THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Listco Offers, this Listco Offer Document or the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Techcomp (Holdings) Limited, you should at once hand this Listco Offer Document and the accompanying Form(s) of Acceptance to the purchaser(s) or transferee(s) or to the bank or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). This Listco Offer Document should be read in conjunction with the accompanying Form(s) of Acceptance, the contents of which form part of the terms and conditions of the Listco Offers contained herein.

BAODI INTERNATIONAL INVESTMENT COMPANY LTD
包迪國際投資有限公司*
(Incorporated in the BVI with limited liability)

TECHCOMP (HOLDINGS) LIMITED
天美(控股)有限公司*
(Incorporated in Bermuda with limited liability)
(Hong Kong Stock Code: 1298)
(Singapore Stock Code: T43)

COMPOSITE OFFER AND RESPONSE DOCUMENT IN RELATION TO THE UNCONDITIONAL MANDATORY CASH OFFERS BY DELOITTE & TOUCHE CORPORATE FINANCE LIMITED FOR AND ON BEHALF OF BAODI INTERNATIONAL INVESTMENT COMPANY LTD TO ACQUIRE ALL THE ISSUED SHARES (OTHER THAN THOSE ALREADY OWNED BY OR AGREED TO BE ACQUIRED BY BAODI INTERNATIONAL INVESTMENT COMPANY LTD AND PARTIES ACTING IN CONCERT WITH IT) AND TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS OF TECHCOMP (HOLDINGS) LIMITED

Financial adviser to Baodi International Investment Company Ltd in respect of the Listco Offers

Deloitte. 德勤

Deloitte & Touche Corporate Finance Limited

Independent financial adviser to the Independent Board Committee

AMASSE CAPITAL
寶 積 資 本

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Listco Offer Document.

A letter from Deloitte Corporate Finance containing, among other things, details of the terms of the Listco Offers is set out on pages 11 to 21 of this Listco Offer Document.

A letter from the Board is set out on pages 22 to 28 of this Listco Offer Document. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders and the Optionholders in relation to the Listco Offers is set out on pages 29 to 30 of this Listco Offer Document. A letter from the Independent Financial Adviser containing its advice on the Listco Offers to the Independent Board Committee is set out on pages 31 to 48 of this Listco Offer Document. The procedures for acceptance and settlement of the Listco Offers and other related information are set out in Appendix I to this Listco Offer Document and in the accompanying Form(s) of Acceptance.

Acceptances of the Listco Share Offer in Hong Kong must be received by the HK Branch Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:00 p.m. on Tuesday, 11 September 2018 or such later time and/or date as the Offeror may determine and announce with the consent of the Executive, in accordance with the Takeovers Code. Acceptances of the Listco Share Offer in Singapore must be received by CDP, at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588 and by the Singapore Transfer Agent, at 112 Robinson Road, #05-01, Singapore 068902 by no later than 4:00 p.m. on Tuesday, 11 September 2018, respectively, or such later time and/or date as the Offeror may determine and announce with the consent of the Executive, in accordance with the Takeovers Code. Acceptance of the Listco Option Offer must be received by the company secretary(ies) of the Company at 6/F., Mita Center, 552-566 Castle Peak Road, Kwai Chung, Kowloon, Hong Kong by no later than 4:00 p.m. on Tuesday, 11 September 2018 or such later time and/or date as the Offeror may determine and announce with the consent of the Executive, in accordance with the Takeovers Code. Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Listco Offer Document and/or the Form(s) of Acceptance to any jurisdiction outside Hong Kong, should read the details in this regard which are contained in the paragraph headed "Important note to Overseas Shareholders and Overseas Optionholders" in the "Letter from Deloitte Corporate Finance" in this Listco Offer Document before taking any action. It is the responsibility of each Overseas Shareholder and/or Overseas Optionholder wishing to accept the Listco Offers to satisfy himself, herself or itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Overseas Shareholders and Overseas Optionholders are advised to seek professional advice on deciding whether or not to accept the Listco Offers.

The Listco Offer Document will remain on the Stock Exchange's website at http://www.hkexnews.hk (with a copy made available on the SGX-ST's website at http://www.sgx.com) and on the website of the Company at http://www.techcomp.com.hk as long as the Listco Offers remain open.

* *For identification purposes only*

21 August 2018

CONTENTS

EXPECTED TIMETABLE

The timetable set out below is indicative only and may be subject to change. Further announcement(s) will be made in the event of any change to the timetable as and when appropriate.

Event	**Hong Kong Time**
Despatch date of this Listco Offer Document and the accompanying Form(s) of Acceptance and commencement date of the Listco Offers *(Note 1)*	Tuesday, 21 August 2018
Latest time and date for acceptance of the Listco Offers *(Note 2)*	4:00 p.m. on Tuesday, 11 September 2018
Listco Offers Closing Date *(Note 2)*	Tuesday, 11 September 2018
Announcement of the results of the Listco Offers (or as to whether the Listco Offers have been revised or extended, if any) to be posted on the website of the Stock Exchange (with a copy made available on the SGX-ST's website at http://www.sgx.com) *(Note 2)*	no later than 7:00 p.m. on Tuesday, 11 September 2018
Latest date of posting of remittances for the amounts due under the Listco Offers in respect of valid acceptances received on or before the latest time for acceptance of the Listco Offers *(Notes 3 and 4)*	Thursday, 20 September 2018

Notes:

1. The Listco Offers, which are unconditional, are made on the date of posting of this Listco Offer Document, and are capable of acceptance on and from that date until the Listco Offers Closing Date.

2. The latest time for acceptance of the Listco Offers is 4:00 p.m. on Tuesday,11 September 2018. The Listco Offers, which are unconditional, will be closed on Tuesday, 11 September 2018. The Offeror will issue an announcement no later than 7:00 p.m. on Tuesday, 11 September 2018 as to whether the Listco Offers have been revised, extended or expired and, in relation to any revision or extension of the Listco Offers, to state either the next closing date or that the Listco Offers will remain open until further notice. In the event that the Offeror decides to extend the Listco Offers and the announcement does not specify the next closing date, at least 14 days' notice by way of an announcement will be given before the Listco Offers are closed to those Independent Shareholders and Optionholders who have not accepted the Listco Offers.

3. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty in respect of acceptances of the Listco Share Offer) payable for the Offer Shares and the Share Options under the Listco Offers will be posted to the accepting Independent Shareholders and Optionholders by ordinary post at their own risk as soon as possible, but in any event within seven (7) Business Days of the date of receipt by the HK Branch Registrar, the company secretary(ies) of the Company, the Singapore Transfer Agent and CDP of all the relevant documents of title to render the acceptance by such Independent Shareholders and Optionholders respectively under the Listco Offers complete and valid.

   Acceptance of the Listco Offers shall be irrevocable and not capable of being withdrawn, except in the circumstances as set out in the paragraph headed "A.6. Right of withdrawal" in Appendix I to this Listco Offer Document.

4. If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning:

   (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Listco Offers and the latest date for posting of remittances for the amounts due under the Listco Offers in respect of valid acceptances, the latest time for acceptance of the Listco Offers and the posting of remittances will remain at 4:00 p.m. on the same Business Day;

   (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Listco Offers and the latest date for posting of remittances for the amounts due under the Listco Offers in respect of valid acceptances, the latest time for acceptance of the Listco Offers and the posting of remittances will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

Save as mentioned above, if the latest time for the acceptance of the Listco Offers and the posting of remittances do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

In this Listco Offer Document, unless the context otherwise requires, the following expressions shall have the following meanings:

"2004 Optionholder(s)"	holder(s) of the 2004 Share Option(s)
"2004 Share Option Scheme"	the share option scheme of the Company adopted on 28 May 2004
"2004 Share Option Scheme Committee"	a committee comprising Directors who are duly authorised and appointed by the Board to administer the 2004 Share Option Scheme, which shall be the remuneration committee of the Company from time to time
"2004 Share Option(s)"	share option(s) granted under the 2004 Share Option Scheme
"2011 Optionholder(s)"	holder(s) of the 2011 Share Option(s)
"2011 Share Option Scheme"	the share option scheme of the Company adopted on 9 June 2011
"2011 Share Option(s)"	share option(s) granted under the 2011 Share Option Scheme
"acting in concert"	has the same meaning ascribed to it under the Takeovers Code
"Adjusted Option Price"	the respective exercise prices of the 15,338,000 outstanding Share Options after adjustments made upon completion of the Distribution In Specie, pursuant to the 2004 Share Option Scheme and the 2011 Share Option Scheme and in compliance with the requirements of Rule 17.03(13) of the Listing Rules
"associate"	has the same meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Day"	a day on which licensed banks in Hong Kong and Singapore are open for business throughout their normal business hours, other than (i) a Saturday, a Sunday or a public holiday; or (ii) a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
"BVI"	the British Virgin Islands
"CB Subscription Agreement"	the subscription agreement dated 18 April 2018 entered into between the Company as issuer, the Offeror as subscriber and the Guarantor in relation to the subscription of Convertible Bonds to be issued by the Company and supplemented and amended by the Supplemental CB Subscription Agreements

"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC or any successor system operated by HKSCC
"CDP"	The Central Depository (Pte) Limited of Singapore
"Circle Brown"	Circle Brown Limited, a company incorporated in the BVI with limited liability which is directly and wholly owned by Mr. Lo
"Circular"	the circular issued by the Company dated 29 June 2018 relating to, among other things, the Group Reorganisation, the Distribution In Specie, the Supply Framework Agreement, the CB Subscription Agreement, the Service Agreements, the amendment to the terms of the 2004 Share Option Scheme and the amendment to the terms of the 2011 Option Scheme, pro forma financial information of the Remaining Group, the letter of recommendation from the Independent Board Committee, the letter of advice from the independent financial adviser, and a notice convening the SGM
"Company"	Techcomp (Holdings) Limited, a company incorporated in Bermuda with limited liability, the Shares of which are primary listed on the Main Board of the Stock Exchange and secondary listed on the Main Board of the SGX-ST
"Convertible Bonds"	the convertible bonds in the aggregate principal amount of up to US$32,482,307 to be issued by the Company to the Offeror pursuant to the CB Subscription Agreement
"Deloitte Corporate Finance"	Deloitte & Touche Corporate Finance Limited, a licensed corporation permitted to carry out Type 1 (dealing in securities relating to corporate finance), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, the financial adviser to the Offeror in respect of the Listco Offers
"Depositor"	a person who has an account directly with CDP and not through a Depository Agent, or a Depository Agent (but does not include a holder of an account maintained with a Depository Agent)

"Depository Agent"	a member of the SGX-ST, a trust company (licensed under the Trust Companies Act (Cap. 336 of Singapore)), a bank licensed under the Banking Act (Cap. 19 of Singapore), any merchant bank approved as a financial institution under the Monetary Authority of Singapore Act (Cap. 186 of Singapore) or any other person or body approved by CDP who or which: (a) performs services as a depository agent for sub-account holders in accordance with the terms of a depository agent agreement entered into between CDP and the depository agent; (b) deposits book-entry securities with CDP on behalf of the sub-account holders; and (c) establishes an account in its name with CDP
"Depository Register"	a register maintained by CDP in respect of book-entry securities
"Director(s)"	the director(s) of the Company
"Distributed Business"	all business of the Group, other than the Remaining Business, being carried on by the Privateco Group after the Group Reorganisation and the Distribution In Specie
"Distribution In Specie"	the distribution in specie of the Privateco Shares by the Company to the Shareholders as described in the Circular
"Encumbrance"	(a) any mortgage, charge, pledge, lien, hypothecation, encumbrance or other security arrangement of any kind; (b) any option, equity, claim, adverse interest or other third party right of any kind; (c) any arrangement by which any right is subordinated to any right of such third party; or (d) any contractual right of set-off, including any agreement or commitment to create or procure to create, or to permit or suffer to be created or subsisted any of the above
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director

"FAA"	Form of Acceptance and Authorisation for Offer Shares in respect of the Listco Share Offer which forms part of this Listco Offer Document and which is issued to Shareholders whose Shares are deposited with CDP
"FAT"	Form of Acceptance and Transfer for Offer Shares in respect of the Listco Share Offer which forms part of this Listco Offer Document and which is issued to Shareholders whose Shares are registered on the register of members of the Company
"Former Group"	the Company and its subsidiaries before completion of the Group Reorganisation and the Distribution In Specie
"Form(s) of Acceptance"	collectively, (i) the **WHITE** Form of Listco Share Offer Acceptance and/or (ii) the **PINK** Form of Listco Option Offer Acceptance and/or (iii) the FAA and/or (iv) the FAT (as the context may require) accompanying this Listco Offer Document
"Group"	the Company and its subsidiaries from time to time
"Group Reorganisation"	the group restructuring of the Group, details of which are set out in the Circular
"Guarantor"	Yunnan Energy Investment (H K) Co. Limited, a company incorporated under the laws of Hong Kong
"HK Branch Registrar"	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited or its successors
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Ho Yew Yuen, Mr. Seah Kok Khong, Manfred and Mr. Teng Cheong Kwee which has been established by the Company to make a recommendation to (i) the Independent Shareholders regarding the Listco Share Offer and (ii) the Optionholders regarding the Listco Option Offer

"Independent Financial Adviser" or "Amasse Capital"	Amasse Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities relating to corporate finance) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee and the Independent Shareholders in relation to the Listco Offers
"Independent Shareholders"	Shareholders other than the Offeror and parties acting in concert with it
"Joint Announcement"	the joint announcement published by the Offeror, the Company and Circle Brown dated 24 April 2018 in relation to, among other things, the Sale and Purchase Agreements, the Group Reorganisation, the Distribution In Specie, the Supply Framework Agreement, the Service Agreements, the CB Subscription Agreement, the amendment to the terms of the 2004 Share Option Scheme, the amendment to the terms of the 2011 Share Option Scheme, the Listco Offers and the Privateco Offer
"KCH Investment"	KCH Investment Co. Limited, a company incorporated in the BVI with limited liability, which is wholly-owned by Mr. Guo as at the Latest Practicable Date
"Last Trading Day"	18 April 2018, being the last trading day for the Shares prior to the suspension of trading in the Shares pending the publication of the Joint Announcement
"Latest Practicable Date"	17 August 2018, being the latest practicable date prior to the printing of this Listco Offer Document for ascertaining certain information referred to herein
"Listco Offers"	the Listco Share Offer and the Listco Option Offer
"Listco Offers Closing Date"	Tuesday, 11 September 2018 being the first date on which the Listco Offers are permitted to be closed (which is 21 days after the date on which this Listco Offer Document is posted) or if the Listco Offers are extended, any subsequent closing date of the Listco Offers as extended and announced by the Offeror and the Company in accordance with the Takeovers Code

"Listco Offer Document"	this composite offer and response document jointly issued by the Offeror and the Company to the Independent Shareholders and Optionholders, which sets out among others, details of the Listco Offers in accordance with the Takeovers Code
"Listco Option Offer"	the unconditional mandatory cash general offer being made by Deloitte Corporate Finance on behalf of the Offeror to cancel all the outstanding Share Options as set out in this Listco Offer Document
"Listco Option Offer Price(s)"	the respective offer prices for cancellation of each outstanding Share Option as set out in the "Letter from Deloitte Corporate Finance" in this Listco Offer Document
"Listco Share Offer"	the unconditional mandatory cash general offer being made by Deloitte Corporate Finance on behalf of the Offeror to acquire all the Offer Shares as set out in this Listco Offer Document
"Listco Share Offer Price"	the price at which the Listco Share Offer will be made, being HK$3.267 per Offer Share
"Listing Manual"	the listing manual of the SGX-ST, as amended, modified or supplemented from time to time
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"MOU"	the memorandum of understanding dated 22 May 2017 entered into between Mr. Lo as possible vendor and Yunnan Energy Investment Overseas Finance Company Ltd. as possible purchaser in respect of the possible disposal of the Shares held by Mr. Lo and his spouse to Yunnan Energy Investment Overseas Finance Company Ltd., and a reorganisation of the Company which may be implemented by way of distribution or disposal of certain assets of the Company
"MOU Announcement"	the announcement issued by the Company dated 23 May 2017 in relation to, among others, the entering into of the MOU between Mr. Lo and Yunnan Energy Investment Overseas Finance Company Ltd. for the possible disposal of the Shares held by Mr. Lo and his spouse
"Mr. Chan"	Chan Wai Shing, an executive Director

"Mr. Chan's Service Agreement"	the service agreement between Mr. Chan and Techcomp Scientific Limited dated 18 April 2018
"Mr. Guo"	Guo Bing
"Mr. Lo"	Lo Yat Keung, the president of the Company, an executive Director
"Mr. Lo's Service Agreement"	the service agreement between Mr. Lo and Techcomp Scientific Limited dated 18 April 2018
"Offer Period"	has the meaning ascribed to it in the Takeovers Code, being the period commencing from 23 May 2017 and ending on the Listco Offers Closing Date
"Offer Share(s)"	all the Share(s) in issue, other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it
"Optionholder(s)"	the 2004 Optionholder(s) and the 2011 Optionholder(s)
"Overseas Optionholder(s)"	Optionholder(s) whose addresses, as shown on the register of optionholders of the Company, are outside Hong Kong or Singapore (as the case may be)
"Overseas Shareholder(s)"	Shareholder(s) whose addresses, as shown on the register of members of the Company or in the Depository Register maintained by CDP (as the case may be) are outside Hong Kong or Singapore (as the case may be)
"**PINK** Form of Listco Option Offer Acceptance"	the pink form of acceptance for cancellation of all outstanding Share Options in respect of the Listco Option Offer
"PRC" or "China"	the People's Republic of China excluding, for the purpose of this Listco Offer Document, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Privateco"	Techcomp Instrument Limited, a company incorporated in BVI with limited liability, which holds the Distributed Business
"Privateco Group"	Privateco and its subsidiaries upon completion of the Group Reorganisation

"Privateco Offer"	the conditional voluntary cash offer made by Somerley Capital Limited on behalf of Circle Brown to acquire all the issued Privateco Shares (other than those owned or agreed to be acquired by Circle Brown and parties acting in concert with it)
"Privateco Shares"	the share(s) of a single class of par value of US$0.001 each in the Privateco
"Purchaser" or "Offeror"	Baodi International Investment Company Ltd, a company incorporated in the BVI with limited liability, which is beneficially and wholly owned by the Guarantor
"Relevant Period"	the period commencing on the date falling six months preceding 23 May 2017, being the date of commencement of the Offer Period, and ending on the Latest Practicable Date
"Remaining Business"	the business of the Group after the Group Reorganisation and the Distribution In Specie
"Remaining Group"	the Company and the Remaining Subsidiaries upon completion of the Group Reorganisation and the Distribution In Specie
"Remaining Subsidiaries"	the remaining subsidiaries owned by the Company upon completion of the Group Reorganisation and the Distribution In Specie, which will include all current subsidiaries of the Company other than the Privateco Group
"S$" or "Singapore Dollar"	Singapore dollar, the lawful currency of Singapore
"Sale and Purchase Agreements(s)"	collectively, the SPA I and the SPA II
"Sale and Purchase Completion"	completion of the sale and purchase of the Sale Shares pursuant to each of the SPA I and the SPA II
"Sale Share(s)"	any Share(s) referred to under the Sale Shares I and the Sale Shares II
"Sale Shares I"	an aggregate of 122,176,500 Shares (representing approximately 44.4% of the issued share capital of the Company as at the Latest Practicable Date)
"Sale Shares II"	an aggregate of 47,364,648 Shares (representing approximately 17.2% of the issued share capital of the Company as at the Latest Practicable Date)
"Service Agreements"	collectively, Mr. Chan's Service Agreement and Mr. Lo's Service Agreement

"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGX-ST"	the Singapore Exchange Securities Trading Limited
"Share(s)"	ordinary shares of par value of US$0.05 each in the share capital of the Company
"Share Option(s)"	the 2004 Share Option(s) and the 2011 Share Option(s)
"Shareholder(s)"	holder(s) of Share(s), except that for the purposes of this Listco Offer Document, where the holder is CDP, the term "Shareholder(s)" shall, in relation to such Shares, be deemed to be the person named as a Depositor in the Depository Register and whose Singapore Securities Account is credited with Share(s)
"Singapore Date of Receipt"	the date of receipt of the Singapore Relevant Acceptance Forms by CDP or the Singapore Transfer Agent (as the case may be)
"Singapore Relevant Acceptance Forms"	the FAA and/or the FAT (as the case may be)
"Singapore Securities Account"	a securities account maintained by a Depositor with CDP, but not including a securities sub-account maintained with a Depository Agent
"Singapore Takeovers Code"	The Singapore Code on Take-overs and Mergers
"Singapore Transfer Agent"	M & C Services Private Limited located at 112 Robinson Road, #05-01, Singapore 068902
"SPA I"	the conditional sale and purchase agreement dated 18 April 2018 entered into between the Vendors, the Purchaser and the Guarantor in respect of the Sale Shares I as supplemented and amended on 22 June 2018 and 14 August 2018, respectively
"SPA II"	the conditional sale and purchase agreement dated 18 April 2018 entered into between Mr. Guo and the Purchaser in respect of the Sale Shares II as supplemented and amended on 22 June 2018
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiaries"	has the meaning ascribed to it under the Listing Rules

"Supplemental CB Subscription Agreements"	the supplemental subscription agreements dated 22 June 2018 and 14 August 2018 entered into between the Company, the Offeror and the Guarantor to amend and supplement certain terms of the CB Subscription Agreement
"Supply Framework Agreement"	the supply framework agreement dated 18 April 2018 entered into between Privateco and the Company, which constitutes a special deal under the Takeovers Code
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"US$"	United States dollars, the lawful currency of the United States of America
"Vendors"	Mr. Lo and Mr. Chan
"**WHITE** Form of Listco Share Offer Acceptance"	the white form of acceptance and transfer of Shares in respect of the Listco Share Offer
"%"	per cent.

1. All time and date references contained in this Listco Offer Document refer to Hong Kong and Singapore times and dates;
2. Certain amounts and percentage figures in this Listco Offer Document have been subject to rounding adjustments;
3. The singular includes the plural and vice versa, unless the context otherwise requires;
4. References to any appendix, paragraph and any sub-paragraphs of them are references to the appendices to, and paragraphs of, this Listco Offer Document and any sub-paragraphs of them respectively;
5. References to any statute or statutory provision include a statute or statutory provision which amends, consolidates or replaces the same whether before or after the date of this Listco Offer Document; and
6. Reference to one gender is a reference to all or any genders.

Deloitte. 德勤

Deloitte & Touche Corporate Finance Limited
39/F, One Pacific Place
88 Queensway
Hong Kong

21 August 2018

To the Independent Shareholders and Optionholders

Dear Sir/Madam,

UNCONDITIONAL MANDATORY CASH OFFERS BY DELOITTE & TOUCHE CORPORATE FINANCE LIMITED FOR AND ON BEHALF OF BAODI INTERNATIONAL INVESTMENT COMPANY LTD TO ACQUIRE ALL THE ISSUED SHARES (OTHER THAN THOSE ALREADY OWNED BY OR AGREED TO BE ACQUIRED BY BAODI INTERNATIONAL INVESTMENT COMPANY LTD AND PARTIES ACTING IN CONCERT WITH IT) AND TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS OF TECHCOMP (HOLDINGS) LIMITED

1. INTRODUCTION

Reference is made to the Joint Announcement. The Offeror and the Guarantor entered into the SPA I with the Vendors on 18 April 2018, pursuant to which the Offeror agreed to acquire (i) 104,956,500 Shares from Mr. Lo; (ii) 7,500,000 Shares from Mr. Lo's spouse and (iii) 9,720,000 Shares from Mr. Chan at an aggregate consideration of HK$399,150,625.50. On the same day, the Offeror entered into the SPA II with Mr. Guo, pursuant to which the Offeror agreed to acquire 47,364,648 Shares from Mr. Guo at a consideration of HK$154,740,305.

The Sale and Purchase Completion took place on 14 August 2018. Immediately before the Sale and Purchase Completion, the Offeror and the parties acting in concert with it did not hold any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately after the Sale and Purchase Completion and as at the Latest Practicable Date, the Offeror and the parties acting in concert with it was interested in a total of 169,541,148 Shares, representing approximately 61.5% of the issued share capital of the Company as at the Latest Practicable Date. As a result of the Sale and Purchase Completion, the Offeror is required to make (i) the Listco Share Offer under Rule 26.1 of the Takeovers Code, and (ii) the Listco Option Offer under Rule 13.5 of the Takeovers Code. As the Company's primary listing is not on the SGX-ST, and as it is not a Singapore incorporated public company, the Singapore Takeovers Code will not apply to the Listco Offer.

This letter forms part of the Listco Offer Document and sets out, among other matters, the principal terms of the Listco Offers, information on the Offeror and the intention of the Offeror regarding the Group. Further details on the terms and procedures of acceptance of the Listco Offers are set out in "Appendix I – Further Terms and Procedures for Acceptance of the Listco Offers" to this Listco Offer Document and the accompanying Forms of Acceptance. Terms used in this letter shall have the same meanings as those defined in this Listco Offer Document unless the context otherwise requires.

2. THE LISTCO OFFERS

Deloitte Corporate Finance is making the Listco Offers for and on behalf of the Offeror in compliance with the Takeovers Code on the following basis:

The Listco Share Offer

For every Offer Share held . . . . HK$3.267 in cash

The Listco Share Offer is unconditional and is open for acceptance by the Independent Shareholders whose Shares are traded on the Stock Exchange and SGX-ST on the date on which the Listco Share Offer is made. The Listco Share Offer Price of HK$3.267 per Offer Share is the same as the price per Sale Share paid by the Offeror under the Sale and Purchase Agreements.

The Listco Option Offer

For cancellation of each Share Option with the Adjusted Option Price of S$0.07 per Share . . . . HK$2.861 in cash

For cancellation of each Share Option with the Adjusted Option Price of S$0.09 per Share . . . . HK$2.745 in cash

For cancellation of each Share Option with the Adjusted Option Price of S$0.28 per Share . . . . HK$1.643 in cash

For cancellation of each Share Option with the Adjusted Option Price of HK$1.16 per Share . . . . HK$2.107 in cash

In accordance with Rule 13 and Practice Note 6 of the Takeovers Code, the respective Listco Option Offer Prices for the Share Options represent the difference between the Listco Share Offer Price and the respective Adjusted Option Prices of these Share Options. The Listco Option Offer is extended to all outstanding Share Options on the date on which the Listco Option Offer is made. As at the Latest Practicable Date, the Offeror and the parties acting in concert with it did not hold any Share Options.

Comparison of the Listco Share Offer Price

The Listco Share Offer Price of HK$3.267 represents:

(i) a premium of approximately 32.80% over the closing price of HK$2.46 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a premium of approximately 42.66% over the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of HK$2.29 per Share;

(iii) a premium of approximately 43.92% over the average closing price of the Shares as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day of approximately HK$2.27 per Share;

(iv) a premium of approximately 37.85% over the average closing price of the Shares as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day of approximately HK$2.37 per Share;

(v) a premium of approximately 48.50% over the average closing price of the Shares as quoted on the Stock Exchange for the ninety (90) consecutive trading days up to and including the Last Trading Day of approximately HK$2.20 per Share;

(vi) a premium of approximately 1.15% over the closing price of HK$3.23 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(vii) a premium of approximately 38.43% over the audited consolidated net asset attributable to the owners of the Company of approximately HK$2.36 per Share as at 31 December 2017 (calculated based on the audited consolidated equity attributable to the Shareholders of approximately US$83.35 million as at 31 December 2017 as disclosed in the Company's 2017 annual report (approximately HK$650.13 million as at 31 December 2017) and 275,437,000 Shares in issue as at 31 December 2017); and

(viii) a premium of approximately 42.04% over the unaudited consolidated net asset attributable to the owners of the Company of approximately HK$2.30 per Share as at 30 June 2018 (calculated based on the unaudited consolidated equity attributable to the Shareholders of approximately US$81.38 million as at 30 June 2018 as disclosed in the Company's announcement of unaudited interim results for the six months ended 30 June 2018 (approximately HK$634.79 million as at 30 June 2018) and 275,437,000 Shares in issue as at 30 June 2018).

