



TSC Offshore Newsletter Jan – Mar 2010

Growing Order Backlog

Capital equipment and rig package orders boosting sales



In January, we received an order from US rig builder for the supply of mechanical handling packages for two new build jack-ups to be delivered to a Brazilian oil corporation. The two sets of handling equipment are scheduled for delivery in December 2010 and March 2011 respectively.



We have received a couple of orders for a BOP handling system and conductor tensioning unit from a Mexican contractor for a new-build jack up named "Independencia 1".

In addition to equipment orders, TSC has also acquired a project from one of the world's largest drilling contractors to refurbish riser and subsea handling equipment which was originally provided by GME (via MOS) to the "Deepwater Pathfinder" rig about 12 years ago. This order symbolizes the strength, longevity and reliability of our equipment in the offshore industry.

In February, the consortium we formed with leading industry players successfully bid for a contract for the lease and management of a jack up drilling rig, which is expected to be delivered in the fourth quarter of 2011. For this project, we will be responsible for providing all the drilling and related equipment.



The jack up drilling rig package is part of the continuing connected transactions under a new master agreement between the Company and Yantai Raffles Shipyard Ltd. ("YRS"). Pursuant to the master agreement, we will sell to YRS equipment and turnkey projects with an annual cap of US\$200 million for each of the two years ending 31 December 2011. The equipment we sell to YRS includes but not limited to power control package, jacking control system, BOP handling and transport, burner boom, drilling package, solid control package.



Corporate Event – Investor Tours

Positive investors' feedback on our facilities

In February and March, we arranged two tours of our production base in Qingdao, as well as Haiyang shipyard and Yantai shipyard in Yantai for over 30 investors. During the visit, investors were introduced to our state-of-the-art production facilities at Qingdao and how we leverage the shipyard facilities, in particular the world's largest crane, of our strategic partners, Yantai Raffles Shipyard, to increase operation and cost efficiency.

Continued Global Marketing Efforts.....



Participation in CIPPE in Beijing

This year, we will continue to market our brands worldwide through participating in leading global oil and gas exhibitions. In 22-24 March, we took part in the 10th China International Petroleum & Petrochemical Technology and Equipment Exhibition ("CIPPE") in Beijing. Major products showcased in the exhibition including WF2000 mud pump drilling cabin, centrifugal pumps, drawwork, DiscBrake etc. We received keen response from many local and global oil drilling companies and service providers.

A press briefing was organized on the first day of exhibition, and attracted more than 30 media attended. Our top management have also been interviewed by the CCTV regarding the their view of offshore industry in China.

CIPPE is the largest petroleum show in Asia and one of the world's top 4 petroleum exhibitions. There were over 1,000 exhibitors from 37 countries and regions, and 12 national pavilions from the US, UK, Germany, France, Canada, Italy, Norway, Russia, Kazakhstan, Singapore, etc.

Gaining foothold all over the world

TSC on approved vendor lists

TSC Brazil recently entered into a master service agreement with Noble Drilling. The agreement allows us to bid for service contracts and carry out service work on any of the 6 rigs which Noble Drilling operates in Brazil.

In addition, we have been included on the vendor lists for expendable mud pump components of Noble Drilling, as well as Letourneau Technologies Inc for the supply of oilfield expendables.

New facility in Mexico – Penetrate North American market further

A new facility will be opened in Veracruz, Mexico in the second quarter of 2010. This evidences our dedication to serving clients better and our initiative to expand business. The facility will provide rig critical spare parts for most brands of high pressure mud pumps. It will also carry a full array of centrifugal pumps and parts, and low pressure mud system equipment. Through this facility, we will be able to further enlarge our coverage in North American and the Mexican market.

Market Scan :

New US policies and resumption of OPEC projects trigger rising demand for offshore rigs and equipments



Obama clears way for oil drilling off US coasts

President Barack Obama on 31 March, Wednesday announced an expansive new policy that could put new oil and natural gas platforms in waters along the southern Atlantic coastline, the eastern Gulf of Mexico and part of Alaska.

The plan modifies a ban that for more than 20 years has limited drilling along coastal areas other than the Gulf of Mexico.



The blueprint would allow Interior Department to go ahead with oil and gas leases on tracts 50 miles off the coast of Virginia and drilling could take place 125 miles from Florida's Gulf coastline if lawmakers allow the moratorium to expire. It would allow exploration along the south Atlantic and mid Atlantic Outer Continental Shelf "to support energy planning"..

OPEC have resumed work on 35 new projects

OPEC member countries have resumed work on 35 new projects that will increase production capacity by 5 million barrels a day. OPEC secretary general Abdalla Salem el-Badri was cited as saying that the increase in oil prices to current levels of \$80 a barrel has enabled the group to revive \$45 billion in projects that were suspended when oil prices neared \$30 a barrel early last year.

The 35 projects now back on track are among some 150 in OPEC countries that will raise capacity by a total of 12 million barrels a day.

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