify the Underwriters in writing
“Last Trading Day”	8 November 2018, being the last trading day of the Shares on the Stock Exchange immediately prior to the publication of this announcement
“Latest Time for Acceptance”	4:00 p.m. on the Last Acceptance Date
“Latest Time for Termination”	4:00 p.m. on 18 January 2019 or such later time or date as may be agreed between the Underwriters and the Company in writing, being the latest time to terminate the Underwriting Agreement
“Listing Committee”	has the same meaning ascribed to it under the Listing Rules
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Oceanwide Securities”	Oceanwide Securities Company Limited, a company incorporated in Hong Kong with limited liability
“Overseas Shareholder(s)”	Shareholder(s) whose address(es) on the register of members of the Company on the Record Date are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) for the Rights Issue

“Posting Date”	Wednesday, 2 January 2019 or such other day as may be agreed between the Company and the Underwriters, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus to the Excluded Shareholders (as the case may be)
“PRC”	The People’s Republic of China
“Prime Force”	Prime Force Investment Corporation, a company incorporated in the British Virgin Islands, which is wholly owned by the Fund
“Prospectus”	the prospectus to be despatched to the Qualifying Shareholders (and the Excluded Shareholder(s) for information only) on the Posting Date in connection with the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL(s) and the EAF(s)
“Qualifying Shareholders”	Shareholder(s), whose names appear on the register of members of the Company as at the Record Date, other than the Excluded Shareholder(s)
“Record Date”	Monday, 31 December 2018, being the date by reference to which entitlements to the Rights Issue will be determined
“Registrar”	the Company’s branch share registrar and transfer office in Hong Kong, which is Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the proposed issue by way of rights on the basis of one Rights Share for every one Share held on the Record Date at the Subscription Price on the terms to be set out in the Prospectus Documents and summarised herein
“Rights Share(s)”	the new Share(s) to be allotted and issued under the Rights Issue, being up to 1,473,156,204 new Shares (assuming that there will be no change in the number of issued Shares on or before the Record Date)

“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate granted to the Directors by the independent shareholders pursuant to an ordinary resolution passed at the extraordinary general meeting held on 5 February 2018
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price in respect of each Rights Share, being HK\$0.45
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time)
“Underwriters”	Oceanwide Securities and CCBI
“Underwriting Agreement”	the underwriting agreement dated 8 November 2018 and entered into between the Company and the Underwriters in relation to the Rights Issue
“Underwritten Shares”	up to 589,000,000 Rights Shares to be underwritten by Oceanwide Securities subject to the terms and conditions of the Underwriting Agreement (representing the shortfall between maximum number of Rights Shares to be issued pursuant to the Rights Issue and the number of Rights Shares to be taken up by Prime Force pursuant to the Irrevocable Undertaking and indicated as may be taken up by Prime Force pursuant to excess application)

“HK\$” Hong Kong dollar(s), the lawful currency of Hong Kong

“%” per cent

By order of the Board
TSC Group Holdings Limited
Wang Hongyuan
Executive Chairman

Hong Kong, 8 November 2018

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Wang Hongyuan, Mr. Jiang Bing Hua and Mr. Zhang Menggui, Morgan; three non-executive Directors, namely Mr. Lou Dongyang, Mr. Wang Jianzhong and Ms. Li Rong; and three independent non-executive Directors, namely Mr. Chan Ngai Sang, Kenny, Mr. Zou Zhendong and Mr. Chen Weidong.