Highest and lowest closing price of the Shares

During the Relevant Period, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK$4.36 per Share on 27 April 2018 and HK$1.14 per Share on 18 January 2017, respectively.

Value of the Listco Offers

As at the Latest Practicable Date, there were 275,437,000 Shares in issue (of which 105,895,852 Shares were held by the Independent Shareholders) and 15,338,000 outstanding Share Options conferring rights on the Optionholders to subscribe for up to an aggregate of 15,338,000 Shares. Save for the aforementioned outstanding Share Options, the Company had no other outstanding warrants, derivatives or convertibles in issue which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

Based on the foregoing, the entire issued share capital of the Company as at the Latest Practicable Date was valued at approximately HK$899,852,679. Assuming that all the 15,338,000 outstanding Share Options are fully exercised, the entire issued share capital of the Company would be valued at approximately HK$949,961,925.

Based on the Share Offer Price of HK$3.267 per Offer Share and 105,895,852 Offer Shares:

(a) Assuming no outstanding Share Options are exercised and the Listco Offers are accepted in full:

  (i) the value of the Listco Share Offer will be approximately HK$345,961,748; and

  (ii) the total amount to satisfy the cancellation of all outstanding Share Options will be approximately HK$33,716,938.

(b) Assuming all outstanding Share Options are exercised in full and the Listco Share Offer is accepted in full (including all Shares issued and allotted as a result of the exercise of the Share Options):

  (i) the value of the Listco Share Offer will be approximately HK$396,070,994; and

  (ii) no amount will be payable by the Offeror under the Listco Option Offer.

Irrevocable undertaking in respect of the Listco Share Offer

On 31 July 2018, the Offeror received an irrevocable undertaking (the "**Irrevocable Undertaking**") from Mr. Xu Guo Ping ("**Mr. Xu**"), the legal and beneficial owner of 4,861,000 Shares, representing approximately 1.76% of the total issued share capital of the Company (the "**Relevant Shares**") as at the Latest Practicable Date, that Mr. Xu, among other matters, shall (a) not later than the fifth business day after the posting by the Offeror of this Listco Offer Document, accept or procure acceptance of the Listco Share Offer in respect of the Relevant Shares in accordance with the instructions contained in this Listco Offer Document; (b) not withdraw or procure the withdrawal of acceptance of the Listco Share Offer in respect of any of the Relevant Shares, notwithstanding that the terms of the Listco Share Offer may confer a right of withdrawal of acceptance on accepting Shareholders; (c) not sell, transfer, charge, pledge or grant any option over or otherwise dispose of or create any encumbrances in any way in respect of any of the Relevant Shares or any interest in any of the Relevant Shares prior to the expiry of the offer period (as defined under the Takeovers Code) in respect of the Listco Offers; and (d) refrain from taking any action which is or may be prejudicial to the success of the Listco Offers.

The Irrevocable Undertaking shall terminate and cease to be binding if the Listco Offers lapse or are withdrawn in the circumstances permitted under the Takeovers Code.

Confirmation of financial resources

The maximum consideration payable under the Listco Offers is approximately HK$396,070,994. The Offeror intends to finance the consideration payable under the Listco Offers by internal resources of the Offeror. In this connection, a sum sufficient to cover the consideration payable under the Listco Offers has already been deposited by the Offeror into an escrow account, where such amount will continue to be held in escrow by the escrow agent, which is a commercial bank based in Hong Kong.

Deloitte Corporate Finance, as the financial adviser to the Offeror in respect of the Listco Offers, is satisfied that sufficient resources are available to the Offeror to satisfy the consideration for full acceptance of the Listco Offers.

Given that the consideration payable under the Listco Offers shall be entirely financed by internal resources of the Offeror, there is no arrangement under which the payment of interest on, repayment of or security for any liability (contingent or otherwise) will depend to any significant extent on the business of the Company.

Effect of accepting the Listco Offers

By accepting the Listco Share Offer, the Shareholders will sell their Offer Shares to the Offeror free from all Encumbrances and together with all rights attaching to them including the right to receive all dividends and distributions which may be declared, paid or made at any time on or after the date on which the Listco Share Offer is made, being the date of despatch of this Listco Offer Document.

In accordance with the terms of the 2004 Share Option Scheme, the 2004 Optionholders holding 2004 Share Options as yet unexercised are entitled to exercise such 2004 Share Options in full or in part (as may be determined by the 2004 Share Option Scheme Committee in its absolute discretion) in the period commencing on the date on which the Listco Share Offer is made, and ending on the earlier of the expiry of three months thereafter (unless prior to the expiry of such three-month period, at the recommendation of the Offeror and with the approvals of the 2004 Share Option Scheme Committee, the SGX-ST, and/or such other relevant regulating authority, such expiry date is extended to a later date (being a date falling not later than the date of expiry of the option period)); or the date of expiry of the option period relating thereto, whereupon any 2004 Share Option then remaining unexercised shall lapse and be null and void, provided always that if during such period the Offeror becomes entitled or bound to exercise the rights of the Shares compulsory acquisition under any applicable law and, being entitled to do so, gives notice to the 2004 Optionholders that it intends to exercise such rights on a specified date, the 2004 Share Option shall remain exercisable by the 2004 Optionholders until the expiry of such specified date or the option period relating thereto, whichever is earlier.

In accordance with the terms of the 2011 Share Option Scheme, the 2011 Optionholders are entitled to exercise the 2011 Share Options in full or in part (but if in part only, in respect of a board lot or any integral multiple thereof) by notice in writing (to the extent which has become exercisable on the date of the notice and not already exercised) at any time during the option period relating thereto, provided that if the Listco Offers become or is declared unconditional prior to the expiry of the relevant option period, the 2011 Optionholders are entitled to exercise the 2011 Share Options until one month after the date on which the Listco Offers become or is declared unconditional. The 2011 Share Options shall lapse automatically and not be exercisable on the expiry of the aforementioned period.

By accepting the Listco Option Offer, the Optionholders will consent to cancel their Share Options granted but not exercised and together with all rights attaching to them on or after the date on which the Listco Option Offer is made, being the date of despatch of this Listco Offer Document.

Acceptances of the Listco Offers shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Hong Kong stamp duty

Seller's Hong Kong ad valorem stamp duty on acceptances of the Listco Share Offer at a rate of 0.1% of the consideration payable in respect of the relevant acceptance by the Independent Shareholders or if higher, the market value of the Shares, will be deducted from the amount payable by the Offeror to the Independent Shareholders who accept the Listco Share Offer. The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Listco Share Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Listco Share Offer and the transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

No stamp duty is payable in Hong Kong in connection with the acceptances of the Listco Option Offer.

Singapore stamp duty

Stamp duty and transfer fees (if any) resulting from acceptances of the Listco Share Offer by the Independent Shareholders whose Shares are traded on the SGX-ST will be paid by the Offeror.

No stamp duty is payable in Singapore in connection with the acceptances of the Listco Option Offer.

Payment

Payment in cash in respect of acceptances of the Listco Offers will be made as soon as possible but in any event within seven (7) business days (as defined in the Takeovers Code) of the date on which the duly completed acceptances of the Listco Offers and the relevant documents of title in respect of such acceptances are received by the HK Branch Registrar, the Singapore Transfer Agent, or the CDP (as the case may be) in case of the Listco Share Offer or the company secretary(ies) of the Company in case of the Listco Option Offer to render each such acceptance complete and valid.

No fractions of a cent will be payable; and the amount of the consideration payable to an Independent Shareholders who accepts the Listco Share Offer or an Optionholder who accepts the Listco Option Offer will be rounded up to the nearest cent.

3. INFORMATION ON THE GROUP

Details of the information of the Group are set out in the paragraph headed "Information on the Group" in the "Letter from the Board" in this Listco Offer Document.

4. INFORMATION ON THE OFFEROR AND THE GUARANTOR

The Offeror is an investment holding company incorporated in BVI and is a wholly owned subsidiary of the Guarantor. The Guarantor is a company incorporated in Hong Kong with limited liability and is beneficially and wholly owned by Yunnan Provincial Energy Investment Group Co., Ltd ("**YEIG**"). The ultimate controller of the Offeror is the State-owned Assets Supervision and Administration Commission of the Yunnan Provincial People's Government.

The Guarantor is an investment holding company and through its subsidiaries, is mainly engaged in the operations of cement production, gas-fired power generation in Southeast Asia as well as financial investments. As at 31 December 2017, the audited total assets and net assets attributable to shareholders of the Guarantor were over RMB10 billion and close to RMB3 billion, respectively.

YEIG and its subsidiaries (the "**YEIG Group**") are mainly engaged in, among other things, investment and management of electric power, green energy, coal energy, new energy and other electric-related resources, investment planning and its technical, consulting and information services, and joint investment of natural gas resources and the pipe networks. As at 31 December 2017, the total asset of YEIG was approximately RMB110 billion and it recorded revenue of approximately RMB75 billion for the year ended 31 December 2017. YEIG was ranked 250th among China's top 500 enterprises in 2017 (measured by operation income in 2016) by China Enterprise Confederation (中國企業聯合會) and China Enterprise Directors Association (中國企業家協會).

5. FUTURE INTENTIONS OF THE OFFEROR IN RELATION TO THE COMPANY

Upon the Sale and Purchase Completion, the Offeror became the controlling shareholder of the Company.

It is the intention of the Offeror to, by leveraging the established business network and financial resources of the YEIG Group, continue and expand the Remaining Business after the close of the Listco Offers. It is expected that the Offeror will conduct a detailed review of the business activities, operations and assets of the Group in order to formulate business plans and strategies for the future business development of the Group and to achieve commercially feasible and sustainable growth of the Group. Subject to the results of the review and should suitable investment or business opportunities arise, the Offeror may explore other business opportunities for the Company which may involve acquisitions or investments in assets and/or businesses or cooperation with business partners of the Offeror with a view of enhancing the Group's business growth and asset base as well as broadening its income stream.

Save as in connection with the intention of the Offeror regarding the Group as set out above and the proposed change of board composition as disclosed below, the Offeror has no intention to (i) redeploy the fixed assets of the Company other than those in its ordinary and usual course of business; or (ii) discontinue the employment of the existing employees of the Group. As at the Latest Practicable Date, the Offeror does not have any intentions to dispose the existing businesses of the Group and has no plan, nor has not engaged in any discussion or negotiation, on any injection of any assets or businesses into the Group.

6. PROPOSED CHANGE OF BOARD COMPOSITION

The Board is currently made up of six Directors, comprising three executive Directors, being Mr. Lo, Mr. Chan and Mr. Christopher James O' Connor, and three independent non-executive Directors, being Mr. Ho Yew Yuen, Mr. Seah Kok Khong, Manfred and Mr. Teng Cheong Kwee.

All of the existing executive Directors have tendered their respective resignations from the Board, with effect from a date which is no earlier than such date as permitted under Rule 7 of the Takeovers Code (i.e. the Listco Offers Closing Date). As at the Latest Practicable Date, Mr. Ho Yew Yuen, Mr. Seah Kok Khong, Manfred and Mr. Teng Cheong Kwee have agreed to stay on in their capacity as independent non-executive Directors until 30 November 2018. Further announcement(s) will be made upon any resignation and appointment of the independent non-executive Directors becoming effective.

The Offeror proposes to nominate four new executive Director, namely Mr. Zhang Jincan, Mr. Jiang Wei, Ms. Zhao Na and Mr. He Junyu as the new executive Directors. The appointment of the new executive Directors will take effect on the Listco Offers Closing Date.

Biographies of new Directors nominated by the Offeror

Mr. Zhang Jincan, aged 41, is currently the assistant president of Yunnan Provincial Energy Investment Group Co.. In 2005, Mr. Zhang was awarded a construction management engineer certificate from the Personnel Department of Yunnan Province. In 2008, Mr. Zhang graduated from Sichuan University with a bachelor's degree in civil engineering management. He also obtained a master's degree in engineering management from Kunming University of Science and Technology in 2012. Mr. Zhang joined the Yunnan Provincial Energy Investment Group Co., Ltd. group (the "**YEI Group**") in 2014. He is also currently the chairman of Yunnan Energy (H K) Investment Co. Ltd., and the chairman of 雲南能投對外能源開發有限公司 and 雲能國際(新加坡)投資有限公司, respectively.

Mr. Jiang Wei, aged 45, graduated from Yunnan University in 1993. Mr. Jiang was also awarded with an adult higher education certificate from Yunnan Minzu University in 2005. In 2014, Mr. Jiang obtained a master's degree in industrial engineering from North China Electric Power University. Mr. Jiang joined the YEI Group since 2005 and was employed in strategic marketing. Since 2005, Mr. Jiang has worked in various entities of the YEI Group, including: Weixin Yuntou Yuedian Zhaixi Energy Co., Ltd., Yunnan Provincial Energy Investment Group Beijing Investment Consulting Co., Ltd., Yunnan Energy Investment (H K) Co. Limited and 駐澳門商務代表處(辦事處). Mr. Jiang is currently the deputy general manager of Yunnan Energy Investment (H K) Co. Limited as well as the director and party secretary of 雲南能投(北京)投資諮詢有限公司.

Ms. Zhao Na, aged 41, graduated with a bachelor's degree in auditing from Nanjing Audit University in 1999. Ms. Zhao was a qualified person after passing the accounting qualification examination in the PRC in 2001. Ms. Zhao was employed in the financial management department of various entities of the YEI Group since 2013, including: 雲南省電力投資有限公司, 雲南投資滇中配售電有限公司, 雲南省配售電有限公司 and Yunnan Energy Investment (H K) Co. Limited. Ms. Zhao is currently the director of finance at Yunnan Energy Investment (H K) Co. Limited, 雲南能投對外能源開發有限公司 and 雲能國際(新加坡)投資有限公司, respectively.

Mr. He Junyu, aged 27, is a registered member of the Chartered Institute for Securities and Investment (Chartered MCSI). In 2013, Mr. He graduated from the University of International Business and Economics (Beijing, China) with a bachelor's degree in finance and a bachelor's degree in economics. In 2014, Mr. He obtained a master of science in finance from Imperial College London. Mr. He is currently also enrolled at the Hong Kong Polytechnic University doctor of business administration part-time programme. In 2014, Mr. He worked as a financial analyst for Aperios Partners Global Emerging Markets Hedge Fund in London, the United Kingdom. In 2015, Mr. He served as assistant manager and later as deputy manager of the investment department of Yunnan Energy Investment (H K) Co. Limited and also served as director of 雲南能投新能源投資開發有限公司 between 2016 to 2017. Currently, Mr. He is the managing director of the investment department of Yunnan Energy Investment (H K) Co. Limited as well as the director of the Offeror, Yunnan Energy International Investment (Singapore) Pte. Ltd. and PT. Yunnan Energy International Investment Indonesia, respectively.

Any changes to the composition of the Board will be made in compliance with the Takeovers Code, the Listing Rules and the Listing Manual. Further announcement(s), including but not limited to the details required by Rule 13.51(2) of the Listing Rules, will be made upon any resignation and appointment of the Directors becoming effective.

7. COMPULSORY ACQUISITION

The Offeror does not intend to privatize the Company by availing itself of any power of compulsory acquisition of the remaining Shares not acquired under the Listco Share Offer after the close of the Listco Share Offer.

8. PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Listco Offers, less than the minimum prescribed percentage applicable to the Company, being 25%, of the issued Shares, are held by the public or if the Stock Exchange believes that:

(i) a false market exists or may exist in the trading of the Shares; or

(ii) that there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealing in the Shares until the prescribed level of public float is restored. In such event, trading in the Shares on the SGX-ST may also be suspended.

The Offeror intends to maintain the listing of the Shares on the Main Board of the Stock Exchange and the Main Board of the SGX-ST after the close of the Listco Offers. The directors of the Offeror and the new directors to be appointed to the Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares. The Offeror considers that the appropriate actions to be taken after the close of the Listco Offers may include placing down of sufficient number of accepted Shares by the Offeror for this purpose. Separate announcement(s) will be issued in accordance with the Listing Rules as and when appropriate in this regard.

9. IMPORTANT NOTE TO OVERSEAS SHAREHOLDERS AND OVERSEAS OPTIONHOLDERS

The availability of the Listco Offers to any Overseas Shareholders and Overseas Optionholders may be affected by applicable laws and regulations outside Hong Kong and Singapore. The Overseas Shareholders and the Overseas Optionholders should observe any applicable legal or regulatory requirements in such jurisdictions and, where necessary, seek legal advice. It is the responsibility of the Overseas Shareholders and the Overseas Optionholders who wish to accept the Listco Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Listco Offers (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders and Overseas Optionholders in respect of such jurisdictions).

Any acceptance by any Overseas Shareholders or Overseas Optionholders will be deemed to constitute a representation and warranty from them to the Offeror that the applicable laws and requirements have been complied with. Overseas Shareholders and Overseas Optionholders should consult their professional advisers if in doubt.

10. TAX IMPLICATIONS

Independent Shareholders and Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Listco Offers. None of the Offeror, parties acting in concert with the Offeror, the Company, Deloitte Corporate Finance, and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Listco Offers accepts any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Listco Offers.

11. FURTHER DETAILS OF THE LISTCO OFFERS

Your attention is drawn to the further details of the Listco Offers including the terms of the Listco Offers, documents required and procedures for acceptance, settlement, acceptance period and taxation matters are set out in "Appendix I – Further Terms and Procedures for the Acceptance of the Listco Offers" to this Listco Offer Document and the accompanying Form(s) of Acceptance.

12. GENERAL

This Listco Offer Document has been prepared for the purposes of complying with the laws of Hong Kong, the Takeovers Code and the Listing Rules and the information disclosed may not be the same as which would have been disclosed if this Listco Offer Document had been prepared in accordance with the laws of jurisdictions outside Hong Kong.

To ensure equality of treatment of all Independent Shareholders, those Independent Shareholders who hold Offer Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owner separately. It is essential for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Listco Offers.

All documents and remittances will be sent to the Independent Shareholders and/or Optionholders by ordinary post at their own risk. Such documents and remittances will be sent to the Independent Shareholders and/or Optionholders at their respective addresses as (i) they appear in the register of members of the Company; (ii) they appear in the records of CDP; or (iii) they appear in the register of Optionholders of the Company or if so indicated in the **PINK** Form of Listco Option Offer Acceptance, they appear in the **PINK** Form of Listco Option Offer Acceptance (as the case may be) or, in the case of joint Shareholders, to such Shareholder (a) whose name appears first in the register of members of the Company or (b) whose address appears first in the records of CDP (as the case may be). None of the Company, the Offeror and parties acting in concert with it, Deloitte Corporate Finance, the HK Branch Registrar, the Singapore Transfer Agent, CDP or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other parties involved in the Listco Offers will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

13. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Listco Offer Document and the accompanying Form(s) of Acceptance, which form part of this Listco Offer Document. You are reminded to carefully read the "Letter from the Board", the "Letter from the Independent Board Committee", the "Letter from the Independent Financial Adviser" and other information about the Group, which are set out in this Listco Offer Document before deciding whether or not to accept the Listco Offers, and to consult your professional advisers if in any doubt.

Yours faithfully,
For and on behalf of
Deloitte & Touche Corporate Finance Limited

Connie Ho	**Kelvin Ho**
Executive Director	*Principal*

TECHCOMP (HOLDINGS) LIMITED
天美(控股)有限公司*

(Incorporated in Bermuda with limited liability)
(Hong Kong Stock Code: 1298)
(Singapore Stock Code: T43)

Executive Directors
Mr. Lo Yat Keung *(President)*
Mr. Chan Wai Shing
Mr. Christopher James O'Connor

Independent non-Executive Directors
Mr. Seah Kok Khong, Manfred
Mr. Ho Yew Yuen
Mr. Teng Cheong Kwee

Registered office:
Canon's Court, 22 Victoria Street
Hamilton HM 12, Bermuda

Head office and Place of Business in Hong Kong under the Companies Ordinance (Cap 622 of the Laws of Hong Kong):
6/F., Mita Center
552-566 Castle Peak Road
Kwai Chung
Kowloon
Hong Kong

21 August 2018

To the Shareholders and Optionholders

Dear Sir/Madam,

UNCONDITIONAL MANDATORY CASH OFFERS BY DELOITTE & TOUCHE CORPORATE FINANCE LIMITED FOR AND ON BEHALF OF BAODI INTERNATIONAL INVESTMENT COMPANY LTD TO ACQUIRE ALL THE ISSUED SHARES (OTHER THAN THOSE ALREADY OWNED BY OR AGREED TO BE ACQUIRED BY BAODI INTERNATIONAL INVESTMENT COMPANY LTD AND PARTIES ACTING IN CONCERT WITH IT) AND TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS OF TECHCOMP (HOLDINGS) LIMITED

1. INTRODUCTION

Reference is made to the Joint Announcement and the Circular. As at the date of this Listco Offer Document, the Distribution In Specie, the Supply Framework Agreement, the Service Agreements, the CB Subscription Agreement, the amendment to the terms of the 2004 Share Option Scheme, the amendment to the terms of the 2011 Share Option Scheme and the respective transactions contemplated thereunder, have respectively been approved at the SGM.

The Sale and Purchase Completion was conditional upon, among others, the completion of the Group Reorganisation pursuant to which the Company would, among other things, reorganise itself to form the Remaining Group (which is principally engaged in the business of distribution and after-sales services for various analytical instruments principally in the PRC) and the Privateco Group, the principal business of which includes the design, development, and manufacturing of various analytical instruments under the Privateco Group's own brands and the distribution and provision of after-sales services for analytical instruments manufactured by third parties, primarily outside the PRC.

The Distribution In Specie took place on 14 August 2018, by which the Privateco Shares were distributed to the Shareholders whose names appeared on the register of members of the Company or the Depository Register maintained by CDP and whose Singapore Securities Accounts were credited with shares in the Company, on 23 July 2018 on the basis of one Privateco Share for each share in the Company then held.

The Sale and Purchase Completion also took place on 14 August 2018. Immediately after the Sale and Purchase Completion, the Offeror and parties acting in concert with it became interested in an aggregate of 169,541,148 Shares, representing approximately 61.55% of the entire issued share capital of the Company. Accordingly, the Offeror is required to make an unconditional mandatory cash general offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) under Rule 26.1 of the Takeovers Code. As the Company's primary listing is not on the SGX-ST, and as it is not a Singapore incorporated public company, the Singapore Takeovers Code will not apply to the Listco Offers.

The purpose of this Listco Offer Document is to provide you with, among other things, information relating to the Group, the Listco Offers as well as setting out the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders and Optionholders in respect of the terms of the Listco Offers and as to acceptance, and the letter from the Independent Financial Adviser containing their advice to the Independent Board Committee in respect of the terms of the Listco Offers and as to acceptance.

Pursuant to Rule 2.1 and Rule 2.8 of the Takeovers Code, the Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Ho Yew Yuen, Mr. Seah Kok Khong, Manfred and Mr. Teng Cheong Kwee, has been formed to advise the Independent Shareholders and the Optionholders as to whether the Listco Offers are fair and reasonable and as to the acceptance of the Listco Offers. The Independent Financial Adviser has been appointed as the independent financial adviser to advise the Independent Board Committee on the Listco Offers. The appointment of the Independent Financial Adviser has been approved by the Independent Board Committee.

The Independent Shareholders and the Optionholders are strongly advised to carefully consider the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee" and the "Letter from the Independent Financial Adviser" as set out in the Listco Offer Document before reaching a decision as to whether or not to accept the Listco Offers.

2. THE LISTCO OFFERS

The "Letter from Deloitte Corporate Finance" as set out on pages 11 to 21 of the Listco Offer Document contains the information in respect of the Listco Offers and the principal terms of the Listco Offers are extracted below. You are recommended to refer to the "Letter from Deloitte Corporate Finance", Appendix I to the Listco Offer Document and the accompanying Form(s) of Acceptance for further details.

Deloitte Corporate Finance, as the financial adviser to the Offeror, is making the Listco Offers for and on behalf of the Offeror to all the Independent Shareholders for all the Offer Shares and to all the Optionholders for the cancellation of all outstanding Share Options in compliance with Rules 26.1 and 13 of the Takeovers Code respectively, on the following basis:

The Listco Share Offer

For each Offer Share . . . . HK$3.267 in cash

The Listco Share Offer is unconditional and is open for acceptance by the Independent Shareholders whose Shares are traded on the Stock Exchange and SGX-ST on the date on which the Listco Share Offer is made. The Listco Share Offer Price of HK$3.267 per Offer Share is the same as the price per Sale Share paid by the Offeror under the Sale and Purchase Agreements.

The Listco Option Offer

For cancellation of each Share Option with an
Adjusted Option Price of S$0.07 per Share . . . . HK$2.861 in cash

For cancellation of each Share Option with an
Adjusted Option Price of S$0.09 per Share . . . . HK$2.745 in cash

For cancellation of each Share Option with an
Adjusted Option Price of S$0.28 per Share . . . . HK$1.643 in cash

For cancellation of each Share Option with an
Adjusted Option Price of HK$1.16 per Share . . . . HK$2.107 in cash

In accordance with Rule 13 and Practice Note 6 of the Takeovers Code, the Listco Option Offer Prices for each Share Option represent the difference between the Listco Share Offer Price and the respective adjusted option prices of these Share Options. The Listco Option Offer is extended to all outstanding Share Options on the date on which the Listco Option Offer is made. As at the Latest Practicable Date, the Offeror and the parties acting in concert with it did not hold any Share Options.

Further information on the Listco Offers

You are advised to refer to the "Letter from the Independent Financial Adviser" as set out on pages 31 to 48 of the Listco Offer Document, Appendix I to the Listco Offer Document and the accompanying Form(s) of Acceptance for further terms and conditions of the Listco Offers and the procedures for acceptance and settlement of the Listco Offers.

3. INFORMATION ON THE GROUP

The Company is incorporated in Bermuda with limited liability and its Shares are primary listed on the Main Board of the Hong Kong Stock Exchange and secondary listed on the Main Board of the SGX-ST. Following the Distribution In Specie the Group is principally engaged in the business of distribution and after-sales services for various analytical instruments principally in the PRC, including after-sales services for third party brands such as "Amtek", "BioPek", "Bruker", "Coy", "Edax", "Himac", "Hitachi", "Kurabo", "Millrock", "Nuaire", "Oxford", "Park", "Sonics", "Tomy" and "Uvp", as well as brands owned by the Distributed Business, primarily in the PRC. The Group offers a broad range of scientific instruments including chromatographs, spectrophotometers, electronic microscopes, life science and general laboratory instruments, with specialised and customised hardware and software, to provide solutions and facilitate scientific analysis and testing for a variety of businesses and institutions, including universities, research institutions, companies in the industrial sector and government agencies.

Your attention is drawn to the financial information on the Former Group set out in Appendix II to this Listco Offer Document and the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to this Listco Offer Document.

4. SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon the close of the Listco Share Offer (assuming (a) no other changes to the issued share capital of the Company since the Latest Practicable Date; (b) no Independent Shareholder accepting the Listco Share Offer and (c) the conversion of the whole of the principal amount of the Convertible Bonds by the Offeror) ("**Scenario 1**"); (iii) immediately upon the close of the Listco Offers (assuming (a) all the options have been exercised; (b) no Independent Shareholder accepting the Listco Offers, and (c) conversion of the whole of the principal amount of the Convertible Bonds by the Offeror) ("**Scenario 2**"):

Shareholders	As at the Latest Practicable Date		Scenario 1		Scenario 2	
	Number of Shares	*(approximately) %*	*Number of Shares*	*(approximately) %*	*Number of Shares*	*(approximately) %*
Mr. Lo and parties acting in concert with him	–	–	–	–	–	–
Mr. Chan	–	–	–	–	–	–
Mr. Ho Yew Yuen	300,000	0.1	300,000	0.1	300,000	0.1
KCH Investment	–	–	–	–	–	–
The Offeror and parties acting in concert with it	169,541,148	61.5	247,092,317	70.0	247,092,317	67.1
Other public Shareholders	105,595,852	38.4	105,595,852	29.9	120,933,852	32.8
Total	**275,437,000**	**100.00**	**352,988,169**	**100.00**	**368,326,169**	**100.00**

5. INFORMATION ON THE OFFEROR AND THE GUARANTOR AND FUTURE INTENTIONS OF THE OFFEROR IN RELATION TO THE COMPANY

Your attention is drawn to the paragraphs headed "4. Information on the Offeror and the Guarantor" and "5. Future intentions of the Offeror in relation to the Company" in the "Letter from Deloitte Corporate Finance" of this Listco Offer Document.

