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## **TSC Group Holdings Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 206)**

### **VOLUNTARY ANNOUNCEMENT**

This announcement is a voluntary disclosure made by TSC Group Holdings Limited (the “**Company**” or “**TSC**”, together with its subsidiaries, the “**Group**”) to provide its shareholders and potential investors with updated operating information in relation to the recent business development of the Group.

#### **TSC SIGNS JOINT VENTURE AGREEMENT FOR P&A AND DECOMMISSIONING MARKET**

The Board of directors (the “**Board**”) of TSC Group Holdings Limited (the “**Company**” or “**TSC**”, together with its subsidiaries, the “**Group**”) is pleased to announce that TSC has entered into an agreement on 18 August 2016 with Offshore CC FZE to form a Joint Venture (“**JV**”).

The JV company, OIM Pte. Ltd. (“**JV**” or “**OIM**”) has been incorporated in Singapore and will have operations in Singapore as well as in Norway and the United Kingdom. OIM derived its name from Offshore Innovations Management Ltd. which was founded by Mr. Oddgeir Indrestrand who originated the concept of a single jack-up solution capable of operating in the harsh North Sea environment with capability to combine Plug and Abandonment (“**P&A**”) operations on offshore oil wells and decommissioning platform removal (“**Decommissioning**”), and installation if required. The JV’s objective is to provide a much needed cost effective and practical solution for a rapidly growing demand for P&A and Decommissioning operations. OIM’s unique value proposition will enable TSC to be well positioned to gain early access to the vast and fast growing market for P&A and Decommissioning market.

Through OIM's focus on P&A and Decommissioning services, TSC leverages its expertise in drilling engineering, offshore rig equipment manufacturing and jack-up rig solution capabilities in a more profitable segment of the oil and gas industry. P&A is the process where an obsolete oil well in an unproductive and/or unprofitable oil reservoir is permanently sealed and environmental concerns over the oilfield is safeguarded. Decommissioning is the process where an offshore installation is removed in accordance with regulatory requirements to reinstate the sea environment where the offshore installations were in operations to an acceptable environmental condition. The key to P&A and Decommissioning operations is to be able to provide the right balance between environmental and financial objectives. TSC's jack-up solutions in these areas is designed to achieve such a balance by providing one of the most cost-effective and environmentally safe solutions. As many of the wells and offshore platforms in the North Sea and other areas worldwide has entered late stages of their life span, the needs for P&A and Decommissioning services will increase significantly over the next 20-30 years. The estimate of the scope, complexity and cost of P&A and Decommissioning projects that need to be undertaken on the different North Sea Continental Shelves will vary. However, hundreds of fixed installations, subsea production systems, over 3,000 pipelines and approximately 5,000 wells, will all eventually reach their end-of-life. It is estimated by the Oil & Gas Authority of the United Kingdom, the cost estimates for P&A and Decommissioning in the UK sector alone will be approximately US\$63 billion up to 2050. The costs for the P&A and Decommissioning projects on the Norwegian Continental Shelf for the same period are estimated to US\$30 billion.

## **STRUCTURE OF THE JOINT VENTURE**

The JV will be held 70% by TSC and 30% OCC FZE. The JV will primarily function as the company which will market, operate and maintain the fit-for-purpose rigs designed by OIM for operations in the North Sea for several major oil companies.

## **REASONS FOR ENTERING INTO THE JOINT VENTURE**

The participation in the JV is conducted in the ordinary and normal course of business of the Company. The JV Agreement provides significant opportunities for the Group to utilize and extend its core expertise in drilling equipment to other segments of the oil and gas industry. It expands the Group's business from only the drilling rigs to other platforms and services, to cover the life span of an offshore oilfield development. Additionally, the Group will be able to gain access to higher standards of operations required in the North Sea and mitigate the medium terms risks of low oil and gas prices. The Company expects the transaction to provide positive revenue growth to the Group.

**Shareholders and investors are reminded to exercise caution when dealing in the securities of the Company.**

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

Hong Kong, 23 August 2016

*As of the date of this announcement, the Board comprises 1 executive Director, namely Mr. Jiang Bing Hua; 4 non-executive Directors, namely Mr. Zhang Menggui, Mr. Jiang Longsheng, Mr. Brian Chang and Mr. Wang Jianzhong; and 4 independent non-executive Directors, namely Mr. Chan Ngai Sang, Kenny, Mr. Bian Junjiang, Mr. Guan Zhichuan and Mr. Robert William Fogal Jr.*