The Board notes that save for the proposed change of board composition as disclosed below, the Offeror currently has no intention to (i) redeploy the fixed assets of the Company other than those in its ordinary and usual course of business; or (ii) discontinue the employment of the existing employees of the Group.

6. CHANGE OF BOARD COMPOSITION

The Board is currently made up of six Directors, comprising three executive Directors, being Mr. Lo, Mr. Chan and Mr. Christopher James O' Connor, and three independent non-executive Directors, being Mr. Ho Yew Yuen, Mr. Seah Kok Khong, Manfred and Mr. Teng Cheong Kwee. All of the existing executive Directors have tendered their respective resignations from the Board, with effect from a date which is no earlier than such date as permitted under Rule 7 of the Takeovers Code (i.e. the Listco Offers Closing Date). As at the Latest Practicable Date, Mr. Ho Yew Yuen, Mr. Seah Kok Khong, Manfred and Mr. Teng Cheong Kwee have agreed to stay on in their capacity as independent non-executive Directors until 30 November 2018. Further announcement(s) will be made upon any resignation and appointment of the independent non-executive Directors becoming effective.

Any changes to the composition of the Board will be made in compliance with the Takeovers Code, the Listing Rules and the Listing Manual. Further announcement(s), including but not limited to the details required by Rule 13.51(2) of the Listing Rules, will be made upon any resignation and appointment of the Directors becoming effective.

Your attention is drawn to the paragraph headed "6. Proposed change of Board composition" in the "Letter from Deloitte Corporate Finance" as set out on pages 11 to 21 of the Listco Offer Document.

7. COMPULSORY ACQUISITION

Your attention is drawn to the paragraph headed "7. Compulsory acquisition" in the "Letter from Deloitte Corporate Finance" as set out on pages 11 to 21 of the Listco Offer Document.

8. PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

As set out to the paragraph headed "8. Public float and maintaining the listing status of the Company" in the "Letter from Deloitte Corporate Finance" of this Listco Offer Document, the Offeror intends to maintain the listing of the Shares on the Stock Exchange and the SGX-ST upon the close of the Listco Offers. The directors of the Offeror and the new directors to be appointed to the Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares. The Offeror considers that the appropriate actions to be taken after the close of the Listco Offers may include placing down of sufficient number of accepted Shares by the Offeror for this purpose.

The Stock Exchange has stated that if, upon completion of the Listco Offers, less than the minimum prescribed percentage applicable to the Company, being 25%, of the Shares are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares. In such event, trading in the Shares on the SGX-ST may also be suspended.

9. INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Ho Yew Yuen, Mr. Seah Kok Khong, Manfred and Mr. Teng Cheong Kwee, has been formed to advise the Independent Shareholders and the Optionholders as to whether the terms of the Listco Offers are fair and reasonable and as to acceptance of the Listco Offers.

In addition, Amasse Capital, with the approval of the Independent Board Committee, has been appointed as the independent financial adviser, to advise the Independent Board Committee as to the fairness and reasonableness of the Listco Offers and as to acceptance of the Listco Offers.

10. RECOMMENDATION

Your attention is drawn to (i) the "Letter from the Independent Board Committee" as set out on pages 29 to 30 of the Listco Offer Document, which sets out its recommendations to the Independent Shareholders and the Optionholders in relation to the Listco Offers; and (ii) the "Letter from the Independent Financial Adviser" as set out on pages 31 to 48 of the Listco Offer Document, which sets out its advice to the Independent Board Committee in relation to the Listco Offers and the principal factors considered by it in arriving at its advice.

You are also advised to read the "Letter from Deloitte Corporate Finance" on pages 11 to 21 of this Listco Offer Document, Appendix I to this Listco Offer Document and the accompanying Form(s) of Acceptance in respect of the terms and procedures of acceptance of the Listco Offers. Your attention is also drawn to the additional information contained in the appendices to this Listco Offer Document.

In considering what action to take in connection with the Listco Offers, you should also consult your professional advisers as to the tax implications that may arise from accepting the Listco Offers.

Yours faithfully,
For and on behalf of the Board
Techcomp (Holdings) Limited
Lo Yat Keung
President

TECHCOMP (HOLDINGS) LIMITED
天美(控股)有限公司*

(Incorporated in Bermuda with limited liability)
(Hong Kong Stock Code: 1298)
(Singapore Stock Code: T43)

21 August 2018

To the Independent Shareholders and Optionholders

Dear Sir/Madam,

UNCONDITIONAL MANDATORY CASH OFFERS BY DELOITTE & TOUCHE CORPORATE FINANCE LIMITED FOR AND ON BEHALF OF BAODI INTERNATIONAL INVESTMENT COMPANY LTD TO ACQUIRE ALL THE ISSUED SHARES (OTHER THAN THOSE ALREADY OWNED BY OR AGREED TO BE ACQUIRED BY BAODI INTERNATIONAL INVESTMENT COMPANY LTD AND PARTIES ACTING IN CONCERT WITH IT) AND TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS OF TECHCOMP (HOLDINGS) LIMITED

1. INTRODUCTION

We refer to the Listco Offer Document dated 21 August 2018 jointly issued by the Offeror and the Company of which this letter forms part. Terms used in this letter shall have the meanings as defined in the Listco Offer Document unless the context requires otherwise.

We have been appointed by the Board to form the Independent Board Committee to advise you as to (i) whether, in our opinion, the terms of the Listco Offers are fair and reasonable so far as the Independent Shareholders and Optionholders are concerned, and (ii) to make a recommendation as to acceptance of the Listco Offers, after taking into account the advice from the Independent Financial Adviser to the Independent Board Committee.

Details of advice from the Independent Financial Adviser and the principal factors it has taken into consideration in arriving at its recommendations are set out in the "Letter from the Independent Financial Adviser" of the Listco Offer Document. Details of the Listco Offers are set out in the "Letter from Deloitte Corporate Finance", with additional information set out in the appendices contained in this Listco Offer Document and the accompanying Form(s) of Acceptance.

2. RECOMMENDATION

Having taken into account the advice and recommendations of the Independent Financial Adviser and the principal factors taken into consideration by it in arriving at its opinion, we are of the opinion that the terms of the Listco Offers are fair and reasonable so far as the Independent Shareholders and Optionholders are concerned. Therefore we recommend the Independent Shareholders and Optionholders to accept the Listco Offers.

Notwithstanding our recommendation, the Independent Shareholders and the Optionholders should consider carefully the terms of the Listco Offers and the full text of the "Letter from the Independent Financial Adviser" as set out in the Listco Offer Document and then decide whether to accept or reject the Listco Offers.

Independent Shareholders and Optionholders are reminded to carefully monitor the market price and liquidity of the Shares during the Offer Period and consider selling their Shares in the open market during the Offer Period, where possible, rather than accepting the Listco Offers, if the net proceeds from the sale of such Shares in the open market would exceed the net amount receivable under the Listco Offers.

Notwithstanding our recommendation, the Independent Shareholders and Optionholders are strongly advised that the decision to realise or to hold your investment in the Shares is subject to individual circumstances and investment objectives and they should consider carefully the terms of the Listco Offers. If in doubt, the Independent Shareholders and Optionholders should consult their own professional advisers for professional advice. Furthermore, the Independent Shareholders and Optionholders who wish to accept the Listco Offers are recommended to read carefully the procedures for accepting the Listco Offers as detailed in the Listco Offer Document.

Yours faithfully,
For and on behalf of the
Independent Board Committee of
Techcomp (Holdings) Limited

Mr. Seah Kok Khong, Manfred	**Mr. Ho Yew Yuen**	**Mr. Teng Cheong Kwee**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

Set out below is the text of a letter received from Amasse Capital Limited, the Independent Financial Adviser to the Independent Board Committee in respect of the Listco Offers for the purpose of inclusion in this Listco Offer Document.

AMASSE CAPITAL
寶 積 資 本

21 August 2018

To the Independent Board Committee of Techcomp (Holdings) Limited

Dear Sirs,

UNCONDITIONAL MANDATORY CASH OFFERS BY DELOITTE & TOUCHE CORPORATE FINANCE LIMITED FOR AND ON BEHALF OF BAODI INTERNATIONAL INVESTMENT COMPANY LTD TO ACQUIRE ALL THE ISSUED SHARES (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY BAODI INTERNATIONAL INVESTMENT COMPANY LTD AND PARTIES ACTING IN CONCERT WITH IT) AND TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS OF TECHCOMP (HOLDINGS) LIMITED

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee regarding the Listco Offers, details of which are set out in the composite offer and response document dated 21 August 2018 (the "**Listco Offer Document**") jointly issued by the Offeror and the Company to its Independent Shareholders and Optionholders, of which this letter forms a part. Capitalised terms used in this letter shall have the same meanings as those defined in the Listco Offer Document unless the context requires otherwise.

Reference is made to the Joint Announcement. The Offeror and the Guarantor entered into the SPA I with the Vendors on 18 April 2018, pursuant to which the Offeror agreed to acquire (i) 104,956,500 Shares from Mr. Lo; (ii) 7,500,000 Shares from Mr. Lo's spouse and (iii) 9,720,000 Shares from Mr. Chan at an aggregate consideration of HK$399,150,625.50. On the same day, the Offeror entered into the SPA II with Mr. Guo, pursuant to which the Offeror agreed to acquire 47,364,648 Shares from Mr. Guo at a consideration of HK$154,740,305.

The Sale and Purchase Completion took place on 14 August 2018. Immediately before the Sale and Purchase Completion, the Offeror and the parties acting in concert with it did not hold any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately after the Sale and Purchase Completion and as at the Latest Practicable Date, the Offeror and the parties acting in concert with it was interested in a total of 169,541,148 Shares, representing approximately 61.5% of the issued share capital of the Company as at the Latest Practicable Date. As a result of the Sale and Purchase Completion, the Offeror is required to make (i) the Listco Share Offer under Rule 26.1 of the Takeovers Code, and (ii) the Listco Option Offer under Rule 13.5 of the Takeovers Code. As the Company's primary listing is not on the SGX-ST, and as it is not a Singapore incorporated public company, the Singapore Takeovers Code will not apply to the Listco Offers.

The Independent Board Committee which comprises all the independent non-executive Directors, namely Mr. Ho Yew Yuen, Mr. Seah Kok Khong, Manfred and Mr. Teng Cheong Kwee which has been established by the Company to make a recommendation to (i) the Independent Shareholders regarding the Listco Share Offer and; (ii) the Optionholders regarding the Listco Option Offer. We, Amasse Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in this respect, and our opinion herein is solely for the assistance of the Independent Board Committee in connection with its consideration of the Listco Offers pursuant to Rule 2.1 of the Takeovers Code. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee.

OUR INDEPENDENCE

As at the Latest Practicable Date, apart from the previous engagement in connection to the Distribution In Specie, the Supply Framework Agreement, the Service Agreements and the CB Subscription Agreement (as supplemented and amended by the Supplemental CB Subscription Agreement) and existing engagement in connection with the Privateco Offer and the Listco Offers, we do not and did not have any relationship (business, financial or otherwise) that amounted to a significant connection (as referred to in Rule 2.6 of the Takeovers Code) with the Company, the Privateco, Circle Brown or the Offeror within the past two years of a kind likely to create, or to create the perception of, a conflict of interest for us or which is reasonably likely to affect the objectivity of our advice.

BASIS OF OUR OPINION

In formulating our opinions and recommendation, we have reviewed, among others, the annual reports of the Company for the years ended 31 December 2016 and 2017, the interim results announcement of the Company for the six months ended 30 June 2018 dated 6 August 2018, the clarification announcement dated 25 April 2018 issued by the Company, the Circular and the joint announcement dated 14 August 2018 jointly issued by the Company, the Offeror and Circle Brown. We have relied on the accuracy of the information and facts contained or referred to in the Listco Offer Document and provided to us by the Directors. We have assumed that all information and representations contained or referred to in the Listco Offer Document were true and accurate at the time when they were made and continue to be true, accurate and complete in all material respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the date of despatch of the Listco Offer Document. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Listco Offer Document were reasonably made after due enquiries and considerations. We have no reasons to doubt that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have reviewed sufficient information to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in the Listco Offer Document and to provide a reasonable basis for our opinion and recommendation. The Directors have declared in a responsibility statement set out in the Appendix V to the Listco Offer Document that they jointly and severally accept full responsibility for the accuracy of the information contained in the Listco Offer Document. We have not, however, carried out any independent verification of the information provided by the Company and the Directors, nor have we conducted an independent investigation into the business and affairs, financial condition and future prospects of the Group. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Listco Offers.

In formulating our opinions, we have not considered the tax implication on the Independent Shareholders and the Optionholders arising from acceptances or non-acceptances of the Listco Offers as these are particular to their individual circumstances. It is emphasised that we will not accept responsibility for any tax effect on or liability of any person resulting from his or her acceptance or non-acceptance of the Listco Offers. In particular, the Independent Shareholders and the Optionholders who are residents outside Hong Kong or subject to overseas tax or Hong Kong taxation on securities dealings should consider their own tax position, and if in any doubt, should consult their own professional advisers.

In formulating our opinions, our opinions are necessarily based upon the financial, economic, market, regulatory and other conditions as they existed on, and the facts, information, representations, and opinions made available to us as of the Latest Practicable Date. The Independent Shareholders and the Optionholders will be informed should there be any material changes to the information contained or referred to herein and our opinion as soon as possible after the Latest Practicable Date and throughout the offer period (as defined in the Takeovers Code). We disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinions expressed herein which may come or be brought to our attention after the end of the period for the acceptance of the Listco Offers.

This letter is issued for the Independent Board Committee solely in respect of the Listco Offers and, except for its inclusion in the Listco Offer Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In formulating our opinions, we have taken into consideration the following principal factors and reasons:

1. The Listco Offers

Deloitte Corporate Finance is making the Listco Offers for and on behalf of the Offeror in compliance with the Takeovers Code on the following basis:

The Listco Share Offer

For every Offer Share held . . . . HK$3.267 in cash

The Listco Share Offer is unconditional and is open for acceptance by the Independent Shareholders whose Shares are traded on the Stock Exchange and SGX-ST on the date on which the Listco Share Offer is made. The Listco Share Offer Price of HK$3.267 per Offer Share is the same as the price per Sale Share paid by the Offeror under the Sale and Purchase Agreements.

The Listco Option Offer

For cancellation of each Share Option with the Adjusted Option Price of S$0.07 per Share . . . . HK$2.861 in cash

For cancellation of each Share Option with the Adjusted Option Price of S$0.09 per Share . . . . HK$2.745 in cash

For cancellation of each Share Option with the Adjusted Option Price of S$0.28 per Share . . . . HK$1.643 in cash

For cancellation of each Share Option with the Adjusted Option Price of HK$1.16 per Share. . . . . HK$2.107 in cash

In accordance with Rule 13 and Practice Note 6 of the Takeovers Code, the respective Listco Option Offer Prices for the Share Options represent the difference between the Listco Share Offer Price and the respective Adjusted Option Prices of these Share Options. The Listco Option Offer is extended to all outstanding Share Options on the date on which the Listco Option Offer is made. As at the Latest Practicable Date, the Offeror and the parties acting in concert with it did not hold any Share Options.

2. Information of the Remaining Group

As stated in the letter from the Board of the Listco Offer Document, the Company is incorporated in Bermuda with limited liability and its Shares are primary listed on the Main Board of the Stock Exchange and secondary listed on the Main Board of the SGX-ST. Following the Distribution In Specie, the Group is principally engaged in the business of distribution and after-sales services for various analytical instruments principally in the PRC, including after-sales services for third party brands such as "Amtek", "BioPek", "Bruker", "Coy", "Edax", "Himac", "Hitachi", "Kurabo", "Millrock", "Nuaire", "Oxford", "Park", "Sonics", "Tomy" and "Uvp", as well as brands owned by the Distributed Business, primarily in the PRC. The Group offers a broad range of scientific instruments including chromatographs, spectrophotometers, electronic microscopes, life science and general laboratory instruments, with specialised and customised hardware and software, to provide solutions and facilitate scientific analysis and testing for a variety of businesses and institutions, including universities, research institutions, companies in the industrial sector and government agencies.

3. Financial Information of the Remaining Group

Set out below is a summary of the unaudited pro forma financial information of the Remaining Group for each of the three years ended 31 December 2015, 2016 and 2017 extracted from the section headed "Appendix IV – Management Discussion and Analysis of the Remaining Group" of the Circular, the section headed "Appendix III – Unaudited Pro Forma Financial Information of the Remaining Group" of the Listco Offer Document and provided by the management of the Remaining Group on a pro forma basis.

The unaudited pro forma consolidated net asset value of the Remaining Group as at 31 December 2017 was approximately US$39.44 million. The unaudited pro forma consolidated net asset value per Share as at 31 December 2017 was approximately US$0.14.

	For the year ended 31 December		
	2017	**2016**	**2015**
	US$'000	*US$'000*	*US$'000*
Revenue	145,500	133,200	114,900
Net profit/(loss) after taxation	(8,800)	300	(6,200)

	As at 31 December	
	2017	**2016**
	US$'000	*US$'000*
Total assets	90,704	94,482
Total liabilities	(51,266)	(59,696)
Net asset attributable to owners of the Remaining Group	39,438	34,786

Note: The above financial information of the Remaining Group for each of the three years ended 31 December 2015, 2016, 2017 included all pro forma adjustments in relation to the Group Restructuring were extracted from "Appendix IV – Management Discussion and Analysis of the Remaining Group" of the Circular, the section headed "Appendix III – Unaudited Pro Forma Financial Information of the Remaining Group" of the Listco Offer Document and provided by the management of the Remaining Group on a pro forma basis.

Financial performance for the year ended 31 December 2017

For the year ended 31 December 2017 (the "**FY2017**"), the Remaining Group recorded revenue of approximately US$145.5 million, representing an increase of 9.2% as compared to that of approximately US$133.2 million for the year ended 31 December 2016 (the "**FY2016**"). The increase in revenue was mainly due to increased demand for scientific equipment in the PRC.

The Remaining Group's net loss after taxation was approximately US$8.8 million for the FY2017, as compared to approximately a net profit after taxation of US$0.3 million for FY2016 due to lower gross profit margins attributable to the unfavorable exchange rate change in product mix and the provision for estimated restructuring costs for the Remaining Group of approximately US$1.2 million and the loss on distribution in specie of shares in a subsidiary for the Remaining Group of approximately US$12.2 million.

Financial performance for the year ended 31 December 2016

For FY2016, the Remaining Group recorded revenue of approximately US$133.2 million, representing an increase of 15.9% as compared to that of approximately US$114.9 million for the year ended 31 December 2015 (the "**FY2015**"). The increase in revenue was mainly due to the increase in sales in PRC.

The Remaining Group's net profit after taxation was approximately US$0.3 million for FY2016, as compared to net loss after taxation of approximately US$6.2 million for FY2015 mainly due to higher gross profit margins attributable to favorable exchange rate.

Financial position as at 31 December 2017

The total assets of the Remaining Group was approximately US$90.7 million as at 31 December 2017, representing a decrease of 4.0% as compared to that of approximately US$94.5 million as at 31 December 2016.

The total liabilities of the Remaining Group was approximately US$51.3 million as at 31 December 2017, representing a decrease of 14.1% as compared to that of approximately US$59.7 million as at 31 December 2016.

As at 31 December 2017, the net asset attributable to owners of the Remaining Group increased approximately 13.2% from approximately US$34.8 million as at 31 December 2016 to approximately US$39.4 million.

4. Prospect of the Remaining Group

With reference to the Circular, the Remaining Business under the Remaining Group will be engaged in the distribution and after-sales services for third party brands such as "Amtek", "BioPek", "Bruker", "Coy", "Edax", "Hermle", "Hitachi", "Kurabo", "Millrock", "Nuaire", "Oxford", "Park", "Sonics", "Tomy" and "Uvp", as well as brands owned by the Distributed Business, primarily in the PRC. The Remaining Group has established its operations in the PRC over 28 years ago. The Remaining Group has a wide distribution presence in the PRC with offices in Beijing, Shenzhen, Lanzhou, Chengdu, Chongqing, Fuzhou, Guangzhou, Jinan, Shanghai, Shenyang, Tianjin, Wuhan, Yunan and Xian. The Remaining Group offers a broad range of scientific instruments including chromatographs, spectrophotometers, electronic microscopes, life science and general laboratory instruments, with specialised and customized hardware and software, to provide solutions and facilitate scientific analysis and testing for a variety of businesses and institutions, including universities, research institutions, companies in the industrial sector and government agencies.

According to a report issued by Strategic Directions International Inc. (an independent business intelligence provider that publishes periodic professional research reports on the analytical instrument industry) in February 2018, values of the demand for analytical and life science instrumentation in the PRC increased from approximately US$4,343 million in 2012 to approximately US$6,206 million in 2017, representing a compound annual growth rate (the "**CAGR**") of approximately 7.4% from 2012 to 2017. In view of the CAGR of approximately 7.4%, we are of the view that the growing pace of the demand of the analytical and life science instrument in the PRC is steady.

5. Information on the Offeror and the Guarantor

As stated in the section headed "4. Information on the Offeror and the Guarantor" set out in the letter from Deloitte Corporate Finance to the Listco Offer Document, the Offeror is an investment holding company incorporated in BVI and is a wholly owned subsidiary of the Guarantor. The Guarantor is a company incorporated in Hong Kong with limited liability and is beneficially and wholly owned by Yunnan Provincial Energy Investment Group Co., Ltd ("**YEIG**"). The ultimate controller of the Offeror is the State-owned Assets Supervision and Administration Commission of the Yunnan Provincial People's Government.

The Guarantor is an investment holding company and through its subsidiaries, is mainly engaged in the operations of cement production, gas-fired power generation in Southeast Asia as well as financial investments. As at 31 December 2017, the audited total assets and net assets attributable to shareholders of the Guarantor were over RMB10 billion and close to RMB3 billion, respectively.

YEIG and its subsidiaries (the "**YEIG Group**") are mainly engaged in, among other things, investment and management of electric power, green energy, coal energy, new energy and other electric-related resources, investment planning and its technical, consulting and information services, and joint investment of natural gas resources and the pipe networks. As at 31 December 2017, the total asset of YEIG was approximately RMB110 billion and it recorded revenue of approximately RMB75 billion for the year ended 31 December 2017. YEIG was ranked 250th among China's top 500 enterprises in 2017 (measured by operation income in 2016) by China Enterprise Confederation (中國企業聯合會) and China Enterprise Directors Association (中國企業家協會).

6. Future intentions of the Offeror in relation to the Company

As stated in the section headed "5. Future intentions of the Offeror in relation to the Company" set out in the letter from Deloitte Corporate Finance to the Listco Offer Document, upon the Sale and Purchase Completion, the Offeror became the controlling shareholder of the Company.

It is the intention of the Offeror to, by leveraging the established business network and financial resources of the YEIG Group, continue and expand the Remaining Business after the close of the Listco Offers. It is expected that the Offeror will conduct a detailed review of the business activities, operations and assets of the Group in order to formulate business plans and strategies for the future business development of the Group and to achieve commercially feasible and sustainable growth of the Group. Subject to the results of the review and should suitable investment or business opportunities arise, the Offeror may explore other business opportunities for the Company which may involve acquisitions or investments in assets and/or businesses or cooperation with business partners of the Offeror with a view of enhancing the Group's business growth and asset base as well as broadening its income stream.

Save as in connection with the intention of the Offeror regarding the Group and the proposed change of board composition as set out in the letter from Deloitte Corporate Finance to the Listco Offer Document, the Offeror has no intention to (i) redeploy the fixed assets of the Company other than those in its ordinary and usual course of business; or (ii) discontinue the employment of the existing employees of the Group. As at the Latest Practicable Date, the Offeror does not have any intentions to dispose the existing businesses of the Group and has no plan, nor has not engaged in any discussion or negotiation, on any injection of any assets or businesses into the Group.

7. Public float and maintaining the listing status of the Company

The Offeror intends to maintain the listing of the Shares on the Main Board of the Stock Exchange and the Main Board of the SGX-ST after the close of the Listco Offers. The directors of the Offeror and the new directors to be appointed to the Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares. The Offeror considers that the appropriate actions to be taken after the close of the Listco Offers may include placing down of sufficient number of accepted Shares by the Offeror for this purpose. Separate announcement(s) will be issued in accordance with the Listing Rules as and when appropriate in this regard.

8. The Listco Share Offer Price

On 14 August 2018, Sale and Purchase Completion took place and the Distribution In Specie was made. Pursuant to the Distribution In Specie, the Distributed Businesses were transferred to the Privateco Group and all the Privateco Shares held by the Company were distributed in specie to the Shareholders on the basis of one Privateco Share for every Share held.

In making our analysis of the Listco Share Offer Price and for comparison purposes, we have made adjustments to the historical daily closing prices of the Shares (the "**Adjusted Prices**") by deducting the offer price of HK$0.84 per Privateco Share (the "**Privateco Offer Price**"). We take the Privateco Offer Price as the value of the Privateco Shares for adjustment purpose as there is no open market value for the Privateco Shares which are unlisted and the Privateco Shares (other than those already owned or agreed to be acquired by Circle Brown and parties acting in concert with it) are subject to the Privateco Offer at the Privateco Offer Price.

(i) Comparison of the Listco Share Offer Price with the Adjusted Prices and the net asset value per Share:

The Listco Share Offer Price of HK$3.267 per Share represents:

(a) a premium of approximately 101.67% over the adjusted closing price of HK$1.62 per Share as quoted on the Hong Kong Stock Exchange on the Last Trading Day;

(b) a premium of approximately 125.31% over the average adjusted closing price of the Shares as quoted on the Hong Kong Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day of HK$1.45 per Share;

(c) a premium of approximately 128.46% over the average adjusted closing price of the Shares as quoted on the Hong Kong Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day of approximately HK$1.43 per Share;

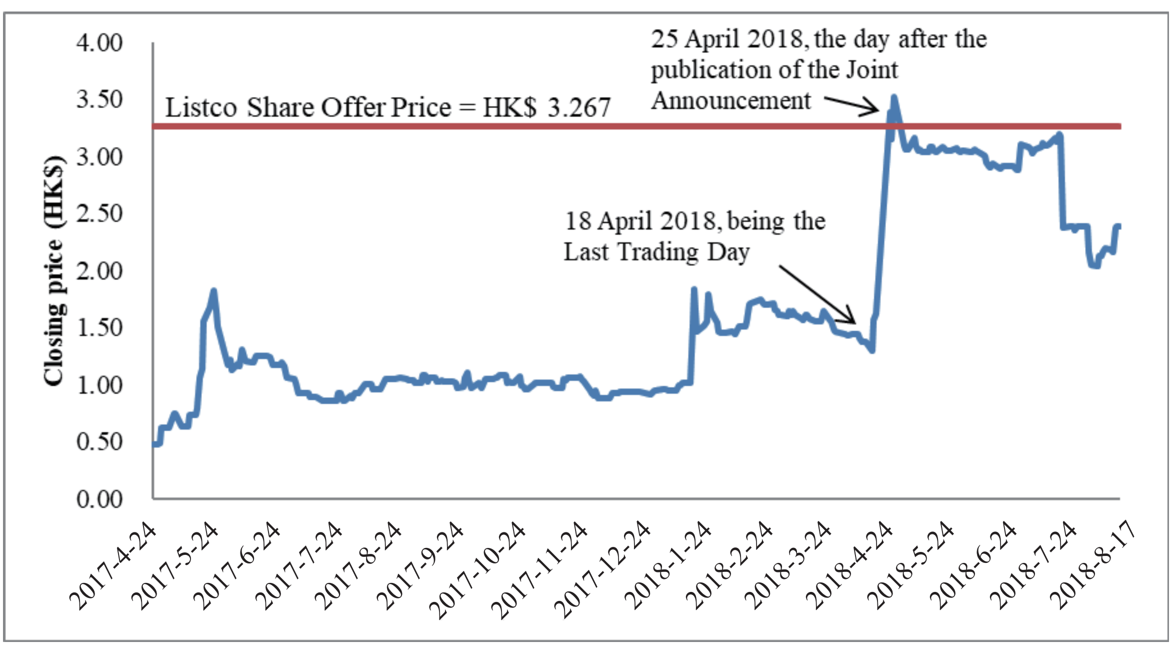
(d) a premium of approximately 113.53% over the average adjusted closing price of the Shares as quoted on the Hong Kong Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK$1.53 per Share;

(e) a premium of approximately 140.22% over the average adjusted closing price of the Shares as quoted on the Hong Kong Stock Exchange for the 90 consecutive trading days up to and including the Last Trading Day of approximately HK$1.36 per Share;

(f) a premium of approximately 36.69% over the adjusted closing price of HK$2.39 per Share as quoted on the Hong Kong Stock Exchange on the Latest Practicable Date; and

(g) a premium of approximately 191.70% over the unaudited pro forma consolidated net asset attributable to the owners of the Remaining Group of approximately HK$1.12 per Share as at 31 December 2017 (calculated based on the unaudited pro forma consolidated equity attributable to the owner of the Remaining Group of approximately US$39.44 million as at 31 December 2017 (approximately HK$307.62 million) as disclosed in the unaudited pro forma financial information of the Remaining Group set out in Appendix III to the Listco Offer Document and 275,437,000 Shares in issue as at 31 December 2017).

We have also compared the Listco Share Offer Price to Adjusted Prices of the Shares over the 12-month period prior to the date of the Joint Announcement up to the Latest Practicable Date. The following chart depicts the adjusted daily closing prices of the Shares from 24 April 2017 (approximately 12 months prior to the date of the Joint Announcement) up to the Latest Practicable Date (the "**Review Period**"):



The adjusted closing prices of the Shares are in general remained stable in the period before the date of the Joint Announcement. Immediately after the date of the Joint Announcement to the Latest Practicable Date (the "**Post-announcement Period**"), the Adjusted Price of the Shares reached HK$3.39 per Share recorded on 25 April 2018 and HK$3.52 on 27 April 2018. We have enquired with the Directors regarding the possible reasons for such increase in the closing price of the Shares in the Post-announcement Period, and as confirmed by the Directors, save for the publication of the Joint Announcement, the Directors were not aware of any happening which might have affected the closing price of the Shares.

As illustrated above, the Listco Share Offer Price has a premium over the Adjusted Prices of the Shares during the period from 24 April 2017 to the Last Trading Day, which ranged from HK$0.48 to HK$1.84. During the Review Period, the Adjusted Prices of the Shares ranged from HK$0.48 to HK$3.52 and such Adjusted Prices were below the Listco Share Offer Price except for two trading days that the Adjusted Price of HK$3.39 (recorded on 25 April 2018) and HK$3.52 (recorded on 27 April 2018) were higher than the Listco Share Offer Price respectively. The average Adjusted Prices of the Shares during the Review Period was approximately HK$1.56. The Listco Share Offer Price represents a premium of approximately 109.42% over such average Adjusted Price of the Shares.

As the Listco Share Offer Price has a premium of approximately 109.42% over the average Adjusted Price of the Shares during the Review Period and premium over the unaudited pro forma consolidated net asset attributable to the owners of the Remaining Group per Share as at 31 December 2017, we consider that the premium in the Listco Share Offer Price would be attractive to the Independent Shareholders who are interested to realise all or part of their investments in the Company through the Listco Share Offer.

(ii) Comparison of the Listco Share Offer Price with price to book multiples:

In assessing the fairness and reasonableness of the value of the Remaining Group implied by the Listco Share Offer Price, we have made reference to other comparable companies. With reference to the unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Remaining Group set out in Appendix III to the Listco Offer Document, as the Remaining Group recorded a net loss attributable to the owners of the Remaining Group, price-to-earning multiple is not applicable for comparison. We adopted a comparable analysis with the price-to-book ratio (the "**PBR**") based on search of comparable companies listed in Hong Kong. We selected companies based on the following criteria: (i) principally engaged in the business of manufacturing and distribution of analytical instrument, life science equipment and laboratory instruments such as medical devices; (ii) over 50% of the revenue of such companies was generated on the PRC as the Remaining Group is focused on PRC region; and (iii) currently listed on the Stock Exchange.

We found 5 Hong Kong listed companies (the "**Market Comparables**") which meet the said criteria and they are exhaustive as far as we are aware of. Independent Shareholders should note that the businesses, operations and prospects of the Remaining Group are not exactly the same as those of the Market Comparables.

Set out below are the PBRs of the Market Comparables based on their respective market capitalization as at the Latest Practicable Date and their respective latest published financial information:

Company Name	Principal Business	Closing price as at the Latest Practicable Date *(HKD)*	Number of shares issued	Market capitalization as of the Latest Practicable Date *(HKD)* *(Note 1)*	Audited/ unaudited net asset value attributable to the owners of the respective company disclosed in the respective latest published financial reports *(HKD)*	PBR as at the Latest Practicable Date *(Note 2)*
China Health Group Limited (673)	Hospital management service, trading of medical equipment and business factoring	0.113	3,639,947,634	411,314,083	161,060,000	2.55
Shandong Weigao Group Medical Polymer Company Limited (1066)	Research and development, production and sale of single-use medical devices	6.19	4,522,332,324	27,993,237,086	15,205,514,940	1.84
LifeTech Scientific Corporation (1302)	Manufacturing and marketing of minimally invasive interventional medical devices	1.91	4,336,291,200	8,282,316,192	1,200,164,640	6.90
Beijing Chunlizhengda Medical Instruments Company Limited (1858)	Research and development, production and sale of implantable orthopedic medical devices	21.2	69,170,400	1,466,412,480	613,858,283	2.39
Yestar Healthcare Holdings Company Limited (2393)	Manufacture and sale of medical imaging products	2.43	2,175,200,000	5,285,736,000	783,985,980	6.74
					Maximum	6.90
					Minimum	1.84
					Median	2.55
					Average	4.09
The Remaining Group	Distribution of analytical instrument, life science equipment and laboratory instruments	3.267 *(Note 3)*	275,437,000	899,852,679 *(Note 3)*	307,616,400 *(Note 3)*	2.93 *(Note 3)*

Notes:

1. Market capitalisation is based on the number of shares in issue and the closing share price as at the Latest Practicable Date.

2. The PBR of the Market Comparables were calculated based upon their respective market capitalization as at the Latest Practicable Date and divided by the net asset value attributable to the owners of the respective companies disclosed in the respective latest published annual reports or interim result announcement.

3. The implied PBR of the Listco Share Offer Price was calculated based upon the Listco Share Offer Price multiplied by total number of issued Shares of 275,437,000 as at the Latest Practicable Date and then divided by the unaudited pro forma consolidated equity attributable to the owner of the Remaining Group of approximately US$39,438,000 (approximately HK$307,616,400) as at 31 December 2017 as extracted from the unaudited pro forma financial information of the Remaining Group set out in Appendix III to the Listco Offer Document.

As depicted in the above table, the PBRs of the Market Comparables ranged from approximately 1.84 times to approximately 6.90 times, with a median of approximately 2.55 times and an average of approximately 4.09 times. Accordingly, although the implied PBR of the Listco Share Offer Price of approximately 2.93 times is below the average of the PBRs of the Market Comparables, it is above the median and within the range of the PBRs of the Market Comparables, we consider the Listco Share Offer Price is fair and reasonable.

9. Historical trading liquidity of the Shares

The number of trading days, the average daily number of the Shares traded per month (the "**Average Volume**"), and the respective percentages of the Average Volume as compared to the total number of issued Shares during the Review Period are tabulated as below:

Month	**Number of trading days in each month**	**Average Volume**	**Percentage of the Average Volume to total number of issued Shares as at the end of each respective month**
	Number of days	*in Shares*	*%* *(Note)*
2017			
April	5	43,400	0.016
May	19	206,316	0.075
June	22	31,136	0.011
July	21	10,000	0.004
August	22	9,727	0.004
September	21	17,857	0.006
October	20	19,550	0.007
November	22	27,136	0.010
December	19	18,632	0.007
2018			
January	22	321,318	0.117
February	18	59,056	0.021
March	21	38,667	0.014
April	15	2,932,628	1.065
May	21	444,405	0.161
June	20	325,550	0.118
July	21	509,905	0.185
August (up to and including the Latest Practicable Date)	13	591,769	0.215
		Maximum	1.065
		Minimum	0.004
		Average	0.120

Note: The calculation is based on the Average Volume divided by the total number of issued Shares at the end of each month during the Review Period (or at the Latest Practicable Date for August 2018).

As illustrated above, during the Review Period, the Average Volume was ranging from 0.004% to 1.065% of the total number of issued Shares as at the end of each respective month (or at the Latest Practicable Date for August 2018). For the whole review period, the Average Volume was around an average of 0.120% of total number of issued Shares and we therefore consider the trading liquidity of the Shares is relative low.

As the Shares are illiquid, disposal of large block of Shares held by the Independent Shareholders in the open market may trigger price slump of the Shares. Given the low liquidity of the Shares, we consider that the Listco Share Offer provide opportunities for the Independent Shareholders to realise all or part of their investments in the Company at a price above the Adjusted Prices of the Shares for 320 trading days out of 322 trading days (representing approximately 99.38% of the total number of trading days) during the Review Period, without having an adverse impact on the Share Price.

Given the aforesaid that the Listco Share Offer will lead to an opportunity provided to the Shareholders to realise all or part of their investments through the Listco Share Offer at the Listco Share Offer Price, we are of the view that the Listco Share Offer is fair and reasonable.

10. The Listco Option Offer

With reference to the sub-section headed "The Listco Option Offer" under the section headed "2. The Listco Offers" in the letter from the Deloitte Corporate Finance of the Listco Offer Document, we noted that the Listco Option Offer will be made by Deloitte Corporate Finance on behalf of the Offeror in accordance with Rule 13 and Practice Note 6 of the Takeovers Code for the cancellation of all outstanding Share Options. The table below sets out the respective Adjusted Option Prices of the outstanding Share Options and the respective Listco Option Offer Prices.

Adjusted Option Prices	Listco Option Offer Prices
S$0.07	HK$2.861
S$0.09	HK$2.745
S$0.28	HK$1.643
HK$1.16	HK$2.107

It is common market practice to adopt a "see-through" price (representing the difference between the share offer price and any given exercise price of the convertible instrument) as the offer/cancellation price for any convertible instrument in conjunction with a general offer for ordinary shares, which complies with Rule 13 of the Takeovers Code.

The Listco Option Offer Prices represent the differences between the Listco Share Offer Price and the Adjusted Option Price of the relevant Share Options. Depending on the Adjusted Option Prices of each relevant Share Options, the Listco Option Offer Prices range from HK$1.643 to HK$2.861 per Share Option. The considerations for the cancellation of the Share Options are the see-through price based on the Listco Share Offer Price.

On the basis that (i) all outstanding Share Options are in-the-money and (ii) the Listco Option Offer Prices are based on the "see-through" basis. Therefore, we consider the basis of determining the Listo Option Offer Prices is in line with the market practice and fair and reasonable so far as the Optionholders are concerned and is in accordance with the requirements of Rule 13 of the Takeovers Code.

11. Comparison of the combined offer price with the historical daily closing prices of the Share and the net asset value per Share:

In view that the Listco Share Offer and the Privateco Offer are implement at the same time, for more information to the Independent Shareholders, set out below is the comparison of the combined offer price (i.e. the potential aggregate cash consideration of HK$4.107 under the Listco Share Offer and the Privateco Offer) (the "**Combined Offer Price**").

The Combined Offer Price of HK$4.107 per Share represents:

(a) a premium of approximately 66.95% over the closing price of HK$2.46 per Share as quoted on the Hong Kong Stock Exchange on the Last Trading Day;

(b) a premium of approximately 79.34% over the average closing price of the Shares as quoted on the Hong Kong Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day of HK$2.29 per Share;

(c) a premium of approximately 80.93% over the average closing price of the Shares as quoted on the Hong Kong Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day of approximately HK$2.27 per Share;

(d) a premium of approximately 73.29% over the average closing price of the Shares as quoted on the Hong Kong Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK$2.37 per Share;

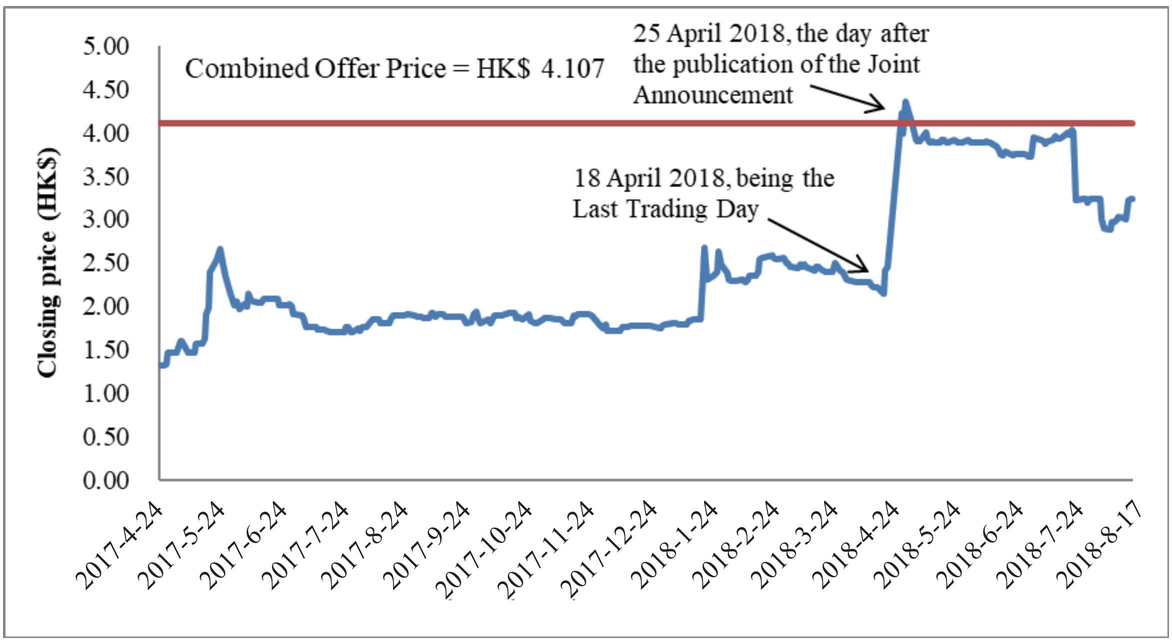
(e) a premium of approximately 86.68%over the average closing price of the Shares as quoted on the Hong Kong Stock Exchange for the 90 consecutive trading days up to and including the Last Trading Day of approximately HK$2.20 per Share;

(f) a premium of approximately 27.15% over the closing price of HK$3.23 per Share as quoted on the Hong Kong Stock Exchange on the Latest Practicable Date;

(g) a premium of approximately 74.03% over the audited consolidated net asset attributable to the owners of the Company of approximately HK$2.36 per Share as at 31 December 2017 (calculated based on the audited consolidated equity attributable to the owners of the Company of approximately US$83.35 million as at 31 December 2017 (approximately HK$650.13 million) as disclosed in the Company's 2017 annual report and 275,437,000 Shares in issue as at 31 December 2017); and

(h) a premium of approximately 78.57% over the unaudited consolidated net asset attributable to the owners of the Company of approximately HK$2.30 per Share as at 30 June 2018 (calculated based on the unaudited consolidated equity attributable to the owners of the Company of approximately US$81.38 million as at 30 June 2018 (approximately HK$634.76 million) as disclosed in the subsection headed "3. Unaudited Condensed Consolidated Financial Statements of the Former Group" set out in Appendix II to the Listco Offer Document and 275,437,000 Shares in issue as at 30 June 2018).

We have also compared the Combined Offer Price to the daily closing prices of the Shares of the Review Period:



The closing prices of the Shares are in general remained stable in the period before the date of the Joint Announcement. During the Post-announcement Period, the closing price of the Shares reached HK$4.23 per Share recorded on 25 April 2018 and HK$4.36 on 27 April 2018.

As illustrated above, the Combined Offer Price has a premium over the closing prices of the Shares during the period from 24 April 2017 to the Last Trading Day, which ranged from HK$1.32 to HK$2.68. During the Review Period, the closing prices of the Shares ranged from HK$1.32 to HK$4.36 and such closing prices were below the Combined Offer Price except for two trading days when the closing price of HK$4.23 (recorded on 25 April 2018) and HK$4.36 (recorded on 27 April 2018) were higher than the Combined Offer Price respectively. The average closing prices of the Shares during the Review Period was approximately HK$2.40. The Combined Offer Price represents a premium of approximately 71.13% over such average closing price of the Shares.

The Combined Offer Price also represents a premium of approximately 78.57% over the unaudited consolidated net asset attributable to the owners of the Company of approximately HK$2.30 per Share as at 30 June 2018 (calculated based on the unaudited consolidated equity attributable to the owners of the Company of approximately US$81.38 million as at 30 June 2018 (approximately HK$634.76 million) and 275,437,000 Shares in issue as at 30 June 2018).

12. Financial information of the Former Group for the six months ended 30 June 2018

Financial performance of the Former Group for the six months ended 30 June 2018

With reference to the unaudited condensed consolidated financial statements of the Former Group for the six months ended 30 June 2018 set out in Appendix II to the Listco Offer Document, for the six month ended 30 June 2018 ("**6M2018**"), the Former Group recorded revenue of approximately US$83.3 million, representing an increase of 4.8% as compared to that of approximately US$79.5 million for the six month ended 30 June 2017 ("**6M2017**"). The increase in revenue was mainly attributable to the increase in sales in European markets by US$3.7 million.

The gross profit of the Former Group was approximately US$26.2 million for 6M2018, representing an increase of 3.6% as compared to that of approximately US$25.3 million in 6M2017, and gross profit margin was approximately 31.5%, a decrease of approximately 0.3% when compared to that of approximately 31.8% for 6M2017.

The Company's net loss after taxation was approximately US$1.3 million for the 6M2018, representing an increase of approximately 44.4% as compared to approximately US$0.9 million for 6M2017. The increase in net loss after taxation was mainly attributable to the increase in research and development expenditure for the six months ended 30 June 2018 which was mainly due to the increase in salary of the research staff.

Financial position of the Former Group as at 30 June 2018

The total assets of the Former Group was approximately US$155.5 million as at 30 June 2018, representing a decrease of 6.3% as compared to that of approximately US$165.9 million as at 31 December 2017. The decrease of total asset was mainly attributable to the decrease in trade and other receivables as at 30 June 2018 which was mainly related to the seasonal pattern in the Former Group's business as a higher portion of sales would realize in the second half of the year.

The total liabilities of the Former Group was approximately US$75.3 million as at 30 June 2018, representing a decrease of 10.0% as compared to that of approximately US$83.7 million as at 31 December 2017.

As at 30 June 2018, the net asset attributable to owners of the Company decreased approximately 2.4% from approximately US$83.4 million as at 31 December 2017 to approximately US$81.4 million.

Based on the above, we noted that (i) the net loss position of the Former Group has been increased mainly attributable to the increase in research and development expenditure for the six months ended 30 June 2018 which was mainly due to the increase in salary of the research staff; and (ii) the net asset attributable to owners of the Company as at 30 June 2018 has been decreased mainly due to the decrease in total assets as discussed above.

RECOMMENDATION

Having considered the principal factors and reasons as stated above, in particular:

(i) the Listco Share Offer Price represents a premium of approximately 36.69% over the Adjusted Price of the Shares as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) the Listco Share Offer Price represents a premium of approximately 191.70% over the unaudited pro forma consolidated net asset attributable to the owners of the Remaining Group of approximately HK$1.12 per Share as at 31 December 2017;

(iii) the Listco Share Offer Price represents a premium of approximately 109.42% over the average Adjusted Prices of the Shares during the Review Period;

(iv) the PBRs of the Market Comparables ranged from approximately 1.84 times to approximately 6.90 times, with a median of approximately 2.55 times and an average of approximately 4.09 times. Accordingly, although the implied PBR of the Listco Share Offer Price of approximately 2.93 times is below the average of the PBRs of the Market Comparables, it is above the median and within the range of the PBRs of the Market Comparables;

(v) disposal of large block of Shares held by the Independent Shareholders in the open market may trigger price slump of the Shares as a result of thin trading volume of the Shares and the Listco Share Offer provides an exit alternative to the Independent Shareholders who would like to realise their investments in the Shares; and

(vi) the basis of determining the Listco Option Offer Prices is in line with the market practice and fair and reasonable and is in accordance with the requirements of Rule 13 of the Takeovers Code,

we consider that the terms of the Listco Offers are fair and reasonable. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders and Optionholders to accept the Listco Offers.

We would also like to remind the Independent Board Committee to remind the Independent Shareholders to closely monitor the market price and liquidity of the Shares during the Offer Period, and consider selling their Shares in the open market, where possible, instead of accepting the Listco Share Offer, if the net proceeds received from the disposal of Shares exceed the net amount receivable under the Listco Share Offer.

Those Independent Shareholders and Optionholders who decide to retain part or all of their investments in the Company should carefully monitor the intentions of the Offeror in relation to the Company in the future and the potential difficulties they may encounter in disposing of their investments in the Company after the close of the Listco Offers. Further terms and conditions of the Listco Offers are set out in the "Letter from Deloitte Corporate Finance" and Appendix I to the Listco Offer Document.

The Optionholders should closely monitor the market prices of the Shares during the Offer Period and should, having regard to their own circumstances, consider converting their Share Options and selling the conversion shares in the open market instead of accepting the Listco Option Offer if the sale proceeds (net of transaction costs) exceed the net amount receivable under the Listco Option Offer.

As different Independent Shareholders and the Optionholders would have different investment criteria, objectives and/or circumstances, we would recommend any Independent Shareholders and the Optionholders who may require advice in relation to any aspect of the Listco Offer Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

Yours faithfully,
For and on behalf of
Amasse Capital Limited
Michael Lam
Managing Director

Note: Mr. Michael Lam is a licensed person registered with the SFC and a responsible officer of Amasse Capital to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and has over 15 years of experience in the finance industry.

A. PROCEDURES FOR ACCEPTANCE OF THE LISTCO OFFERS FOR HONG KONG SHAREHOLDERS

1. PROCEDURES FOR ACCEPTANCE

To accept the Listco Offers, you should complete and sign the relevant accompanying Form(s) of Acceptance in accordance with the instructions printed thereon, which instructions forms part of the terms of the relevant Listco Offers.

1.1 The Listco Share Offer

(a) To accept the Listco Share Offer, you should complete and sign the **WHITE** Form of Listco Share Offer Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Listco Share Offer.

(b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Listco Share Offer in respect of your Offer Shares (whether in full or in part), you must send the **WHITE** Form of Listco Share Offer Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), to the HK Branch Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong marked "**Techcomp (Holdings) Limited – Listco Share Offer**" on the envelope as soon as possible but in any event so as to reach the HK Branch Registrar by not later than 4:00 p.m. on the Listco Offers Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.

(c) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Listco Share Offer in respect of your Shares (whether in full or in part), you must either:

(i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Listco Share Offer on your behalf and requesting it to deliver in an envelope marked "**Techcomp (Holdings) Limited – Listco Share Offer**" the duly completed and signed **WHITE** Form of Listco Share Offer Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the HK Branch Registrar; or

(ii) arrange for the Shares to be registered in your name by the Company through the HK Branch Registrar, and deliver in an envelope marked "**Techcomp (Holdings) Limited – Listco Share Offer**" the duly completed and signed **WHITE** Form of Listco Share Offer Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the HK Branch Registrar; or

(iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Listco Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

(iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.

(d) If the share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Listco Share Offer in respect of your Shares, the **WHITE** Form of Listco Share Offer Acceptance should nevertheless be duly completed and signed and delivered in an envelope marked "**Techcomp (Holdings) Limited – Listco Share Offer**" to the HK Branch Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the HK Branch Registrar as soon as possible thereafter. If you have lost your share certificate(s), you should also write to the HK Branch Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the HK Branch Registrar.

(e) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Listco Share Offer in respect of your Shares, you should nevertheless complete and sign the **WHITE** Form of Listco Share Offer Acceptance and deliver it in an envelope marked "**Techcomp (Holdings) Limited – Listco Share Offer**" to the HK Branch Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable instruction and authority to each of Deloitte Corporate Finance and/or the Offeror and/or any of their respective agent(s) to collect from the Company or the HK Branch Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the HK Branch Registrar and to authorise and instruct the HK Branch Registrar to hold such share certificate(s), subject to the terms and conditions of the Listco Share Offer, as if it was/they were delivered to the HK Branch Registrar with the **WHITE** Form of Listco Share Offer Acceptance.

(f) Acceptance of the Listco Share Offer will be treated as valid only if the duly completed and signed **WHITE** Form of Listco Share Offer Acceptance is received by the HK Branch Registrar on or before the latest time for the acceptance of the Listco Share Offer or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the Takeovers Code and the HK Branch Registrar has recorded that the **WHITE** Form of Listco Share Offer Acceptance and any relevant documents required by Note 1 to Rule 30.2 of the Takeovers Code have been so received, and is:

(i) accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in your favour executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or

(ii) from a registered Shareholder or his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under the other subparagraph of this paragraph (f)); or

(iii) certified by the HK Branch Registrar or the Stock Exchange. If the **WHITE** Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (such as grant of probate or certified copy of power of attorney) to the satisfaction of the HK Branch Registrar must be produced.

(g) In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Listco Share Offer will be payable by relevant Independent Shareholders at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Listco Share Offer, whichever is higher, will be deducted from the cash amount payable by the Offeror to the relevant Independent Shareholder accepting the Listco Share Offer (where the amount of stamp duty is a fraction of a dollar, the stamp duty will be rounded up to the nearest dollar). The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of relevant Independent Shareholders accepting the Listco Share Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Listco Share Offer and the transfer of the Shares.

(h) No acknowledgement of receipt of any **WHITE** Form of Listco Share Offer Acceptance, Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

1.2 The Listco Option Offer

(a) To accept the Option Offer, you should complete and sign the **PINK** Form of Listco Option Offer Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Listco Option Offer.

(b) If you are an Optionholder and you wish to accept the Listco Option Offer in respect of your Share Options (whether in full or in part), you must send duly completed and signed **PINK** Form of Listco Option Offer Acceptance, together with the relevant certificate(s) of the Share Options (if applicable) and/or other document(s) of title or entitlement (and/or satisfactory indemnity or indemnities required in respect thereof) for the aggregate principal amount of Shares Options which you hold that you wish to tender to the Listco Option Offer, by post or by hand, to the company secretary(ies) of the Company at 6/F, Mita Center, 552-566 Castle Peak Road, Kwai Chung, Kowloon, Hong Kong, marked "**Techcomp (Holdings) Limited – Listco Option Offer**" on the envelope as soon as possible and in any event no later than 4:00 p.m. on the Listco Offers Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in compliance with the requirements of the Takeovers Code.

(c) No stamp duty is payable in connection with the acceptances of the Listco Option Offer.

(d) No acknowledgement of receipt of any **PINK** Form of Listco Option Offer Acceptance and/or the certificate(s) or other documents (if any) evidencing the grant of the Share Options (if applicable) and any documents of title or entitlement/or any other documents of title (and/or any satisfactory indemnity/indemnities required in respect thereof) in respect of the Share Options will be given.

1.3 General

Subject to the terms of the Takeovers Code, acceptance(s) of the Listco Offers may, at the discretion of the Offeror, be treated as valid even if not entirely in order or not accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), but, in such cases, the consideration due will not be despatched until the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) has/have been received by the HK Branch Registrar.

2. SETTLEMENT UNDER THE LISTCO OFFERS

2.1 The Listco Share Offer

Provided that a valid **WHITE** Form of Listco Share Offer Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Shares as required by Note 1 to Rule 30.2 of the Takeovers Code are complete and in good order and in all respects and have been received by the HK Branch Registrar before the close of the Listco Share Offer, a cheque for the amount due to each of the Shareholders who accept the Listco Share Offer less seller's ad valorem stamp duty in respect of the Offer Shares tendered by him/her under the Listco Share Offer will be despatched to such Shareholder by ordinary post at his/her own risk as soon as possible but in any event within seven (7) business days (as defined in the Takeovers Code) of the date on which the duly completed acceptances of the Listco Share Offer and the relevant documents of title in respect of such acceptances are received by the HK Branch Registrar to render each such acceptance complete and valid.

2.2 The Listco Option Offer

Provided that a valid **PINK** Form of Listco Option Offer Acceptance and the relevant option certificate(s) or other documents (if any) evidencing the grant of the Share Options and any documents of title or entitlement (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Share Options are complete and in good order and in all respects and have been received by the company secretary(ies) of the Company before the close of the Listco Option Offer, a Hong Kong Dollar cheque drawn on a bank in Hong Kong for the amount due to each of the Optionholders who accept the Listco Option Offer in respect of the Share Options tendered by him/her under the Listco Option Offer will be despatched to such Optionholder by ordinary post to (i) his/her address as they appear in the register of Optionholders of the Company; or (ii) such other address as may be indicated by him/her in the **PINK** Form of Listco Option Offer Acceptance at his/her own risk as soon as possible but in any event within seven (7) business days (as defined in the Takeovers Code) of the date on which the duly completed acceptances of the Listco Option Offer and the relevant documents of title in respect of such acceptances are received by the company secretary(ies) of the Company to render each such acceptance complete and valid.

Settlement of the consideration to which any Shareholder or Optionholder is entitled under the Listco Share Offer or the Listco Option Offer, as the case may be, will be implemented in full in accordance with its terms (save in respect of the payment of the seller's ad valorem stamp duty of the Listco Share Offer) without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholder or Optionholder.

3. ACCEPTANCE PERIOD AND REVISIONS

(a) Unless the Listco Offers have previously been revised or extended with the consent of the Executive, to be valid, the **WHITE** Form of Listco Share Offer Acceptance must be received by the HK Branch Registrar and the **PINK** Form of Listco Option Offer Acceptance must be received by the company secretary(ies) of the Company, in each case, in accordance with the instructions printed thereon by 4:00 p.m. on the Listco Offers Closing Date.

(b) If the Listco Offers are extended, the Offeror will issue an announcement in relation to any extension of the Listco Offers, which announcement will state either the next Listco Offers Closing Date or, a statement that the Listco Offers will remain open until further notice. In the latter case, at least fourteen (14) days' notice in writing must be given before the Listco Offers are closed to those Shareholders and Optionholders who have not accepted the relevant Listco Offers before the Listco Offers are closed. If, in the course of the Listco Offers, the Offeror revises the terms of the Listco Offers, all Shareholders and Optionholders, whether or not they have already accepted the Listco Offers, will benefit under the revised terms. A revised offer must be kept open for at least fourteen (14) days following the date on which the revised offer document is posted.

(c) If the Listco Offers Closing Date is extended, any reference in this Listco Offer Document and in the Form(s) of Acceptance to the Listco Offers Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent closing date.

4. NOMINEE REGISTRATION

To ensure equality of treatment of all Shareholders, those Shareholders who hold Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Listco Offers.

5. ANNOUNCEMENTS

(a) By 6:00 p.m. on the Listco Offers Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the expiry, revision or extension of the Listco Offers. The Offeror must post an announcement in accordance with the Takeovers Code on the Stock Exchange's website (with a copy made available on the website of SGX-ST) by 7:00 p.m. on the Listco Offers Closing Date stating the results of the Listco Offers and whether, amongst other information required under Rule 19.1 of the Takeovers Code, the Listco Offers have been revised, extended, or expired.

The announcement must state the following:

(i) the total number of Shares for which acceptances for the Listco Share Offer have been received;

(ii) the total number of Share Options for which acceptances of the Listco Option Offer have been received;

(iii) the number of Shares and Share Options held, controlled or directed by the Offeror and parties acting in concert with it before the Offer Period; and

(iv) the total number of Shares and Share Options acquired or agreed to be acquired during the Offer Period by the Offeror and persons acting in concert with it.

The announcement must also include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any person acting in concert with it has borrowed or lent (save for any borrowed Shares which have been either on-lent or sold) and specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

(b) In computing the total number or principal amount of Shares and Share Options represented by acceptances, only valid acceptances that are complete, in good order and fulfill the acceptance conditions set out in section A of this Appendix, and which have been received by the HK Branch Registrar, the Singapore Transfer Agent or CDP, as the case may be (in respect of the Listco Share Offer) or the company secretary(ies) of the Company (in respect of the Listco Option Offer), no later than 4:00 p.m. on the Listco Offers Closing Date, being the latest time and date for acceptance of the Listco Offers, shall be included.

(c) As required under the Takeovers Code, all announcements in relation to the Listco Offers will be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

(d) As required under the Listing Manual of the SGX-ST, any information and documents released on the Stock Exchange must be released at the same time on the SGX-ST in English.

6. RIGHT OF WITHDRAWAL

(a) Acceptance of the Listco Offers tendered by the Shareholders and the Optionholders (as the case may be) shall be irrevocable and cannot be withdrawn, except in the circumstances set out in paragraph (b) below.

(b) If the Offeror is unable to comply with the requirements set out in the paragraphs headed "A.5. Announcements" of this Appendix above, as set out in Rule 19.2 of the Takeovers Code, the Executive may require the Independent Shareholders and Optionholders who have tendered acceptances to the Listco Offers be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that rule are met.

7. OVERSEAS SHAREHOLDERS AND OVERSEAS OPTIONHOLDERS

The making of the Listco Offers to the Overseas Shareholders and the Overseas Optionholders may be affected by the laws of the relevant jurisdictions. The Overseas Shareholders and the Overseas Optionholders should observe any applicable legal or regulatory requirements. The Overseas Shareholders and the Overseas Optionholders should obtain appropriate legal advice regarding the implications of the Listco Offers in the relevant jurisdictions with a view to observing any applicable legal or regulatory requirements. It is the responsibility of the Overseas Shareholders and the Overseas Optionholders who wish to accept the Listco Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including but not limited to the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or regulatory or legal requirements. The Overseas Shareholders and the Overseas Optionholders will also be fully responsible for the payment of any transfer or other taxes and duties by the accepting Oversea Shareholders or Overseas Optionholders payable in respect of all relevant jurisdictions. Acceptance of the Listco Offers by the Overseas Shareholders and the Overseas Optionholders will constitute a representation and warranty by such person that the local laws and requirements have been complied with and such person is permitted under all applicable laws to receive and accept the Listco Offers, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty. Overseas Shareholders and Overseas Optionholders should consult their professional advisers if in doubt.

8. GENERAL

(a) All communications, notices, Form(s) of Acceptance, Share certificate(s), certificate(s) of Share Options, transfer receipts(s) (as the case may be), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Listco Offers to be delivered by or sent to or from the Shareholders and/or Optionholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Offeror, its beneficial owners, the Company, Deloitte Corporate Finance, the Independent Financial Adviser, the HK Branch Registrar, the Singapore Transfer Agent, CDP nor any of their respective directors and professional advisers or the company secretary(ies) of the Company or other parties involved in the Listco Offers and any of their respective agents accepts any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.

(b) The provisions set out in the Form(s) of Acceptance form part of the terms and conditions of the Listco Offers.

(c) The accidental omission to despatch this Listco Offer Document and/or Form(s) of Acceptance or any of them to any person to whom the Listco Offers are made will not invalidate either the Listco Share Offer or the Listco Option Offer in any way.

(d) The Listco Offers are, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.

(e) Due execution of the Form(s) of Acceptance will constitute an irrevocable authority to the Offeror, Deloitte Corporate Finance, or such person or persons as the Offeror may direct, to complete, amend and execute any document on behalf of the person or persons accepting the Listco Offers and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Shares or the Share Options in respect of which such person or persons has/have accepted the Listco Offers.

(f) Acceptance of the Listco Offers by any Shareholder or Optionholder will be deemed to constitute a warranty by such person or persons to the Offeror and the Company that their Shares and/or Share Options (as the case may be) are sold to the Offeror free from all Encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attached to them as at the date of this Listco Offer Document or subsequently becoming attached to them, including the right to the receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Listco Share Offer is made, being the date of despatch of this Listco Offer Document. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty;

(g) References to the Listco Offers in this Listco Offer Document and the Form(s) of Acceptance shall include any revision and/or extension thereof.

(h) Subject to the Takeovers Code, the Offeror reserves the right to notify any matter (including the making of the Listco Offers) to all or any Shareholders and with registered address(es) outside Hong Kong or Singapore or whom the Offeror or Deloitte Corporate Finance knows to be nominees, trustees or custodians for such persons by announcement in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any such Shareholders to receive or see such notice, and all references in this Listco Offer Document to notice in writing shall be construed accordingly.

(i) In making their decision, the Shareholders and Optionholders must rely on their own examination of the Offeror, the Group and the terms of the Listco Share Offer and the Listco Option Offer, including the merits and risks involved. The contents of this Listco Offer Document, including any general advice or recommendation contained herein together with the Form(s) of Acceptance shall not be construed as any legal or business advice on the part of the Offeror, its beneficial owners, the Company, Deloitte Corporate Finance or the Independent Financial Adviser or their respective professional advisers. The Shareholders and Optionholders should consult their own professional advisers for professional advice.

(j) The English texts of this Listco Offer Document and the Form(s) of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation in case of any inconsistency.

B. PROCEDURES FOR ACCEPTANCE OF THE LISTCO OFFERS FOR SINGAPORE SHAREHOLDERS

1. DEPOSITORS IN SINGAPORE

1.1 **Depositors whose Singapore Securities Accounts are credited with Offer Shares**. If you have Offer Shares standing to the credit of the "Free Balance" of your Singapore Securities Account, you should receive this Listco Offer Document together with the FAA. If you do not receive the FAA, you may obtain a copy of such FAA, upon production of satisfactory evidence that you are a Shareholder, from CDP at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588.

If you wish to accept the Listco Share Offer, you should:

(a) complete the FAA in accordance with the provisions of this Listco Offer Document and the instructions printed on the FAA. Please note that you must insert the number of Offer Shares in respect of which you wish to accept the Listco Share Offer. If you:

(i) do not specify such number; or

(ii) specify a number which exceeds the number of Offer Shares standing to the credit of the "Free Balance" of your Singapore Securities Account as at 5.00 p.m. (Singapore time) on the Singapore Date of Receipt, or, in the case where the Singapore Date of Receipt is on the Listco Offers Closing Date, as at 4:00 p.m. (Singapore time) on the Listco Offers Closing Date (provided always that the Singapore Date of Receipt must fall on or before the Listco Offers Closing Date),

your FAA will be considered incomplete and invalid, and will be rejected by the Offeror;

(b) sign the FAA in accordance with the provisions of this Listco Offer Document and the instructions printed on the FAA; and

(c) deliver the duly completed and signed original FAA in its entirety (no part may be detached or otherwise mutilated):

(i) **by hand**, to Baodi International Investment Company Ltd, c/o The Central Depository (Pte) Limited, 9 North Buona Vista Drive, #01-19/20, The Metropolis, Singapore 138588; or

(ii) **by post**, in the enclosed pre-addressed envelope at your own risk, to Baodi International Investment Company Ltd, c/o The Central Depository (Pte) Limited, Robinson Road Post Office, P.O. Box 1984, Singapore 903934,

in either case so as to arrive not later than 4:00 p.m. (Singapore time) on the Listco Offers Closing Date. If the duly completed and signed original FAA is delivered by post to the Offeror, please note that it is your responsibility to affix adequate postage on the said envelope.

If you have sold or transferred all your Offer Shares held through CDP, you need not forward the Listco Offer Document and the accompanying FAA to the purchaser or transferee, as CDP will arrange for a separate Listco Offer Document and FAA to be sent to the purchaser or transferee.

1.2 **Depositors whose Singapore Securities Accounts will be credited with Offer Shares**. If you have purchased Offer Shares on the SGX-ST and such Offer Shares are in the process of being credited to the "Free Balance" of your Singapore Securities Account, you should also receive this Listco Offer Document together with the FAA. If you do not receive the FAA, you may obtain a copy of such FAA, upon production of satisfactory evidence that you are a Shareholder, from CDP at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588.

If you wish to accept the Listco Share Offer in respect of such Offer Shares, you should, after the "Free Balance" of your Singapore Securities Account has been credited with such number of Offer Shares purchased:

(a) complete and sign the FAA in accordance with the provisions of this Listco Offer Document and the instructions printed on the FAA; and

(b) deliver the duly completed and signed original FAA in its entirety (no part may be detached or otherwise mutilated):

(i) **by hand**, to Baodi International Investment Company Ltd c/o The Central Depository (Pte) Limited, 9 North Buona Vista Drive, #01-19/20, The Metropolis, Singapore 138588; or

(ii) **by post**, in the enclosed pre-addressed envelope at your own risk, to Baodi International Investment Company Ltd c/o The Central Depository (Pte) Limited, Robinson Road Post Office, P.O. Box 1984, Singapore 903934,

in either case so as to arrive not later than 4:00 p.m. (Singapore time) on the Listco Offers Closing Date. If the duly completed and signed original FAA is delivered by post to the Offeror, please note it is your responsibility to affix adequate postage on the said envelope.

If you have sold or transferred all your Offer Shares held through CDP, you need not forward the Listco Offer Document and the accompanying FAA to the purchaser or transferee, as CDP will arrange for a separate Listco Offer Document and FAA to be sent to the purchaser or transferee.

1.3 **Rejection**. If upon receipt by CDP, for and on behalf of the Offeror, of the FAA, it is established that such Offer Shares have not been credited to the "Free Balance" of your Singapore Securities Account (for example, where you sell or have sold such Offer Shares), your acceptance is liable to be rejected. None of the Offeror, Deloitte Corporate Finance or CDP (or, for the avoidance of doubt, any of the Offeror's related corporations) accepts any responsibility or liability in relation to such rejections, including the consequences thereof.

If you purchase Offer Shares on the SGX-ST, your acceptance in respect of such Offer Shares is liable to be rejected if the "Free Balance" of your Singapore Securities Account is not credited with such Offer Shares by 5:00 p.m. (Singapore time) on the Singapore Date of Receipt or 4:00 p.m. (Singapore time) if the Singapore Date of Receipt is on the Listco Offers Closing Date. None of the Offeror, Deloitte Corporate Finance or CDP (or, for the avoidance of doubt, any of the Offeror's related corporations) accepts any responsibility or liability in relation to such rejections, including the consequences thereof.

1.4 **Depositors whose Singapore Securities Accounts are and will be credited with Offer Shares**. If you have Offer Shares credited to your Singapore Securities Account, and have purchased additional Offer Shares on the SGX-ST which are in the process of being credited to your Singapore Securities Account, you may accept the Listco Share Offer in respect of the Offer Shares standing to the credit of the "Free Balance" of your Singapore Securities Account and may accept the Listco Share Offer in respect of the additional Offer Shares purchased which are in the process of being credited to your Singapore Securities Account only after the "Free Balance" of your Singapore Securities Account has been credited with such number of Offer Shares.

1.5 **Acceptance via SGX-SSH service**. Depository Agents may accept the Listco Share Offer via the SGX-SSH service provided by CDP as listed in Schedule 3 of the Terms and Conditions for User Services for Depository Agents. CDP has been authorised by the Offeror to receive acceptances on its behalf. Such acceptances will be deemed irrevocable and subject to each of the terms and conditions contained in this Listco Offer Document and the FAA as if the FAA had been properly completed in all respects, originally signed and delivered to CDP.

1.6 **General**. No acknowledgement of receipt will be given by CDP for submissions of the FAA made by hand or by post or deposited into boxes located at CDP's premises. All communications, notices, documents and payments will be sent by ordinary post at your own risk to your mailing address as it appears in the records of CDP. For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Offer Shares credited to your Singapore Securities Account. You can verify the number of Offer Shares credited in your Singapore Securities Account through: (a) CDP Online if you have registered for the CDP Internet Access Service; or (b) CDP Phone Service if you have a T-PIN.

1.7 **Suspense Account**. Upon receipt by CDP, for and on behalf of the Offeror, of the FAA which is complete and valid in all respects, CDP will transfer the Offer Shares in respect of which you have accepted the Listco Share Offer from the "**Free Balance**" of your Singapore Securities Account to a "**Suspense Account**". Such Offer Shares will be held in the "**Suspense Account**" until the consideration for such Offer Shares has been despatched to you.

1.8 **Notification and Payment**. CDP will send you a notification letter stating the number of Offer Shares debited from your Singapore Securities Account together with payment of the Offer Price by means of a Singapore Dollar cheque drawn on a bank in Singapore for the appropriate amount based on the prevailing HK$ to Singapore Dollar exchange rate as at such latest practicable date prior to payment of the same by the offeror and sent by ordinary post to your mailing address as recorded with CDP, or in such other manner as you may have agreed with CDP for the payment of any cash distribution, at your own risk.

1.9 **No Singapore Securities Account**. If you do not have any existing Singapore Securities Account in your own name at the time of acceptance of the Listco Share Offer, your acceptance as contained in the FAA will be rejected.

2. SCRIP HOLDERS

2.1 **Shareholders whose Offer Shares are not deposited with CDP and registered in the register of members of the Company**. If you hold Offer Shares which are not deposited with CDP and are registered in the register of members of the Company ("**in scrip form**"), you should receive this Listco Offer Document together with the FAT. If you do not receive the FAT, you may obtain a copy of such FAT, upon production of satisfactory evidence that you are a Shareholder, from M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902.

2.2 If you wish to accept the Listco Share Offer, you should:

(a) complete and sign the FAT in accordance with the provisions of this Listco Offer Document and the instructions printed on the FAT. Please note that you must insert the number of Offer Shares in respect of which you wish to accept the Listco Share Offer. If you:

(i) do not specify such number in the FAT; or

(ii) specify a number which exceeds the number of Offer Shares represented by the attached share certificate(s) accompanying the FAT,

your FAT will be considered incomplete and invalid, and will be rejected by the Offeror;

(b) sign the FAT in accordance with this Listco Offer Document and the instructions printed on the FAT; and

(c) deliver:

(i) the duly completed and signed original FAT in its entirety (no part may be detached or otherwise mutilated);

(ii) the share certificate(s), other document(s) of title and/or other relevant document(s) required by the Offeror and/or the Singapore Transfer Agent relating to the Offer Shares in respect of which you wish to accept the Listco Share Offer. If you are recorded in the register of members of the Company as holding Offer Shares but do not have the relevant share certificate(s) relating to such Offer Shares, you, at your own risk, are required to procure the Company to issue such share certificate(s) in accordance with the constitutive documents of the Company and then deliver such share certificate(s) in accordance with the procedures set out in this **Appendix I** and the FAT;

(iii) where such Offer Shares are not registered in your name, at your own risk, the relevant share certificate(s), other document(s) of title and/or other relevant document(s) required by the Offeror and/or the Singapore Transfer Agent relating to the Offer Shares in respect of which you wish to accept the Listco Share Offer, accompanied with a transfer form, duly executed by the person in whose name such share certificate(s) is/are registered and stamped, with the particulars of the transferee left blank (to be completed by the Offeror or a person authorised by it); and

(iv) any other relevant document(s),

either **by hand or by post**, in the enclosed pre-addressed envelope at your own risk, to Techcomp (Holdings) Limited, c/o M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902, **in either case so as to arrive not later than 4:00 p.m. (Singapore time) on the Listco Offers Closing Date**. If the duly completed and signed original FAT is delivered by post to the Offeror, please use the enclosed pre-addressed envelope. It is your responsibility to affix adequate postage on the said envelope.

If your share certificate(s), transfer form(s) and/or any other relevant document(s) required by the Offeror, is/are not readily available or is/are lost, please contact M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902.

2.3 **Receipt**. No acknowledgement of receipt of any FAT, Share certificate(s), other document(s) of title, transfer form(s) or any other accompanying document(s) will be given by the Offeror, Deloitte Corporate Finance or the Singapore Transfer Agent.

2.4 **Payment**. Payment will be sent to you (or your designated agent or, in the case of joint accepting Shareholders who have not designated any agent, to the one first named in the register of members of the Company) by ordinary post to your mailing address as it appears in the register of members of the Company at your own risk (or to such different name and address as may be specified by you in the FAT and at your own risk), by way of a Singapore Dollar cheque drawn on a bank in Singapore for the appropriate amount based on the prevailing HK$ to Singapore Dollar exchange rate as at such latest practicable date prior to payment of the same by the Offeror.

3. GENERAL

3.1 **Disclaimer and Discretion**. The Offeror, Deloitte Corporate Finance, the Singapore Transfer Agent and/or CDP will be entitled, at their sole and absolute discretion, to reject any acceptance of the Listco Share Offer which is not entirely in order or which does not comply with the terms of this Listco Offer Document and the Singapore Relevant Acceptance Forms or which is otherwise incomplete, incorrect, unsigned or invalid in any respect. If you wish to accept the Listco Share Offer, it is your responsibility to ensure that the FAA and/or the FAT, as the case may be, is/are properly completed in all respects, originally signed and all required documents, where applicable, are provided. Any decision to reject or treat as valid any acceptance will be final and binding and none of the Offeror, Deloitte Corporate Finance, the Singapore Transfer Agent and/or CDP (or, for the avoidance of doubt, any of the Offeror's related corporations) accepts any responsibility or liability for such a decision (including the consequences thereof).

3.2 **Scrip and Scripless Offer Shares**. If you hold some Offer Shares in scrip form and others with CDP, you should complete a FAT for the former and a FAA for the latter in accordance with the respective procedures set out in this **Appendix I** and the Singapore Relevant Acceptance Forms if you wish to accept the Listco Share Offer in respect of such Offer Shares.

3.3 **Deposit Time**. If you hold Offer Shares in scrip form, you should not deposit the share certificate(s) through CDP on or after the despatch date of this Listco Offer Document as the Offer Shares may not be credited into your Singapore Securities Account with CDP in time for you to accept the Listco Share Offer. If you wish to accept the Listco Share Offer in respect of such Offer Shares, you should complete a FAT and follow the procedures set out in "**B.2. Scrip Holders**" of this **Appendix I**.

3.4 **Acceptances received on Saturday, Sunday and public holidays**. Acceptances in the form of the FAA and/or the FAT, as the case may be, to CDP and/or the Singapore Transfer Agent on a Saturday, Sunday or public holiday will only be processed and validated on the next Business Day.

3.5 **Correspondences**. All communications, certificates, notices, documents and remittances to be delivered or sent to you (or in the case of scrip holders, your designated agent or, in the case of joint accepting Shareholders who have not designated any agent, to the one first named in the records of CDP or the register of members of the Company, as the case may be) will be sent by ordinary post to your mailing addresses appearing in the records of CDP or the register of members of the Company, as the case may be, at the risk of the person entitled thereto (or for the purposes of remittances only, to such different name and addresses as may be specified by you in the FAA and/or the FAT, as the case may be, at your own risk).

3.6 **Evidence of Title**. Delivery of the duly completed and signed original FAA and/or FAT, together with the relevant share certificate(s) and/or other documents of title (where applicable) and/or other relevant document(s) required by the Offeror, CDP and/or the Singapore Transfer Agent, to the Offeror, CDP and/or the Singapore Transfer Agent, as the case may be, shall be conclusive evidence in favour of the Offeror, CDP and/or the Singapore Transfer Agent, as the case may be, of the right and title of the person(s) signing it to deal with the same and with the Offer Shares to which it relates.

3.7 **Loss in Transmission**. The Offeror, Deloitte Corporate Finance, the Singapore Transfer Agent and/or CDP, as the case may be, shall not be liable for any loss in transmission of the FAA and/or the FAT.

3.8 **Acceptance Irrevocable**. Except as expressly provided in this Listco Offer Document, the acceptance of the Listco Share Offer made by you using the FAA and/or the FAT, as the case may be, shall be irrevocable.

3.9 **Personal Data Privacy**. By completing and delivering a Singapore Relevant Acceptance Forms, each person (a) consents to the collection, use and disclosure of his personal data by CDP, the Singapore Transfer Agent, the Offeror, Deloitte Corporate Finance and the Company ("**Relevant Persons**") for the purpose of facilitating his acceptance of the Listco Share Offer, and in order for the Relevant Persons to comply with any applicable laws, listing rules, regulations and/or guidelines; (b) warrants that where he discloses the personal data of another person, such disclosure is in compliance with applicable laws, listing rules, regulations and/or guidelines; and (c) agrees that he will indemnify the Relevant Persons in respect of any penalties, liabilities, claims, demands, losses and damages as a result of his breach of warranty.

1. SUMMARY OF FINANCIAL RESULTS FOR THE THREE YEARS ENDED 31 DECEMBER 2017 AND THE SIX MONTHS ENDED 30 JUNE 2018

The following financial information has been extracted from the audited accounts of the Group for each of the three years ended 31 December 2017 and unaudited accounts for the six months ended 30 June 2018:

Set out below is a financial summary of the Former Group for each of the years ended 31 December 2015, 2016 and 2017 and for the six months ended 30 June 2017 and 2018 as extracted from the relevant annual reports and interim report of the Company.

For each of the years ended 31 December 2015, 2016 and 2017, the auditor of the Former Group did not issue a qualified opinion on the consolidated financial statements of the Former Group.

The Former Group had no exceptional items in respect of size, nature or incidence for each of the years ended 31 December 2015, 2016 and 2017 in accordance with International Financial Reporting Standards.

RESULTS

	For the year ended 31 December			For the six months ended 30 June	
	2015	**2016**	**2017**	**2017**	**2018**
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Revenue	171,905	183,043	199,374	79,537	83,340
Profit (loss) before taxation	3,580	902	1,484	(906)	(1,254)
Taxation	(305)	(288)	(498)	(14)	(52)
Profit (loss) for the year/period	3,275	614	986	(920)	(1,306)
Profit (loss) for the year/period attributable to:					
Owners of the Company	3,513	1,013	1,335	(818)	(1,374)
Non-controlling interests	(238)	(399)	(349)	(102)	68
	3,275	614	986	(920)	(1,306)

	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017	2018
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Total comprehensive income (expense) for the year/period attributable to:					
Owners of the Company	3,148	(2,377)	2,155	(2,499)	(1,099)
Non-controlling interests	(243)	(408)	(342)	(103)	66
	2,905	(2,785)	1,813	(2,602)	(1,033)
Earnings (loss) per share:					
Basic (US cents)	1.29	0.37	0.48	(0.30)	(0.50)
Diluted (US cents)	1.28	0.37	0.48	(0.30)	(0.49)
Dividend attributable to the year/period	989	–	–	–	–
Dividend per share (US cents)	0.28	–	–	–	–

ASSETS AND LIABILITIES

	As at 31 December			As at 30 June	
	2015	2016	2017	2017	2018
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Non-current assets	19,877	18,155	17,702	18,817	17,714
Current assets	136,181	150,093	148,151	141,429	137,780
Current liabilities	(58,447)	(81,592)	(79,250)	(76,003)	(70,703)
Non-current liabilities	(13,653)	(6,413)	(4,488)	(6,028)	(4,577)
Net assets	83,958	80,243	82,115	78,215	80,214
Equity attributable to owners of the Company	84,443	81,136	83,350	79,210	(81,383)
Non-controlling interests	(485)	(893)	(1,235)	(995)	(1,169)
Total equity	83,958	80,243	82,115	78,215	80,214

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE FORMER GROUP

The following is the full text of the audited consolidated financial statements of the Former Group for the year ended 31 December 2017 as extracted from the annual report of the Company for the year ended 31 December 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	2017 US$'000	2016 US$'000
Revenue	5	199,374	183,043
Cost of sales		(144,305)	(122,674)
Gross profit		55,069	60,369
Other income, gains and losses	6	1,093	(347)
Selling and distribution expenses		(18,829)	(19,506)
Administrative expenses		(31,101)	(32,467)
Research and development costs		(3,208)	(5,818)
Finance costs	7	(1,540)	(1,329)
Profit before taxation	8	1,484	902
Taxation	10	(498)	(288)
Profit for the year		986	614
Other comprehensive income (expense)			
Item that will not be reclassified to profit or loss:			
Recognition of actuarial (loss) gain on defined benefit plan	24	(723)	63
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		1,550	(3,462)
Other comprehensive income (expense) for the year		827	(3,399)
Total comprehensive income (expense) for the year		1,813	(2,785)
Profit (loss) for the year attributable to:			
Owners of the Company		1,335	1,013
Non-controlling interests		(349)	(399)
		986	614

	Notes	2017 US$'000	2016 US$'000
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		2,155	(2,377)
Non-controlling interests		(342)	(408)
		1,813	(2,785)
Earnings per share:			
Basic (US cents)	12	0.48	0.37
Diluted (US cents)	12	0.48	0.37

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	Notes	2017 US$'000	2016 US$'000
Non-current assets			
Property, plant and equipment	13	10,123	9,735
Goodwill	14	1,347	2,471
Other intangible assets	15	4,362	4,186
Deposits paid for acquisition of property, plant and equipment		910	804
Other assets	16	944	944
Deferred tax assets	17	16	15
		17,702	18,155
Current assets			
Inventories	18	44,649	41,117
Trade and other receivables	19	88,698	92,224
Tax recoverable		366	140
Bank balances and cash	20	14,438	16,612
		148,151	150,093
Current liabilities			
Trade and other payables	21	39,617	38,779
Tax payable		2,774	2,332
Bank borrowings – due within one year	23	34,076	39,718
Bank overdrafts	20	2,783	763
		79,250	81,592
Net current assets		68,901	68,501
Total assets less current liabilities		86,603	86,656

	Notes	2017 US$'000	2016 US$'000
Non-current liabilities			
Bank borrowings – due after one year	23	3,150	5,826
Retirement benefit plans	24	1,192	446
Deferred tax liabilities	17	146	141
		4,488	6,413
Net assets		82,115	80,243
Capital and reserves			
Share capital	25	13,772	13,772
Reserves		69,578	67,364
Equity attributable to owners of the Company		83,350	81,136
Non-controlling interests		(1,235)	(893)
Total equity		82,115	80,243

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Attributable to owners of the Company												
	Share capital	Share premium	Contributed surplus	Merger reserve	Translation reserve	Legal reserves	Capital reserve	Share options reserve	Equity reserve	Retained earnings	Sub-total	Non-controlling interests	Total
	US$'000	US$'000	US$'000	US$'000 (Note a)	US$'000	US$'000 (Note b)	US$'000 (Note c)	US$'000	US$'000 (Note d)	US$'000	US$'000	US$'000	US$'000
At 1 January 2016	13,772	18,385	394	(4,112)	3,417	535	3,003	1,537	(2,490)	50,002	84,443	(485)	83,958
Profit (loss) for the year	–	–	–	–	–	–	–	–	–	1,013	1,013	(399)	614
Other comprehensive (expense) income for the year	–	–	–	–	(3,453)	–	–	–	–	63	(3,390)	(9)	(3,399)
Total comprehensive (expense) income for the year	–	–	–	–	(3,453)	–	–	–	–	1,076	(2,377)	(408)	(2,785)
Share-based payment expenses	–	–	–	–	–	–	–	59	–	–	59	–	59
Dividends recognised as distribution	–	–	–	–	–	–	–	–	–	(989)	(989)	–	(989)
At 31 December 2016	13,772	18,385	394	(4,112)	(36)	535	3,003	1,596	(2,490)	50,089	81,136	(893)	80,243
Profit (loss) for the year	–	–	–	–	–	–	–	–	–	1,335	1,335	(349)	986
Other comprehensive income (expense)	–	–	–	–	1,543	–	–	–	–	(723)	820	7	827
Total comprehensive income (expense) for the year	–	–	–	–	1,543	–	–	–	–	612	2,155	(342)	1,813
Share-based payment expenses	–	–	–	–	–	–	–	59	–	–	59	–	59
At 31 December 2017	13,772	18,385	394	(4,112)	1,507	535	3,003	1,655	(2,490)	50,701	83,350	(1,235)	82,115

Notes:

(a) Merger reserve represents the difference between the combined share capital of the entities in the merged group and the capital of the Company arising from a restructuring exercise undertaken in 2004.

(b) Legal reserves are non-distributable and represent reserve fund and enterprise expansion fund of subsidiaries in the People's Republic of China ("PRC") that can be used to offset prior years' losses or convert into capital, provided such conversion is approved by a resolution at a shareholders' meeting.

(c) Capital reserve represents a transfer of retained earnings by a PRC subsidiary in 2004.

(d) Equity reserve represents effects of changes in ownership interests in subsidiaries when there is no change in control.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	2017	**2016**
	US$'000	*US$'000*
Operating activities		
Profit before taxation	1,484	902
Adjustments for:		
Depreciation of property, plant and equipment	1,185	1,449
Amortisation of other intangible assets	1,578	1,424
Interest income	(20)	(24)
Interest expenses	1,540	1,329
Allowance for doubtful debts	975	580
Gain on disposal of property, plant and equipment	(413)	(260)
Impairment loss recognised in respect of goodwill	847	410
Write-off of other intangible assets	57	38
Allowance for inventories	116	547
Share-based payment expenses	59	59
Operating cash inflow before movements in working capital	7,408	6,454
Increase in inventories	(2,828)	(6,728)
Increase in trade and other receivables	(6,028)	(11,438)
(Decrease) increase in trade and other payables	(492)	11,773
Cash (used in) generated from operations	(1,940)	61
PRC Enterprise Income Tax paid	(281)	(34)
Net cash (used in) from operating activities	(2,221)	27
Investing activities		
Payment of product development costs	(1,394)	(1,352)
Acquisition of property, plant and equipment	(1,201)	(1,647)
Deposits paid for acquisition of property, plant and equipment	(106)	(125)
Proceeds on disposal of property, plant and equipment	492	628
Interest received	20	24
Net cash used in investing activities	(2,189)	(2,472)

	2017	2016
	US$'000	*US$'000*
Financing activities		
Repayments of bank borrowings	(84,400)	(66,497)
Interest paid	(1,540)	(1,329)
Bank borrowings raised	75,758	70,563
Proceeds from loans related to trade bills discounted with recourse	9,767	1,776
Dividends paid	–	(989)
Net cash (used in) from financing activities	(415)	3,524
Net (decrease) increase in cash and cash equivalents	(4,825)	1,079
Cash and cash equivalents at beginning of the year	15,849	15,278
Effect of foreign exchange rate changes	631	(508)
Cash and cash equivalents at end of the year	11,655	15,849
Represented by:		
Bank balances and cash	14,438	16,612
Bank overdrafts	(2,783)	(763)
	11,655	15,849

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. GENERAL

Techcomp (Holdings) Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability. On 23 March 2016, the Company converted its listing status from a primary listing to a secondary listing on the Main Board of Singapore Exchange Securities Trading Limited ("SGX-ST") while maintaining its primary listing status on the Main Board of The Stock Exchange of Hong Kong Limited ("SEHK"). Its ultimate controlling shareholder is Mr. Lo Yat Keung who is the chief executive of the Company. The addresses of the registered office and principal place of business of the Company are disclosed in the corporation information section of the annual report.

The principal activity of the Company is to act as an investment holding company. The principal activities of the subsidiaries are disclosed in note 34.

The consolidated financial statements are presented in United States Dollars ("US$") which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time in the current year:

Amendments to IAS 7	Disclosure initiative
Amendments to IAS 12	Recognition of deferred tax assets for unrealised losses
Amendments to IFRS 12	As part of the annual improvements to IFRS standards 2014 – 2016 cycle

Except as described below, the application of the amendments to IFRSs in the current year has had no material impact on the Group's performance and financial positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to IAS 7 "Disclosure initiative"

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the followings to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in note 30. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note 30, the application of these amendments has had no impact on the Group's consolidated financial statements.

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs and interpretations that have been issued but are not yet effective:

IFRS 9	Financial instruments[1]
IFRS 15	Revenue from contracts with customers and the related amendments[1]
IFRS 16	Leases[2]
IFRS 17	Insurance contracts[4]
IFRIC 22	Foreign currency transactions and advance consideration[1]
IFRIC 23	Uncertainty over income tax treatments[2]
Amendments to IFRSs	Annual improvements to IFRS standards 2015 – 2017 cycle[2]
Amendments to IFRS 2	Classification and measurement of share-based payment transactions[1]
Amendments to IFRS 4	Applying IFRS 9 “Financial instruments” with IFRS 4 “Insurance contracts”[1]
Amendments to IFRS 9	Prepayment features with negative compensation[2]
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to IAS 19	Plan amendment, curtailment or settlement[2]
Amendments to IAS 28	As part of the annual improvements to IFRS standards 2014 – 2016 cycle[1]
Amendments to IAS 28	Long-term interests in associates and joint ventures[2]
Amendments to IAS 40	Transfers of investment property[1]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2019.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2021.

IFRS 9 “Financial instruments”

IFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of IFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income (“FVTOCI”). All other financial assets are measured at their fair value at subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39 “Financial instruments: Recognition and measurement”. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group’s financial instruments and risk management policies as at 31 December 2017, the directors of the Company anticipate the following potential impact on initial application of IFRS 9:

Classification and measurement:

Unquoted equity shares classified as available-for-sale investments carried at cost less impairment as disclosed in note 16: these unquoted equity shares qualified for designation as measured at FVTOCI under IFRS 9 and the Group will designate these securities at FVTOCI at 1 January 2018 and measure these shares at fair value at the end of subsequent reporting periods with fair value gains or losses to be recognised as other comprehensive income and accumulated in the investments revaluation reserve and the investments are not subject to impairment. Upon initial application of IFRS 9, any fair value gain relating to these unquoted equity shares would be adjusted to investments revaluation reserve as at 1 January 2018;

Except for financial assets which are subject to the credit loss model upon application of IFRS 9, all other financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under IAS 39.

Impairment:

In general, the directors of the Company anticipate that the application of the expected credit loss model of IFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs that subject to the impairment provisions upon application of IFRS 9 by the Group.

Based on the assessment by the directors of the Company, if the expected credit loss model was to be applied by the Group, the accumulated amount of impairment loss to be recognised by Group as at 1 January 2018 would be increased as compared to the accumulated amount recognised under IAS 39 mainly attributable to expected credit losses provision on trade and other receivables. Such further impairment recognised under expected credit loss model would reduce the opening retained earnings.

IFRS 15 "Revenue from contracts with customers"

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 "Revenue", IAS 11 "Construction contracts" and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In 2016, the IASB issued Clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company have assessed that the transportation services represent separate performance obligations from the sale of analytical instruments, life science equipment and laboratory instruments and accordingly, revenue will be recognised for this performance obligation when control over the corresponding service is transferred to the customers. The timing of revenue recognition of each of these performance obligations (at a point of time for sale of goods when the goods are delivered to the customers and when provision for the relevant services are completed) are expected to be consistent with current practice. IFRS 15 requires the transaction price to be allocated to the different performance obligations on a relative stand-alone selling price basis and the allocation of revenue among the above separate performance obligations may be different compared to that under the current practice.

In addition, the directors of the Company anticipate that the application of IFRS 15 in the future may result in more disclosures.

IFRS 16 "Leases"

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 "Leases" and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Upon application of IFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

Under IAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease for leasehold lands where the Group is a lessee. The application of IFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December 2017, the Group has non-cancellable operating lease commitments of US$2,391,000 as disclosed in note 27. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of IFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases. In addition, the Group currently considers refundable rental deposits paid of US$151,000 as rights and obligations under leases to which IAS 17 applies. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost, such adjustments are considered as additional lease payments and would be included in the initial measurement of right-of use assets.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

The directors of the Company anticipate that the application of the other new and amendments to IFRSs and interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on SEHK and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 "Share-based payment", leasing transactions that are within the scope of IAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 "Inventories" or value in use in IAS 36 "Impairment of assets".

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 "Income taxes" and IAS 19 "Employee benefits" respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or groups of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or groups of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or groups of cash-generating units).

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal (or any of the cash-generating unit within group of cash-generating units in which the Group monitors goodwill).

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed.

Interest income is accrued on a time apportionment basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generally intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair values at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Other intangible assets

Technical know-how is measured initially at purchase cost and amortised on a straight-line basis over the estimated useful life, which normally does not exceed five years.

Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately to profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately to profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained earnings.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Financial assets are classified into loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including bank balances and cash and trade and other receivables) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is an objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- breach of contracts, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated in equity.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premium or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, bank borrowings and bank overdrafts are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognise its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Leasing

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risk and awards of ownership to the lease. All other leases are classified as operating leases.

The Group as lessee

Operating leases payments are recognised as an expense on a straight-line basis over the lease term.

Leasehold land and building

When the Group makes payments for a property interest which includes both leasehold land and building elements, the Group assesses the classification of each element separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire property is accounted as an operating lease. Specifically, the entire consideration (including any lump-sum upfront payments) are allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the payments cannot be allocated reliably between the leasehold land and building elements, the entire property is generally classified as if the leasehold land is under finance lease.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to defined contribution retirement benefit plans, state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlement);
- net interest expense or income; and
- remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (for example contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability (asset).
- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the entity reduces service cost by attributing the contributions to periods of service using the attribution method required by IAS 19 paragraph 70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the entity reduces service cost in the period in which the related service is rendered.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or tax deductible. The Group's liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for business combination.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. US$) using exchange rate prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributable to non-controlling interests as appropriate).

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

(a) Impairment assessment of trade receivables

Appropriate allowances for estimated irrecoverable amounts of trade receivables are recognised in profit or loss when there is an objective evidence that the asset is impaired.

In determining whether allowance for doubtful debts is required, management takes into consideration the credit history, including default or delay in payments, settlement history and aging analysis of the trade receivables. Specific allowance is made for trade receivables that are unlikely to be collected. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, further allowance for doubtful debts is required. In this regard, the Group has recognised an allowance for doubtful debts amounting to US$4,112,000 (2016: US$3,661,000). The carrying amount of trade receivables is disclosed in note 19.

(b) Net realisable value assessment of inventories

In determining the net realisable value of the Group's inventories, management estimated the recoverable amount of inventories based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration the fluctuations in price, the balance on hand relative to sales prospects and the condition of the inventories. In this regard, the Group has recognised an allowance for inventories amounting to US$116,000 (2016: US$547,000). The carrying amount of inventories is disclosed in note 18.

(c) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating units to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate future cash flows expected to arise from the cash-generating unit and suitable discount rates, growth rates and expected changes to selling prices and direct costs in order to calculate the present value. Where the actual future cash flows are less than expected, or changes in facts and circumstances which results in downward revision of future cash, a material impairment loss may arise. During the year ended 31 December 2017, an impairment loss of US$847,000 (2016: US$410,000) is recognised and the carrying amount of goodwill and information relating to the estimates used in assessing impairment of goodwill is disclosed in note 14.

5. REVENUE AND SEGMENT INFORMATION

Revenue

	2017	**2016**
	US$'000	*US$'000*
Sale of analytical instruments, life science equipment and laboratory instruments	199,374	183,043

Segment information

Segment revenue and expense: Segment revenue and expense are the operating revenue and expense reported in the Group's consolidated statement of profit or loss and other comprehensive income that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment.

Products and services from which reportable segments derive their revenues

The Group is organised into two operating divisions – distribution and manufacturing. These are also the divisions that the Group's chief operating decision maker focused on for the purpose of resource allocation and assessment of segment performance. The Group's chief operating decision maker has been identified as the executive directors of the Company.

The principal activities of the operating segments are as follow:

Distribution	–	Distribution of analytical and laboratory instruments and life science equipment; and
Manufacturing	–	Design and manufacture and sales of analytical and laboratory instruments and life science equipment.

Information regarding the Group's reportable segments is presented below.

Segment revenues and results

	Distribution	Manufacturing	Total
	US$'000	*US$'000*	*US$'000*
2017			
Revenue	128,948	70,426	199,374
Segment results	4,405	(2,265)	2,140
Unallocated expenses			(656)
Profit before taxation			1,484
2016			
Revenue	118,105	64,938	183,043
Segment results	4,589	(3,038)	1,551
Unallocated expenses			(649)
Profit before taxation			902

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit (loss) represents the profit (loss) earned (incurred) by each segment without allocation of certain directors' emoluments, share-based payment expenses and central administration costs. Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets, liabilities and other information

	Distribution	Manufacturing	Total
	US$'000	*US$'000*	*US$'000*
2017			
ASSETS			
Segment assets	103,634	60,610	164,244
Unallocated assets			1,609
Consolidated total assets			165,853
LIABILITIES			
Segment liabilities	62,257	18,561	80,818
Unallocated liabilities			2,920
Consolidated total liabilities			83,738
OTHER INFORMATION			
Amounts included in the measure of segment results or segment assets:			
Capital expenditure	297	2,404	2,701
Depreciation and amortisation	365	2,398	2,763
Allowance for doubtful debts	706	269	975
Allowance for inventories	–	116	116
Impairment loss recognised in respect of goodwill	–	847	847
Write-off of other intangible assets	–	57	57
Finance costs	1,487	53	1,540
Interest income	(18)	(2)	(20)
2016			
ASSETS			
Segment assets	109,070	58,072	167,142
Unallocated assets			1,106
Consolidated total assets			168,248
LIABILITIES			
Segment liabilities	67,467	18,065	85,532
Unallocated liabilities			2,473
Consolidated total liabilities			88,005

	Distribution	Manufacturing	Total
	US$'000	*US$'000*	*US$'000*
OTHER INFORMATION			
Amounts included in the measure of segment results or segment assets:			
Capital expenditure	798	2,326	3,124
Depreciation and amortisation	382	2,491	2,873
Allowance for doubtful debts	389	191	580
Allowance for inventories	–	547	547
Impairment loss recognised in respect of goodwill	–	410	410
Write-off of other intangible assets	–	38	38
Finance costs	1,292	37	1,329
Interest income	(16)	(8)	(24)

All assets are allocated to reportable segments other than certain bank balances and cash, other assets, deferred tax assets and tax recoverable. Goodwill has been allocated to reportable segments based on the subsidiaries' operating division which is the manufacturing division.

All liabilities are allocated to reportable segments other than tax payable and deferred tax liabilities.

Geographical information

The Group operates principally in the PRC (including Hong Kong and Macau) (country of domicile), Asia (other than the PRC) and Europe.

The Group's revenue from external customers, based on location of customers, is detailed below:

	2017	2016
	US$'000	*US$'000*
PRC (including Hong Kong and Macau)	145,633	135,353
Asia (other than the PRC)	18,960	17,187
Europe	26,443	23,819
Others [1]	8,338	6,684
Total	199,374	183,043

(1) The geographic segment classified as "Others" includes the United States of America, Africa and Australia.

The Group's information about its non-current assets (excluding other assets and deferred tax assets) by geographical location, based on location of assets, is detailed below:

	2017	2016
	US$'000	*US$'000*
PRC (including Hong Kong and Macau)	6,411	7,501
Europe	9,358	8,501
United States of America	960	1,179
Others [2]	13	15
Total	16,742	17,196

(2) The geographic segment classified as "Others" includes Singapore and India.

Information about major customers

There is no single external customer contributing over 10% of the total revenue of the Group for both years.

6. OTHER INCOME, GAINS AND LOSSES

	2017	2016
	US$'000	*US$'000*
Foreign exchange gain (loss), net	783	(710)
Freight services income	122	28
Gain on disposal of property, plant and equipment	413	260
Impairment loss recognised in respect of goodwill	(847)	(410)
Interest income on bank deposits	20	24
Subsidies from government *(Note)*	120	86
Sundry income	482	375
	1,093	(347)

Note: There were no specific conditions attached to the subsidies, and the Group recognised the grants upon receipts.

7. FINANCE COSTS

	2017	2016
	US$'000	*US$'000*
Interest on bank borrowings and overdrafts	1,540	1,329

8. PROFIT BEFORE TAXATION

	2017	2016
	US$'000	*US$'000*
Profit before taxation has been arrived at after charging:		
Directors' remuneration *(note 9)*	888	670
Other staff costs	19,734	21,122
Share-based payment expenses for other staff	35	59
Contributions to retirement benefit schemes for other staff	3,368	3,489
Total staff costs	24,025	25,340
Allowance for doubtful debts	975	580
Auditor's remuneration	522	522
Amortisation of other intangible assets	1,578	1,424
Cost of inventories recognised as an expense	144,305	122,674
Depreciation of property, plant and equipment	1,185	1,449
Allowance for inventories	116	547
Impairment loss recognised in respect of goodwill	847	410
Write-off of other intangible assets	57	38

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Directors' remuneration

The emoluments of directors during the year are analysed as follows:

	2017						2016					
	Fees *US$'000*	Basic salaries and allowances *US$'000*	Bonus *US$'000* *(Note)*	Share-based payment expenses *US$'000*	Contributions to retirement benefit schemes *US$'000*	Total *US$'000*	Fees *US$'000*	Basic salaries and allowances *US$'000*	Bonus *US$'000*	Share-based payment expenses *US$'000*	Contributions to retirement benefit schemes *US$'000*	Total *US$'000*
THE COMPANY												
Executive directors:												
Lo Yat Keung	–	–	–	–	–	–	–	–	–	–	–	–
Chan Wai Shing	–	–	–	–	–	–	–	–	–	–	–	–
Christopher James O'Conner[1]	–	–	–	24	–	24	–	–	–	–	–	–
Independent non-executive directors:												
Ho Yew Yuen	50	–	–	–	–	50	51	–	–	–	–	51
Seah Kok Khong, Manfred	45	–	–	–	–	45	46	–	–	–	–	46
Teng Cheong Kwee	45	–	–	–	–	45	46	–	–	–	–	46
	140	–	–	24	–	164	143	–	–	–	–	143
SUBSIDIARIES												
Executive directors:												
Lo Yat Keung	–	196	36	–	2	234	–	188	41	–	2	231
Chan Wai Shing	–	127	24	–	14	165	–	123	28	–	14	165
Christopher James O'Conner[1]	–	325	–	–	–	325	–	131	–	–	–	131
Independent non-executive directors:												
Ho Yew Yuen	–	–	–	–	–	–	–	–	–	–	–	–
Seah Kok Khong, Manfred	–	–	–	–	–	–	–	–	–	–	–	–
Teng Cheong Kwee	–	–	–	–	–	–	–	–	–	–	–	–
	–	648	60	–	16	724	–	442	69	–	16	527

	2017						2016					
	Fees *US$'000*	Basic salaries and allowances *US$'000*	Bonus *US$'000* *(Note)*	Share-based payment expenses *US$'000*	Contributions to retirement benefit schemes *US$'000*	Total *US$'000*	Fees *US$'000*	Basic salaries and allowances *US$'000*	Bonus *US$'000*	Share-based payment expenses *US$'000*	Contributions to retirement benefits schemes *US$'000*	Total *US$'000*
THE GROUP												
Executive directors:												
Lo Yat Keung	–	196	36	–	2	234	–	188	41	–	2	231
Chan Wai Shing	–	127	24	–	14	165	–	123	28	–	14	165
Christopher James O'Conner[1]	–	325	–	24	–	349	–	131	–	–	–	131
Independent non-executive directors:												
Ho Yew Yuen	50	–	–	–	–	50	51	–	–	–	–	51
Seah Kok Khong, Manfred	45	–	–	–	–	45	46	–	–	–	–	46
Teng Cheong Kwee	45	–	–	–	–	45	46	–	–	–	–	46
	140	648	60	24	16	888	143	442	69	–	16	670

(1) Christopher James O'Connor was appointed on 1 September 2016.

Note: The bonus is determined with reference to the operating results, individual performance and comparable market statistic during the year.

Mr. Lo Yat Keung is also the Chairman and chief executive of the Company, and his emoluments disclosed above include those for services rendered by him as the chief executive.

The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group. The emoluments of the independent non-executive directors shown above were paid for their services as directors of the Company.

Employees' emoluments

The five highest paid individuals include two directors (2016: one director) of the Company, details of whose emoluments are disclosed above. The total emoluments of the remaining three (2016: four) individuals are as follows:

	2017	**2016**
	US$'000	*US$'000*
Basic salaries and allowances	531	694
Bonus	141	168
Share-based payment expenses	21	45
Contributions to retirement benefit schemes	52	62
	745	969

The emoluments of the three (2016: four) highest paid employees above were within following bands:

	Number of individuals	
	2017	**2016**
HK$1,000,001 to HK$1,500,000 (equivalent to US$128,205 to US$192,308)	–	1
HK$1,500,001 to HK$2,000,000 (equivalent to US$192,309 to US$256,410)	2	2
HK$2,000,001 to HK$2,500,000 (equivalent to US$256,411 to US$320,513)	1	1

No emoluments were paid by the Group to directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office in both years. None of the directors have waived any emoluments during both years.

10. TAXATION

	2017	**2016**
	US$'000	*US$'000*
Current taxation		
PRC Enterprise Income Tax	470	309
Others	34	53
	504	362
Deferred taxation *(note 17)*	(6)	(74)
	498	288

The income tax expense for the Group is calculated at the respective statutory tax rates prevailing in the relevant jurisdictions.

Hong Kong and Singapore income tax are calculated at 16.5% and 17% (2016: 16.5% and 17%) of the estimated assessable profits for the year, respectively. No provision for Hong Kong Profits Tax and Singapore Corporate Income Tax are made as the Group does not have any assessment profits arising from Hong Kong and Singapore for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (2016: 25%).

The Macau subsidiary is currently enjoying tax exemption provided by Decree-Law No. 58/99/M. Under that law, the Macau subsidiary is duly authorised to operate as an offshore institution and is exempted from Macau income tax when the income is generated through the engagement in offshore business that target only overseas residents as customers and use only non-Macau currency in its activities. Accordingly, no provision for Macau income tax is made by the Macau subsidiary.

According to a joint circular of the Ministry of Finance and State Administration of Taxation, Cai Shui 2011 No. 1, only the profits earned by foreign-investment enterprise prior to 1 January 2008, when distributed to foreign investors, can be grandfathered and exempted from withholding tax. Whereas, dividend distributed out of the profits generated thereafter, shall be subject to the EIT at 5% or 10% and withheld by the PRC entities, pursuant to Articles 3 and 27 of the New Law and Article 91 of its Detailed Implementation Rules.

The taxation for the year can be reconciled to the profit before taxation per consolidated statement of profit or loss and other comprehensive income as follows:

	2017	**2016**
	US$'000	*US$'000*
Profit before taxation	1,484	902
Tax charge at the applicable tax rate of 16.5%	245	149
Tax effect of expenses not deductible for tax purposes	114	60
Tax effect of income not taxable for tax purposes	(191)	(201)
Tax effect of tax losses not recognised	995	1,475
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	50	(845)
Utilisation of tax losses previously not recognised	(606)	(158)
Others	(109)	(192)
Taxation for the year	498	288

11. DIVIDENDS

Dividends recognised as distribution during the year:

	2017	**2016**
	US$'000	*US$'000*
2016 final – nil (2016: 2015 final – HK$0.028 per share)	–	989

The Board does not recommend the payment of any final dividend for the year ended 31 December 2017 (2016: nil).

12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2017 *US$'000*	2016 *US$'000*
Profit for the year attributable to the owners of the Company for the purpose of basic earnings per share	1,335	1,013

	Number of shares *'000*	 *'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	275,437	275,437
Add: Effect of dilutive potential ordinary shares relating to outstanding share options issued by the Company	1,781	1,599
Weighted average number of ordinary shares for the purpose of diluted earnings per share	277,218	277,036

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings *US$'000*	Furniture and fixtures *US$'000*	Machinery and equipment *US$'000*	Motor vehicles *US$'000*	Total *US$'000*
Cost					
At 1 January 2016	10,976	2,357	6,501	944	20,778
Exchange realignment	(814)	(206)	(555)	(48)	(1,623)
Additions	686	249	670	42	1,647
Disposals	(128)	(196)	(335)	(221)	(880)
At 31 December 2016	10,720	2,204	6,281	717	19,922
Exchange realignment	629	160	436	39	1,264
Additions	328	346	519	8	1,201
Disposals	–	(96)	(708)	(33)	(837)
At 31 December 2017	11,677	2,614	6,528	731	21,550
Accumulated depreciation					
At 1 January 2016	3,363	1,516	4,344	651	9,874
Exchange realignment	(254)	(98)	(246)	(26)	(624)
Provided for the year	471	244	634	100	1,449
Eliminated on disposals	(32)	(38)	(242)	(200)	(512)
At 31 December 2016	3,548	1,624	4,490	525	10,187
Exchange realignment	274	109	396	34	813
Provided for the year	284	241	593	67	1,185
Eliminated on disposals	–	(91)	(636)	(31)	(758)
At 31 December 2017	4,106	1,883	4,843	595	11,427
Carrying Values					
At 31 December 2017	7,571	731	1,685	136	10,123
At 31 December 2016	7,172	580	1,791	192	9,735

The Group has pledged its leasehold land and buildings with an aggregate carrying value of US$4,363,000 (2016: US$4,356,000) (note 23) to a bank to secure the banking facilities granted to the Group.

The above items of property, plant and equipment are depreciated after taking into account their estimated residual value, using straight-line method, as the following rates per annum:

Leasehold land and buildings	2% to 4.5%, or over the shorter of term of lease
Furniture and fixtures	18% to 20%
Machinery and equipment	9% to 20%
Motor vehicles	18% to 20%

14. GOODWILL

	US$'000
COST	
At 1 January 2016 and 31 December 2016	4,310
Exchange realignment	(277)
At 31 December 2017	4,033
IMPAIRMENT	
At 1 January 2016	1,429
Impairment recognised for the year	410
At 31 December 2016	1,839
Impairment recognised for the year	847
At 31 December 2017	2,686
CARRYING VALUES	
At 31 December 2017	1,347
At 31 December 2016	2,471

Goodwill acquired in a business combination is allocated to cash-generating units ("CGUs") that are expected to benefit from that business combination. The management considers each subsidiary represents a separate CGU for the purpose of goodwill impairment testing. At the end of the reporting period, the carrying amount of goodwill mainly represents goodwill arising from the acquisition of subsidiaries which also constitutes separate CGUs individually as follows:

	2017	**2016**
	US$'000	*US$'000*
Edinburgh Instruments Limited ("Edinburgh Instruments")	1,347	1,624
IXRF Systems Inc. ("IXRF")	–	419
Techcomp Jingke Trading (Shanghai) Co., Ltd. ("Jingke Trading")	–	428
Richwell Hightech Systems Inc. ("Richwell")	–	–
	1,347	2,471

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period that cash flow forecasts are made. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past experience and expectations of future changes in the market.

For the purposes of impairment testing, the Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next financial year and extrapolates cash flows for the following five years as follows:

	Edinburgh Instruments		IXRF		Jingke Trading		Richwell	
	2017	2016	2017	2016	2017	2016	2017	2016
Discount rate	10%	10%	10%	10%	8%	8%	N/A	8%
Growth rate	5%	5%	7% to 30%	7% to 30%	3%	3%	N/A	3%

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. As it has taken longer than expected to grow the business of IXRF and Jingke Trading, the cash flow projections and valuations assumptions were adjusted to reflect a softer near term outlook of these CGUs. Hence their recoverable amounts were determined to be lower than their carrying amounts of the assets allocated to these CGUs. During the year ended 31 December 2017, the Group recognised an impairment loss of US$847,000 in relation to goodwill arising from IXRF and Jingke Trading (2016: US$410,000 in relation to goodwill arising from Richwell). The recoverable amounts of Edinburgh Instruments were determined to be higher than the carrying amounts of the assets allocated to Edinburgh Instruments, accordingly no impairment loss was recognised.

At the end of the reporting period, any reasonably possible change to key assumptions applied is not likely to cause the recoverable amounts of Edinburgh Instruments to fall below the carrying amount of Edinburgh Instruments.

15. OTHER INTANGIBLE ASSETS

	Development costs	Technical know-how	Total
	US$'000	*US$'000*	*US$'000*
COST			
At 1 January 2016	12,855	1,887	14,742
Exchange realignment	(453)	–	(453)
Additions	1,352	–	1,352
Write-off	(192)	–	(192)
At 31 December 2016	13,562	1,887	15,449
Exchange realignment	849	–	849
Additions	1,394	–	1,394
Write-off	(284)	–	(284)
At 31 December 2017	15,521	1,887	17,408
AMORTISATION			
At 1 January 2016	9,862	437	10,299
Exchange realignment	(306)	–	(306)
Provided for the year	1,062	362	1,424
Eliminated on write-off	(154)	–	(154)
At 31 December 2016	10,464	799	11,263
Exchange realignment	432	–	432
Provided for the year	1,216	362	1,578
Eliminated on write-off	(227)	–	(227)
At 31 December 2017	11,885	1,161	13,046
CARRYING VALUES			
At 31 December 2017	3,636	726	4,362
At 31 December 2016	3,098	1,088	4,186

Other intangible assets comprise development costs incurred for the manufacture of analytical instruments and payments made to acquire technical know-how. The development costs and technical know-how have finite useful lives and are amortised on a straight-line basis over their estimated useful lives of 5 years and 3.75 to 5 years, respectively.

16. OTHER ASSETS

	2017	2016
	US$'000	*US$'000*
Available-for-sale financial assets – unquoted equity shares	450	450
Golf club membership	494	494
	944	944

The above unquoted investments represent investments in unquoted equity shares issued by private entities incorporated in Germany and Australia that are both engaged in manufacture and trading of high technology products.

Management is of the opinion that the fair value of these investments cannot be measured reliably because the range of reasonable fair value estimate is so significant, accordingly they are stated at cost less impairment losses at the end of the reporting period.

17. DEFERRED TAX ASSETS (LIABILITIES)

The followings are the major deferred tax assets (liabilities) recognised by the Group and the movements thereon, during both years:

	Deferred development costs	Temporary differences on tax depreciation	Total
	US$'000	*US$'000*	*US$'000*
At 1 January 2016	(237)	26	(211)
Exchange realignment	12	(1)	11
Credited (charged) to profit or loss during the year *(note 10)*	84	(10)	74
At 31 December 2016	(141)	15	(126)
Exchange realignment	(11)	1	(10)
Credited to profit or loss during the year *(note 10)*	6	–	6
At 31 December 2017	(146)	16	(130)

The following is the analysis of the deferred tax balances:

	2017	2016
	US$'000	*US$'000*
Deferred tax assets	16	15
Deferred tax liabilities	(146)	(141)
	(130)	(126)

At 31 December 2017, the Group has unutilised tax losses of US$36,037,000 (2016: US$35,834,000) available for offsetting against future periods. No deferred tax asset has been recognised for the unutilised tax losses due to the unpredictability of future profit streams. The unrecognised tax losses of US$18,420,000 (2016: US$18,071,000) will expire in the years of 2018 to 2024 (2016: 2017 to 2023). Other losses can be carried forward indefinitely.

At 31 December 2017, no deferred tax has been recognised in respect of the temporary differences attributable to the undistributed profits earned by the subsidiaries in the PRC amounting to US$829,000 (2016: US$1,054,000) as the management is of the opinion that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

18. INVENTORIES

	2017	2016
	US$'000	*US$'000*
Raw materials	13,420	10,996
Work in progress	4,777	4,606
Finished goods	26,452	25,515
	44,649	41,117

19. TRADE AND OTHER RECEIVABLES

	2017	2016
	US$'000	*US$'000*
Trade receivables (net of allowance for doubtful debts)	77,635	82,717
Bills receivables	463	152
Trade bills receivables discounted with recourse *(note 22)*	3,488	3,677
	81,586	86,546
Prepayments *(note a)*	2,115	2,218
Other receivables *(note b)*	4,997	3,460
	88,698	92,224

The Group normally allows credit terms ranging from 30 days to 90 days (2016: 30 days to 90 days) to its trade debtors.

Notes:

a) Prepayments mainly comprise advances to staff for business trips and other prepaid expenses.

b) Other receivables mainly represent other tax receivables and deposits paid to suppliers.

The aging of trade receivables, net of allowance for doubtful debts, bills receivables and trade bills receivables discounted with recourse based on the invoice date at the end of the reporting period is as follows:

	2017	2016
	US$'000	*US$'000*
Less than 90 days	58,430	67,362
91 to 120 days	12,894	10,622
121 to 365 days	3,301	2,648
1 to 2 years	5,756	3,628
Over 2 years	1,205	2,286
	81,586	86,546

The Group's management closely monitors the credit quality of trade receivables and considers the trade receivables that are neither past due or impaired to be of a good quality because they are within the credit period granted and the Group's management considers the default rate is low for such receivables based on historical information and experience.

Included in the Group's trade receivables balances are debtors with aggregate carrying amount of US$24,075,000 (2016: US$19,184,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

The aging of trade receivables which are past due but not impaired at the end of the reporting period is as follows:

	2017	2016
	US$'000	*US$'000*
Less than 90 days	919	–
91 to 120 days	12,894	10,622
121 to 365 days	3,301	2,648
1 to 2 years	5,756	3,628
Over 2 years	1,205	2,286
	24,075	19,184

Movements in the allowance for doubtful debts

	2017	2016
	US$'000	*US$'000*
At 1 January	3,661	3,667
Exchange realignment	146	(261)
Increase in allowance recognised in profit or loss for the year *(note 8)*	975	580
Amounts written off as uncollectible	(670)	(325)
At 31 December	4,112	3,661

Included in trade and other receivables are the following amounts denominated in currencies other than functional currencies of the group entities which they relate:

	2017	2016
	US$'000	*US$'000*
United States Dollars	56,060	73,164
Renminbi	4,547	3,200
British Pound	4,165	1,429
Euro	1,110	937
Japanese Yen	1,380	393

20. BANK BALANCES AND CASH/BANK OVERDRAFTS

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less and carry interest at an average rate of 0.25% (2016: 0.25%) per annum. Bank overdrafts carry interest at an average rate of 5.99% (2016: 6.96%) per annum and are unsecured and repayable on demand.

Included in bank balances and cash are the following amounts denominated in currencies other than functional currencies of the group entities which they relate:

	2017	2016
	US$'000	*US$'000*
United States Dollars	4,539	7,435
British Pound	1,253	495
Renminbi	1,024	166
Euro	534	345
Japanese Yen	48	149

21. TRADE AND OTHER PAYABLES

	2017	2016
	US$'000	*US$'000*
Trade payables	19,981	20,338
Accruals	4,069	4,591
Customers' deposits	7,551	8,213
Other payables *(note)*	8,016	5,637
	39,617	38,779

Note: Other payables mainly represent other tax payables and reimbursements to staff and other miscellaneous advances received.

The credit period on purchases of goods generally ranges from 30 days to 75 days (2016: 30 days to 75 days). No interest is charged on outstanding trade payables during the year. The aging of trade payables based on the invoice date at the end of reporting period is as follows:

	2017	2016
	US$'000	*US$'000*
Less than 60 days	17,880	17,961
61 to 180 days	1,709	1,697
181 to 365 days	86	397
Over 365 days	306	283
	19,981	20,338

Included in trade and other payables are the following amounts denominated in currencies other than the functional currencies of the group entities which they relate:

	2017	2016
	US$'000	*US$'000*
Japanese Yen	12,582	12,936
United States Dollars	2,039	3,004
Euro	393	417
British Pound	29	96

22. TRANSFER OF FINANCIAL ASSETS

The followings were the Group's financial assets as at 31 December 2017 that were transferred to banks by discounting those receivables on full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as a secured borrowing (see note 23). These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

	Bills receivables discounted to banks with full recourse	
	2017	2016
	US$'000	*US$'000*
Carrying amount of transferred assets *(note 19)*	3,488	3,677
Carrying amount of associated liabilities *(note 23)*	3,488	3,677
Net position	–	–

23. BANK BORROWINGS

	2017	2016
	US$'000	*US$'000*
Trust receipt loans	12,668	10,916
Other bank loans	18,218	28,345
Mortgage loan	2,852	2,606
Loans related to trade bills discounted with recourse *(note 22)*	3,488	3,677
	37,226	45,544
Secured	6,340	6,283
Unsecured	30,886	39,261
	37,226	45,544

	2017	2016
	US$'000	*US$'000*
Carrying value repayable*:		
Within one year	34,076	39,718
Between one to two years	422	3,043
Between two to five years	492	473
Over five years	2,236	2,310
	37,226	45,544
Less: Amounts due within one year shown under current liabilities	(34,076)	(39,718)
Amounts due after one year shown under non-current liabilities	3,150	5,826

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

Included in bank borrowings are the following amounts denominated in currencies other than functional currencies of the group entities which they relate:

	2017	2016
	US$'000	*US$'000*
Japanese Yen	7,697	8,059
United States Dollars	2,578	4,237
British Pound	1,922	910
Renminbi	–	681
Euro	–	89

The Group's variable-rate borrowings carry interest at various margins above Hong Kong Interbank Offered Rate ("HIBOR"), Hong Kong prime lending rates, Euro-London Interbank Offer Rate ("Euro-LIBOR") or Swiss Franc-London Interbank Offer Rate ("Swiss Franc-LIBOR"). These interest rates are repriced every twelve months (2016: twelve months). The average effective interest rates were 3.0% to 5.3% (2016: 3.0% to 3.6%) per annum.

24. RETIREMENT BENEFIT PLANS

Defined contribution plans

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs, with maximum of HK$1,500 per employee per month, to the MPF Scheme, which contribution is matched by employees.

The employees employed in the PRC subsidiaries are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their basic payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

Defined benefit plan

The Group also operates a funded defined benefit plan for qualifying employees. The defined benefit plan is administered by a separate fund that is legally separated from the entity (the "collective foundation").

The insurance plan is contribution-based. The plan contains a cash balance benefit formula. Under the plan, the collective foundation guarantees the vested benefit amount as confirmed annually to members. Interest may be added to member balances at the discretion of the collective foundation. At retirement date, members have the right to take their retirement benefit as a lump sum, an annuity or part as a lump sum with the balance converted to a fixed annuity at the rates defined in the rules of the collective foundation.

The collective foundation covers all actuarial, investment, interest and salary risks. The collective foundation can adjust risk and cost contributions according to the circumstances. The employer has to cover at least half of all contributions. If the contract is cancelled the employer needs to affiliate to another pension institution.

Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit.

Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investment.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 31 December 2017 by AXA Pension Solutions AG (2016: AXA Pension Solutions AG). The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The principal assumptions used for the purpose of the actuarial valuations are as follows:

	2017	**2016**
Discount rate	0.53%	0.40%
Expected rate of salary increases	0.50%	0.50%

The actuarial valuation showed that the market value of plan assets was US$11,270,000 (2016: US$10,942,000).

Amounts recognised in comprehensive income in respect of this benefit plan are as follows:

	2017	2016
	US$'000	*US$'000*
Service cost:		
Current service cost	126	137
Net interest expense	2	5
Components of defined benefit costs recognised in profit or loss	128	142
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	140	(657)
Actuarial gains and losses arising from experience adjustments	641	615
Components of defined benefit costs recognised in other comprehensive income	781	(42)
Contributions from the employer	(186)	(162)
Exchange realignment	–	(1)
Total	723	(63)

The current contributions of US$128,000 (2016: US$142,000) for the year is included in the staff costs in profit or loss and the remeasurement credit of the net defined benefit liability arising from the experience adjustments of US$781,000 (2016: charge of US$42,000) is included in other comprehensive income.

The amount included in the consolidated statement of financial position arising from the Group's obligations in respect of its defined benefit plan is as follows:

	2017	2016
	US$'000	*US$'000*
Present value of funded defined benefit obligations	(12,462)	(11,388)
Fair value of plan assets	11,270	10,942
Net liabilities recognised from defined benefit obligation	(1,192)	(446)

Movements in the present value of the defined benefit obligations during the year are as follows:

	2017	2016
	US$'000	*US$'000*
At 1 January	11,388	10,856
Current service cost	126	137
Interest cost	47	99
Contributions from plan participants	185	161
Benefits paid	(373)	(323)
Remeasurement losses:		
Actuarial losses arising from experience adjustments	641	615
Exchange realignment	448	(157)
At 31 December	12,462	11,388

Movements in the present value of the plan assets during the year are as follows:

	2017	2016
	US$'000	*US$'000*
At 1 January	10,942	10,342
Interest income	45	94
Contributions from the employer	186	162
Contributions from plan participants	185	161
Benefits paid	(373)	(323)
Remeasurement (losses) gains:		
Return on plan assets (excluding amounts included in net interest expense)	(140)	657
Exchange realignment	425	(151)
At 31 December	11,270	10,942

Investment of the assets is done by the collective foundation.

Significant actuarial assumptions for the determination of the defined obligations are discount rate and expected salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate is 25 basis points higher (lower), the defined benefit obligations would decrease by US$268,000 (increase by US$282,000) (2016: decrease by US$267,000 (increase by US$281,000)).

If the expected salary growth increases (decreases) by 0.25%, the defined benefit obligations would increase by US$2,000 (decrease by US$5,000) (2016: increase by US$2,000 (decrease by US$5,000)).

The sensitivity analyses presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analyses, the present value of the defined benefit obligations has been calculated using the Projected Unit Credit Method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligations liability recognised in the consolidated statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analyses from prior year.

There has been no change in the process used by the Group to manage its risks from prior years.

The Group expects to make a contribution of US$186,000 (2016: US$162,000) to the defined benefit plan during the next financial year.

25. SHARE CAPITAL

	Number of ordinary shares of US$0.05 each	*US$'000*
Authorised	800,000,000	40,000
Issued and paid up:		
At 1 January 2016, 31 December 2016 and 31 December 2017	275,437,000	13,772

The Company has one class of ordinary shares which carry one vote per share and no right to fixed income.

26. SHARE-BASED PAYMENT

The Company has two share option schemes and a share award scheme, details of which are as follows:

2004 Share Option Scheme

On 28 May 2004, the Company adopted a share option scheme (the "2004 Share Option Scheme"). The purpose of the 2004 Share Option Scheme was to provide the eligible participants with an opportunity to have a personal stake in the Company with a view to motivating them to optimise their performance efficiency for the benefit of the Company.

The size of the 2004 Share Option Scheme shall not exceed 15% of the issued ordinary share capital of the Company. The options that are granted under the 2004 Share Option Scheme may have exercise prices that are set at a price equal to the average of the last dealt prices for the shares of the Company ("Shares") determined by reference to the daily official list or other publication published by the Official List of SGX-ST for a period of five consecutive market days immediately preceding the relevant date of grant of such options or at a discount to the abovementioned price (subject to a maximum discount of 20%).

Directors (including non-executive directors and independent non-executive directors) and employees of the Group are eligible to participate in the 2004 Share Option Scheme. Controlling shareholders and their associates are not eligible to participate in the 2004 Share Option Scheme. Holders of options who are executive directors or employees of any company in the Group will have up to 10 years from the date of grant to exercise their options. Holders of options who are non-executive directors of any company within the Group will have up to 5 years from the relevant date of grant to exercise their options. Offers of options made to grantees, if not accepted within 30 days, will lapse.

The number of Shares comprised in any option to be offered to a participant of the 2004 Share Option Scheme shall be determined at the absolute discretion of the remuneration committee of the Company. The maximum entitlement of any offeree, in accordance with and during the operation of the 2004 Share Option Scheme, shall not exceed 20% in aggregate of the total number of shares which have been issued and may be issued by the Company under the 2004 Share Option Scheme. Upon acceptance of the option, the grantee shall pay S$1.00 to the Company by way of consideration for the grant of the option.

The Company granted a total of 21,835,000 options under the 2004 Share Option Scheme. 30% of the options shall be vested on the first anniversary of the date of grant. The remaining 70% of the options shall be vested on the third anniversary of the date of grant.

The 2004 Share Option Scheme was subsequently superseded by the 2011 Share Option Scheme (as defined below), and as such, the total number of Shares available for issue upon exercise of all outstanding options under the 2004 Share Option Scheme as at December 31, 2017 remains 13,773,000 Shares (December 31, 2016: 13,773,000 Shares), representing approximately 5.00% of the issued share capital of the Company as at December 31, 2017 and March 28, 2018 (i.e. the date of the annual report for the year ended December 31, 2017) respectively.

During the year ended December 31, 2017, no share options were granted, exercised, cancelled or lapsed under the 2004 Share Option Scheme.

2011 Share Option Scheme

On 9 June 2011, the Company adopted another share option scheme (the "2011 Share Option Scheme"). The purpose of the 2011 Share Option Scheme was to enable the Company to grant options to eligible participants as incentives or rewards for their contribution to the Group, and to encourage eligible participants to perform their best in achieving goals of the Group.

Directors (including non-executive directors and independent non-executive directors) and employees of the Group are eligible to participate in the 2011 Share Option Scheme.

The 2011 Share Option Scheme shall be in force up to a maximum period of 10 years from the date on which the 2011 Share Option Scheme was adopted and may be continued beyond the stipulated period with the approval of shareholders by way of ordinary resolution in a general meeting and of such relevant authorities which may then be required.

The options that are granted under the 2011 Share Option Scheme may have exercise prices that are the higher of (i) the closing price of the Shares as stated in the daily quotations sheet issued by the SEHK or the SGX-ST (whichever is higher) on the offer date of such options, which must be a business day; and (ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the SEHK or the SGX-ST for the five consecutive business days immediately preceding the offer date of such options (whichever is higher).

Where the options are granted to the controlling shareholders and their associates, (i) the aggregate number of Shares available to the controlling shareholders and their associates shall not exceed 25% of the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2011 Share Option Scheme; (ii) the aggregate number of Shares available to each controlling shareholder or his associate shall not exceed 10% of the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2011 Share Option Scheme; (iii) separate approval of independent shareholders shall be obtained for each participant in respect of this participation and the number of Shares comprised in the options to be granted to him and the terms.

The number of Shares comprised in any option to be offered to a participant in the 2011 Share Option Scheme shall be determined at the absolute discretion of the remuneration committee of the Company. The total number of Shares issued and to be issued upon exercise of the options granted to such participant (including exercised, cancelled and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue under the 2011 Share Option Scheme. Upon acceptance of the option, the grantee shall pay S$1.00 to the Company by way of consideration for the grant of the option.

Pursuant to the extraordinary general meeting of the Company on June 9, 2011 and the approval granted by the Listing Committee of the SEHK, the Company may grant options entitling the eligible participants to subscribe for up to a maximum number of 23,250,000 Shares, representing 10% of the issued share capital of the Company as at the adoption date.

On January 22, 2015, the Company granted a total of 2,000,000 options at the exercise price of HK$2.00 per Share, of which options to subscribe for 300,000 Shares were cancelled in 2015 and options to subscribe for 1,700,000 Shares remained outstanding as at December 31, 2017 and 2016. Of the outstanding options to subscribe for 2,000,000 Shares, the first tranche of the options (30% of the share options) is exercisable from January 22, 2018 to January 22, 2025, the second tranche of the options (30% of the share options) is exercisable from January 22, 2019 to January 22, 2025, and the third tranche of the options (40% of the share options) is exercisable from January 22, 2020 to January 22, 2025.

During the year ended December 31, 2017, no share options were granted, exercised, cancelled or lapsed under the 2011 Share Option Scheme.

As of December 31, 2017, the total number of Shares available for issue upon exercise of all outstanding options under the 2011 Share Option Scheme was 22,950,000 Shares, representing approximately 8.33% of the issued share capital of the Company as at December 31, 2017 and March 28, 2018 (i.e. the date of the annual report for the year ended December 31, 2017) respectively.

Movements of the share options granted under the 2004 Share Option Scheme and the 2011 Share Option Scheme are as follows:

	Grant date	Expiry date	Exercisable period	Exercise price	Fair value at grant date	At 1 January 2016, 31 December 2016 and 31 December 2017
2004 Share Option Scheme						
Director						
Chan Wai Shing	11/01/2010	10/01/2020	11/01/2011 – 10/01/2020[3]	S$0.23	S$0.16[1][2]	1,800,000
	06/01/2011	05/01/2021	06/01/2012 – 05/01/2021[3]	S$0.42	S$0.19[1] & S$0.18[2]	700,000
						2,500,000
Employees	15/04/2008	14/04/2018	15/04/2009 – 14/04/2018[3]	S$0.26	S$0.14[1] & S$0.11[2]	135,000
	02/03/2009	01/03/2019	02/03/2010 – 01/03/2019[3]	S$0.16	S$0.11[1] & S$0.10[2]	1,270,500
	22/05/2009	21/05/2019	22/05/2010 – 21/05/2019[3]	S$0.16	S$0.11[1] & S$0.10[2]	150,000
	11/01/2010	10/01/2020	11/01/2011 – 10/01/2020[3]	S$0.23	S$0.16[1][2]	3,642,500
	06/01/2011	05/01/2021	06/01/2012 – 05/01/2021[3]	S$0.42	S$0.19[1] & S$0.18[2]	6,075,000
						11,273,000
Total						13,773,000

	Grant date	Expiry date	Exercisable period	Exercise price	Fair value at grant date	At 1 January 2016, 31 December 2016 and 31 December 2017
2011 Share Option Scheme						
Director						
Christopher James O'Connor	22/01/2015	22/01/2025	22/01/2018 – 22/01/2025	HK$2.00	HK$1.90	700,000
Employees	22/01/2015	22/01/2025	22/01/2018 – 22/01/2025	HK$2.00	HK$1.90	1,000,000
						1,700,000
Total						15,473,000
Exercisable as at 31 December 2017 and 2016						13,773,000

(1) Senior management
(2) General management
(3) 30% of the options vested on the first anniversary of the date of grant. The remaining 70% of the options vested on the third anniversary of the date of grant.

During the year ended 31 December 2017 and 2016, no share options were granted, exercised, cancelled or lapsed under the 2004 Share Option Scheme and the 2011 Share Option Scheme.

The Group recognised total expenses of US$59,000 (2016: US$59,000) related to equity-settled share based payment during the year ended 31 December 2017.

The weighted average exercise price at the end of year is S$0.32 (2016: S$0.32).

The options outstanding at the end of the year have a weighted average remaining contractual life of approximately 2.9 years (2016: 3.9 years).

Share award scheme

On 11 January 2017, the Company adopted a share award scheme. Pursuant to the share award scheme, existing shares will be purchased by a trustee of the Company from the market out of cash contributed by the Group and be held in trust for the selected participants until such shares are vested with the selected participants in accordance with the provisions of the scheme. When the selected participant has satisfied all vesting conditions specified by the board of directors of the Company at the time of making the award and become entitled to the shares forming the subject of the award, the trustee shall transfer the relevant vested shares to that qualifying person.

The purposes of the share award scheme are to recognise the contributions by the Group's employees, executives, officers or directors and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

During the year ended 31 December 2017, no shares of the Company were acquired by the trustee and no shares were granted.

27. OPERATING LEASE COMMITMENTS

The Group as lessee

	2017 *US$'000*	2016 *US$'000*
Minimum lease payments under operating leases recognised as an expense during the year	2,274	3,162

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2017 *US$'000*	2016 *US$'000*
Within one year	1,032	1,811
In the second to fifth year inclusive	926	2,194
After five years	433	623
	2,391	4,628

Operating lease payments represent rentals payable by the Group for certain of its factories and office premises. Leases are negotiated for and rentals are fixed for a term ranging from 1 to 9 years (2016: 1 to 9 years).

28. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debts, which includes the bank borrowings and bank overdrafts disclosed in notes 23 and 20, respectively and equity attributable to owners of the Company, comprising issued share capital, reserves and retained earnings as disclosed in the consolidated financial statements.

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors, the Group will balance its overall structure through the payment of dividends, issues of new share and share buy-backs as well as the issue of new debt or the redemption of existing debts.

29. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2017 *US$'000*	2016 *US$'000*
Financial assets		
Loans and receivables (including cash and cash equivalents)	101,021	106,618
Available-for-sale investments	450	450
Financial liabilities		
Amortised cost	68,006	72,282

Financial risk management objectives and policies

The Group's financial instruments include bank balances and cash, trade and other receivables, available-for-sale investments, trade and other payables, bank borrowings and bank overdrafts. Details of these financial instruments are disclosed in the respective notes to the financial statements. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate risk management measures are implemented on a timely and effective manner.

Market risk

(i) Foreign exchange risk

Several subsidiaries of the Company have sales and purchases denominated in foreign currencies, which exposes the Group to foreign currency risk. The Group's sales are principally in United States Dollars and Renminbi. Most of the Group's purchases are made in Japanese Yen, Renminbi and United States Dollars. Expenses incurred are generally denominated in Hong Kong Dollars, Renminbi, Euro and Singapore Dollars, which are the functional currencies of the Group entities operating in Hong Kong, the PRC, Europe and Singapore, respectively.

The carrying amounts of major foreign currency denominated monetary assets and monetary liabilities, other than functional currencies of the respective group entities, at the end of the reporting period are as follows:

	Assets		**Liabilities**	
	2017	**2016**	**2017**	**2016**
	US$'000	*US$'000*	*US$'000*	*US$'000*
United States Dollars	60,599	80,599	4,617	7,241
Renminbi	5,571	3,366	–	681
British Pound	5,418	1,924	1,951	1,006
Euro	1,644	1,282	393	506
Japanese Yen	1,428	542	20,279	20,995

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. The sensitivity analysis excludes balances which are denominated in United States Dollars for entities with Hong Kong Dollars as their functional currencies since United States Dollars are pegged to Hong Kong Dollars.

If the relevant foreign currency weakens by 5% against the functional currency of each group entity, profit before taxation will increase (decrease) by:

	2017	**2016**
	US$'000	*US$'000*
United States Dollars	(76)	(287)
Renminbi	(279)	(134)
British Pound	(173)	(46)
Euro	(63)	(39)
Japanese Yen	943	1,023

If the relevant foreign currency strengthens by 5%, there would be an equal but opposite impact on profit before taxation.

(ii) Interest rate risk management

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings and bank overdrafts. Interests charged on the Group's borrowings and overdrafts are at variable rates and are pegged at various margins above the HIBOR, the prime lending rates, the Euro-LIBOR or Swiss Franc-LIBOR.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the amount outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates. Bank balances are excluded from sensitivity analysis as the directors of the Company consider that the exposure of cash flow interest rate risk arising from variable rate bank balances is insignificant.

If interest rates on variable-rate bank borrowings and bank overdrafts had been 50 basis points higher/lower and all other variables were held constant, the Group's profit before taxation will decrease/increase by US$200,000 (2016: decrease/increase by US$232,000).

Credit risk

At 31 December 2017, the Group's maximum exposure to credit risk which will cause a financial loss to the Group if counterparties fail to discharge their obligations to the Group is the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management monitors follow-up actions to recover overdue debts. Management of the Group reviews the recoverable amount of each individual trade receivable regularly at the end of each reporting period to ensure that adequate allowances for impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is adequately managed and mitigated.

The management considers the credit risk on liquid funds is limited because the counterparties are banks including banks with high credit ratings assigned by international credit agencies.

Trade receivables consist of a large number of customers spread across diverse industries. The management has considered the strong financial background and good credit standing of these customers, mainly universities, research institutions and government agencies and is of the view that there is no significant credit risk on these receivables.

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and bank overdrafts and ensures compliance with loan covenants.

Liquidity and interest risk analyses

The following table details the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	**Less than 1 year or repayable on demand**	**1 year to 5 years**	**Over 5 years**	**Total undiscounted cash flow**	**Carrying amount**
	%	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
2017						
Trade and other payables	–	27,997	–	–	27,997	27,997
Bank borrowings	3.79	34,626	920	2,663	38,209	37,226
Bank overdrafts	5.99	2,783	–	–	2,7833	2,783
		65,406	920	2,663	68,989	68,006

	Weighted average effective interest rate	Less than 1 year or repayable on demand	1 year to 5 years	Over 5 years	Total undiscounted cash flow	Carrying amount
	%	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
2016						
Trade and other payables	–	25,975	–	–	25,975	25,975
Bank borrowings	3.19	40,368	3,629	2,808	46,805	45,544
Bank overdrafts	6.96	763	–	–	763	763
		67,106	3,629	2,808	73,543	72,282

Fair value of financial assets and financial liabilities

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowings	Loans related to trade bills discounted with recourse	Interest payable	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
	(Note 23)	*(Note 23)*		
At 1 January 2017	41,867	3,677	–	45,544
Financing cash flows	(8,642)	9,767	(1,540)	(415)
Exchange realignment	513	–	–	513
Non-cash changes *(Note)*	–	(9,956)	–	(9,956)
Interest expenses	–	–	1,540	1,540
At 31 December 2017	33,738	3,488	–	37,226

Note: Being the non-cash settlements with trade bills receivables discounted with recourse included in trade and other receivables.

31. RELATED PARTY TRANSACTIONS

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year is as follows:

	2017 *US$'000*	2016 *US$'000*
Short-term benefits	2,544	2,545
Post-employment benefits	191	176
Share-based payment expenses	59	59
	2,794	2,780

Other than the transactions and balances with related parties disclosed in the respective notes, the Group has no other significant transactions and balances with related parties.

None of the above related party transactions falls under the definition of connected transaction or continuing connected transaction as defined in Chapter 14A of the Listing Rules.

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2017 *US$'000*	2016 *US$'000*
Non-current assets		
Investments in subsidiaries	22,660	21,054
Amounts due from subsidiaries	19,546	20,419
	42,206	41,473
Current assets		
Other receivables	276	–
Bank balances and cash	7	7
	283	7
Net assets	42,489	41,480
Capital and reserves		
Share capital	13,772	13,772
Reserves *(note 33)*	28,717	27,708
Total equity	42,489	41,480

33. RESERVES OF THE COMPANY

	Share premium US$'000	Contributed surplus US$'000	Share options reserve US$'000	Retained earnings US$'000	Total US$'000
At 1 January 2016	18,385	394	1,537	7,308	27,624
Profit and total comprehensive income for the year	–	–	–	1,014	1,014
Share-based payment expenses	–	–	59	–	59
Dividends recognised as distribution	–	–	–	(989)	(989)
At 31 December 2016	18,385	394	1,596	7,333	27,708
Profit and total comprehensive income for the year	–	–	–	950	950
Share-based payment expenses	–	–	59	–	59
At 31 December 2017	18,385	394	1,655	8,283	28,717

34. PARTICULARS OF SUBSIDIARIES

Particulars of the subsidiaries of the Company at 31 December 2017 and 2016 are as follows:

Name of subsidiary	Place of incorporation (or registration) and operation	Issued and fully paid share capital/ registered capital	Proportion of ownership interest and voting power held 2017 %	2016 %	Principal activity
Directly held by the Company					
Richwell Hightech Systems Inc.	British Virgin Islands	US$81	100	100	Investment holding
Techcomp Scientific Limited	British Virgin Islands	US$50,000	100	100	Investment holding
Techcomp Instrument Limited	British Virgin Islands	US$50,000	100	100	Investment holding
Regent Lite Pte Limited	Singapore	SGD1	100	100	Investment holding
Glory Union Investments Limited	Hong Kong	HK$10,000	100	100	Investment holding
Graceful Sky Investments Limited	Hong Kong	HK$10,000	100	100	Investment holding
Sunny Time Investments Limited	Hong Kong	HK$10,000	100	100	Investment holding
Silver Grand Holdings	Hong Kong Limited	HK$10,000	100	100	Investment holding
Techcomp Europe Limited	England & Wales	GBP1	100	100	Investment holding

Name of subsidiary	Place of incorporation (or registration) and operation	Issued and fully paid share capital/ registered capital	Proportion of ownership interest and voting power held 2017 %	2016 %	Principal activity
Held by Techcomp Scientific Limited					
Bibby Scientific (Asia) Limited	Hong Kong	HK$10,000	100	100	Inactive
Dynamica (Asia) Limited	Hong Kong	HK$10,000	100	100	Trading of analytical and laboratory instruments
Great Bloom Limited	British Virgin Islands	US$50,000	100	100	Provision of installation and maintenance services
Sunshine Palace Limited	British Virgin Islands	US$50,000	100	100	Distributor and insurer of the Group's analytical and laboratory instruments
Techcomp Limited	Hong Kong	HK$10,000,000	100	100	Trading of analytical and laboratory instruments
Techcomp (China) Limited	PRC – wholly foreign-owned enterprise	US$10,000,000	100	100	Trading of analytical and laboratory instruments
Techcomp (Macao Commercial Offshore) Limited	Macau	MOP10,000,000	100	100	Trading of analytical and laboratory instruments
Techcomp (Shanghai) Limited	PRC – wholly foreign-owned enterprise	US$200,000	100	100	International and entreport trade and commercial consulting service (within Free Trade Zone)
Techcomp (Singapore) Pte Limited	Singapore	SGD300,000	100	100	Trading of analytical and laboratory instruments
Techcomp (Tianjin) Limited	PRC – wholly foreign-owned enterprise	US$1,300,000	100	100	International trade, consultancy and sales of clinical analytical instruments and basic medical testing equipment
Tiande (Tianjin) Limited	PRC – limited liability company	US$200,000	100	100	Inactive
Techcomp India Pvt Limited	India	RUPEE500,000	100	100	Trading of analytical and laboratory instruments
Dynamica Scientific Limited	United Kingdom	GBP1	100	100	Trading of analytical and laboratory instruments

Name of subsidiary	Place of incorporation (or registration) and operation	Issued and fully paid share capital/ registered capital	Proportion of ownership interest and voting power held 2017 %	2016 %	Principal activity
Held by Techcomp Instrument Limited					
Dynamica GmbH	Austria	EURO200,000	100	100	Trading of analytical and laboratory instruments
Shanghai Techcomp Bio-equipment Limited	PRC – wholly foreign-owned enterprise	US$2,000,000	100	100	Manufacturing of analytical and laboratory instruments
Shanghai Techcomp Instrument Ltd.	PRC – wholly foreign-owned enterprise	US$3,350,000	100	100	Manufacturing of analytical and laboratory instruments
Cheetah Scientific Limited	Hong Kong	HK$10,000	100	100	Inactive
Held by Richwell Hightech Systems Inc.					
Shanghai Sanco Instrument Co. Ltd.	PRC – Sino-foreign equity joint venture	US$350,000	81	81	Manufacturing and trading of analytical and laboratory instruments
Held by Regent Lite Pte Ltd					
HCC SAS	France	EURO2,300,000	100	100	Investment holding
Held by HCC SAS					
Froilabo Instruments SRL	Romania	RON37,500	100	100	Manufacturing and trading of analytical and laboratory instruments
Froilabo SAS	France	EURO1,000,000	100	100	Manufacturing and trading of analytical and laboratory instruments
Held by Froilabo SAS					
Societe Craponne Tolerie SARL	France	EURO75,000	100	100	Manufacturing of industrial metallurgy
Held by Glory Union Investments Ltd.					
Techcomp Precision Balances (Shanghai) Co., Ltd.	PRC – wholly foreign-owned enterprise	RMB40,000,000	100	100	Manufacturing of analytical and laboratory instruments
Techcomp Jingke Trading (Shanghai) Co. Ltd.	PRC – wholly foreign-owned enterprise	RMB10,800,000	100	100	Trading of analytical and laboratory instruments

Name of subsidiary	Place of incorporation (or registration) and operation	Issued and fully paid share capital/ registered capital	Proportion of ownership interest and voting power held		Principal activity
			2017	2016	
			%	%	
Held by Graceful Sky Investments Limited					
Precisa Gravimetrics AG	Switzerland	CHF5,000,000	100	100	Manufacturing of analytical and laboratory instruments
Held by Precisa Gravimetrics AG					
Precisa Gmbh	Germany	EURO25,000	100	100	Trading of analytical and laboratory instruments
Held by Sunny Time Investments Ltd.					
Precisa Real Estate AG	Switzerland	CHF500,000	100	100	Property holding
Held by Silver Grand Holdings Limited					
IXRF Systems Inc.	USA	US$631,000	56	56	Manufacturing and trading of analytical and laboratory instruments
Techcomp (USA) Inc.	USA	N/A	100	100	Manufacturing and trading of analytical and laboratory instruments
Held by Techcomp Europe Limited					
Edinburgh Instruments Limited	England & Wales	GBP100,000	100	100	Manufacturing and trading of analytical and laboratory instruments
Scion Instruments (UK) Ltd.	England & Wales	GBP1	100	100	Trading of analytical instruments
Scion Instruments (NL) B.V.	Netherlands	EUR1	100	100	Manufacturing of analytical instruments
Held by Techcomp (USA) Inc.					
Techcomp-Latino S.A. de C.V	Mexico	PESO130,000	100	100	Trading of analytical and laboratory instruments
Held by Dynamica Scientific Ltd.					
Presica Limited	England & Wales	GBP1,000	100	100	Distribution of analytical and laboratory instruments

None of the subsidiaries had issued any debt securities at the end of both years.

Details of non-wholly owned subsidiaries that have material non-controlling interests

In the opinion of the directors, no summarised financial information is disclosed in respect of the Group's subsidiaries that have non-controlling interests because the financial impacts of these subsidiaries are not material to the Group.

35. EVENT AFTER THE REPORTING PERIOD

Reference is made to the announcements of the Company dated 23 May 2017, 23 June 2017, 21 July 2017, 21 August 2017, 28 August 2017, 28 September 2017, 27 October 2017, 20 November 2017, 30 November 2017, 29 December 2017, 16 January 2018, 26 January 2018, 31 January 2018, 26 February 2018 and 26 March 2018 (the "Announcements") in relation to the possible disposal of the shares of the Company, representing approximately 40.8% of the issued share capital of the Company, held by the Controlling Shareholder and his spouse to the Possible Purchaser (the "Possible Disposal"). The Possible Disposal may involve a reorganisation of the Company which may be implemented by way of distribution or disposal of certain assets of the Company (the "Proposal"). Unless otherwise specified, capitalised terms used in this section shall have the same meanings as those defined in the Announcements.

On 26 March 2018, (i) the Controlling Shareholder and the Possible Purchaser continue to be in the process of negotiating the terms and conditions of the formal agreements in respect of the Proposal, (ii) the application materials in relation to the Proposal submitted by the Possible Purchaser are still subject to the approval of or endorsement by the State-owned Assets Supervision and Administration Commission at a local level in relation to the Proposal, and (iii) other than the Memorandum Of Understanding (which is not legally binding on the parties thereto, save for customary provisions relating to the Earnest Money, due diligence, legal expenses, legal validity, confidentiality, governing law and third party rights as stipulated thereunder), the related escrow agreement, the Extension Letter, the Second Extension Letter, the Third Extension Letter, the Fourth Extension Letter, the Fifth Extension Letter and the Sixth Extension Letter, no formal or legally binding agreement has been entered into between the Controlling Shareholder and the Possible Purchaser in respect of the Proposal.

Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Listing Rules and The Hong Kong Code on Takeovers and Mergers.

3. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE FORMER GROUP

The following is the full text of the unaudited condensed consolidated financial statements of the Former Group for the six months ended 30 June 2018 as extracted from the interim report of the Company for the six months ended 30 June 2018.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		6 months ended 30 June	
		2018	**2017**
	Notes	*US$'000*	*US$'000*
Revenue	3	83,340	79,537
Cost of sales		(57,145)	(54,257)
Gross profit		26,195	25,280
Other income, gains and losses		351	525
Selling and distribution expenses		(10,172)	(10,640)
Administrative expenses		(14,541)	(13,860)
Research and development costs		(2,296)	(1,472)
Finance costs	4	(791)	(739)
Loss before taxation	5	(1,254)	(906)
Taxation	6	(52)	(14)
Loss for the period		(1,306)	(920)

		6 months ended 30 June	
		2018	**2017**
	Notes	*US$'000*	*US$'000*
Other comprehensive income (expense)			
Item that will not be reclassified to profit or loss:			
Recognition of actuarial loss on defined benefit plan		–	(702)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		273	(980)
Other comprehensive income (expense) for the period		273	(1,682)
Total comprehensive expense for the period		(1,033)	(2,602)
(Loss) profit for the period attributable to:			
Owners of the Company		(1,374)	(818)
Non-controlling interests		68	(102)
		(1,306)	(920)
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		(1,099)	(2,499)
Non-controlling interests		66	(103)
		(1,033)	(2,602)
Loss per share:			
Basic (US cents)	8	(0.50)	(0.30)
Diluted (US cents)	8	(0.49)	(0.30)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2018 US$'000	At 31 December 2017 US$'000
Non-current assets			
Property, plant and equipment	9	11,385	10,123
Goodwill		1,347	1,347
Other intangible assets		4,022	4,362
Deposits paid for acquisition of property, plant and equipment		–	910
Equity instruments at fair value through other comprehensive income		450	–
Other assets		494	944
Deferred tax assets		16	16
		17,714	17,702
Current assets			
Inventories		61,850	44,649
Trade and other receivables	10	68,215	88,698
Tax recoverable		248	366
Bank balances and cash		7,467	14,438
		137,780	148,151
Current liabilities			
Trade and other payables	11	22,586	32,066
Contract liabilities – customer's deposits		11,325	7,551
Tax payable		2,745	2,774
Bank borrowings – due within one year		32,277	34,076
Bank overdrafts		1,770	2,783
		70,703	79,250
Net current assets		67,077	68,901
Total assets less current liabilities		84,791	86,603

	Note	At 30 June 2018 US$'000	At 31 December 2017 US$'000
Non-current liabilities			
Bank borrowings – due after one year		3,266	3,150
Retirement benefit plans		1,177	1,192
Deferred tax liabilities		134	146
		4,577	4,488
Net assets		80,214	82,115
Capital and reserves			
Share capital	12	13,772	13,772
Reserves		67,611	69,578
Equity attributable to owners of the Company		81,383	83,350
Non-controlling interests		(1,169)	(1,235)
Total equity		80,214	82,115

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company												
	Share capital	Share premium	Contributed surplus	Merger reserve[(a)]	Translation reserve	Legal reserves[(b)]	Capital reserve[(c)]	Share options reserve	Equity reserve[(d)]	Retained earnings	Sub-total	Non-controlling interests	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2018	13,772	18,385	394	(4,112)	1,507	535	3,003	1,655	(2,490)	50,701	83,350	(1,235)	82,115
Adjustment change of accounting policy	–	–	–	–	–	–	–	–	–	(887)	(887)	–	(887)
Restated total equity as at 1 January 2018	13,772	18,385	394	(4,112)	1,507	535	3,003	1,655	(2,490)	49,814	82,463	(1,235)	81,228
(Loss) profit for the period	–	–	–	–	–	–	–	–	–	(1,374)	(1,374)	68	(1,306)
Other comprehensive income (expense) for the period	–	–	–	–	275	–	–	–	–	–	275	(2)	273
Total comprehensive income (expense) for the period	–	–	–	–	275	–	–	–	–	(1,374)	(1,099)	66	(1,033)
Share-based payment expenses	–	–	–	–	–	–	–	19	–	–	19	–	19
Lapse of share options *(Note 13)*	–	–	–	–	–	–	–	(8)	–	8	–	–	–
At 30 June 2018	13,772	18,385	394	(4,112)	1,782	535	3,003	1,666	(2,490)	48,448	81,383	(1,169)	80,214
At 1 January 2017	13,772	18,385	394	(4,112)	(36)	535	3,003	1,596	(2,490)	50,089	81,136	(893)	80,243
Loss for the period	–	–	–	–	–	–	–	–	–	(818)	(818)	(102)	(920)
Other comprehensive expense for the period	–	–	–	–	(980)	–	–	–	–	(702)	(1,682)	–	(1,682)
Total comprehensive expense for the period	–	–	–	–	(980)	–	–	–	–	(1,520)	(2,500)	(102)	(2,602)
Share-based payment expenses	–	–	–	–	–	–	–	29	–	–	29	–	29
Gain on de-registration of a subsidiary	–	–	–	–	–	–	–	–	–	545	545	–	545
At 30 June 2017	13,772	18,385	394	(4,112)	(1,016)	535	3,003	1,625	(2,490)	49,114	79,210	(995)	78,215

Notes:

(a) Merger reserve represents the difference between the combined share capital of the entities in the merged group and the capital of the Company arising from a restructuring exercise undertaken in 2004.

(b) Legal reserves are non-distributable and represent reserve fund and enterprise expansion fund of subsidiaries in the People's Republic of China ("PRC") that can be used to offset prior years' losses or convert into capital, provided such conversion is approved by a resolution at a shareholders' meeting.

(c) Capital reserve represents a transfer of retained earnings by a PRC subsidiary in 2004.

(d) Equity reserve represents effects of changes in ownership interests in subsidiaries when there is no change in control.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 30 June	
	2018	**2017**
	US$'000	*US$'000*
Net cash used in operating activities	(1,737)	(1,612)
Investing activities		
Payment of product development costs	(2,296)	(1,472)
Acquisition of property, plant and equipment	(564)	(622)
Interest received	7	12
Net cash used in investing activities	(2,853)	(2,082)
Financing activities		
Repayments of bank borrowings	(32,079)	(36,486)
Interest paid	(791)	(739)
Bank borrowings raised	33,582	38,734
Proceeds from loans related to trade bills discounted with recourse	(3,066)	(1,699)
Net cash used in financing activities	(2,354)	(190)
Net decrease in cash and cash equivalents	(6,944)	(3,884)
Cash and cash equivalents at beginning of the period	11,655	15,849
Effect of foreign exchange rate changes	986	(490)
Cash and cash equivalents at end of the period	5,697	11,475
Represented by:		
Bank balances and cash	7,467	12,301
Bank overdrafts	(1,770)	(826)
	5,697	11,475

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company (Registration No. 34778) was incorporated in Bermuda on 26 January 2004 under The Companies Act 1981 of Bermuda (the "Bermuda Companies Act") as an exempted company with limited liability and with its registered office at Canon's Court, 22 Victoria Street, Hamilton Hm12, Bermuda and its principal place of business at 6th Floor, Mita Center, 552-556, Castle Peak Road, Kwai Chung, Kowloon, Hong Kong. Its ultimate controlling shareholder is Mr. Lo Yat Keung who is the chief executive of the Company. The Company is listed on both the Main Board of Singapore Exchange Securities Trading Limited ("SGX-ST") and on the Main Board of the Stock Exchange of Hong Kong Limited ("SEHK") since 12 July 2004 and 21 December 2011 respectively.

The Company is an investment holding company. The principal activities of the Group are the design, manufacture and distribution, of analytical and laboratory instruments and life science equipment.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new International Financial Reporting Standards ("IFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017.

Application of new and amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial statements:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers and the related Amendments
IFRIC 22	Foreign Currency Transactions and Advance Consideration
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts"
Amendments to IAS 28	As part of the Annual Improvements to IFRSs 2014-2016 Cycle
Amendments to IAS 40	Transfers of Investment Property

2.1 Impacts and changes in accounting policies of application on IFRS 15 "Revenue from Contracts with Customers"

The Group has applied IFRS15 for the first time in the current interim period. IFRS 15 superseded IAS 18 "Revenue", IAS 11 "Construction Contracts" and the related interpretations.

The Group recognises revenue from the sale of analytical instruments, life science equipment and laboratory instruments.

The Group has applied IFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated. Furthermore, in accordance with the transition provisions in IFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 18 and IAS 11 and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of IFRS 15

IFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

Under IFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations including the sales of analytical instruments, life science equipment and laboratory instruments and the provision of transportation services, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

2.2 Impacts and changes in accounting policies of application on IFRS 9 "Financial Instruments"

In the current period, the Group has applied IFRS 9 and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained earnings, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 39 "Financial Instruments: Recognition and Measurement".

2.2.1 Key changes in accounting policies resulting from application of IFRS 9

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with IFRS 15.

All recognised financial assets that are within the scope of IFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under IAS 39.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 "Business Combinations" applies.

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Equity instruments designated as at FVTOCI

At the date of initial application/initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

The directors of the Company reviewed and assessed the Group's financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the Group's financial assets and the impacts thereof are detailed in Note 2.2.2.

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under IFRS 9 (including trade receivables, other receivables and bank balances and cash). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables, other receivables and bank balances and cash. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and other receivables where the corresponding adjustment is recognised through a loss allowance account.

As at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of IFRS 9. The results of the assessment and the impact thereof are detailed in Note 2.2.2.

2.2.2 Summary of effects arising from initial application of IFRS 9

The Group applies the IFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics.

Loss allowances for other financial assets at amortised cost mainly comprise of bank balances and cash and other receivables are measured on 12m ECL basis and there had been no significant increase in credit risk since initial recognition.

As at 1 January 2018, the additional credit loss allowance of US$887,000 has been recognised against retained earnings. The additional loss allowance is charged against the respective asset.

The loss allowance for trade receivables and other receivables as at 31 December 2017 reconcile to the opening balances of trade receivables and other receivables is as follows:

(a)

	Trade receivables and other receivables
	US$'000
At 31 December 2017 (Audited) – IAS 39	88,698
Amounts remeasured through opening retained earnings	(887)
At 1 January 2018 (Unaudited)	87,811

Impacts on opening condensed consolidated statement of financial position arising from the application of all new standards

As a result of the changes in entity's accounting policies above, the opening condensed consolidated statement of financial position had to be restated. The following table shows the adjustments recognized for each individual line item.

	31 December 2017	**IFRS 9**	**1 January 2018**
	US$'000	*US$'000*	*US$'000*
	(Audited)		(Restated)
Trade and other receivables	88,698	(887)	87,811
Retained earnings	(50,701)	887	(49,814)

(b) Available-for-sale investments

The Group elected to present in OCI for the fair value changes of all its equity investments previously classified as available-for-sale, of which US$450,000 related to unquoted equity investments previously measured at cost less impairment under IAS 39. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of IFRS 9, US$450,000 were reclassified from available-for-sale investments to equity instruments at FVTOCI, of which US$450,000 related to unquoted equity investments previously measured at cost less impairment under IAS 39. No fair value gains/losses relating to those unquoted equity investments previously carried at cost less impairment were adjusted to equity instruments at FVTOCI and FVTOCI reserve as at 1 January 2018.

3. REVENUE AND SEGMENT INFORMATION

Revenue

	6 months ended 30 June	
	2018	**2017**
	US$'000	*US$'000*
Sale of analytical instruments, life science equipment and laboratory instruments	83,340	79,537

Operating segments

In prior year, there were two reportable and operating segments, namely (i) Distribution segment, and (ii) Manufacturing segment. During the current period, in view of the continuing significance of the operation of the segments, the management revised the organisation of segments that are used to allocate resources and assess performance, and considered to change its analysis based on nature and geographical location of the segment, being an enterprise engaged in design and manufacture and sales of analytical and laboratory instruments and life science equipment in a single segment. It is currently the basis used for the purpose of allocating resources and assessing their performance, and also the basis of organisation of the Group for managing the business operations.

Therefore, the operation of the Group constitutes one single reportable segment in the current period.

Geographical information

The Group operates principally in the PRC (including Hong Kong and Macau) (country of domicile), Asia (other than the PRC) and Europe.

a) The Group's revenue from external customers, based on location of customers, is detailed below:

	6 months ended 30 June	
	2018	**2017**
	US$'000	*US$'000*
PRC (including Hong Kong and Macau)	53,985	55,949
Asia (other than the PRC)	6,193	5,807
Europe	17,238	13,542
Others [(1)]	5,924	4,239
Total	83,340	79,537

(1) The geographic segment classified as "Others" includes the United States of America, Africa and Australia.

b) The Group's information about its non-current assets (excluding other assets, equity instruments at fair value through other comprehensive income and deferred tax assets) by geographical location, based on location of assets, is detailed below:

	30 June 2018	**31 December 2017**
	US$'000	*US$'000*
PRC (including Hong Kong and Macau)	5,660	7,367
Europe	10,050	9,520
United States of America	1,038	955
Others [(2)]	6	16
Total	16,754	17,858

(2) The geographic segment classified as "Others" includes Singapore, India and Australia.

4. FINANCE COSTS

	6 months ended 30 June	
	2018	**2017**
	US$'000	*US$'000*
Interest on bank borrowings and overdrafts	791	739

5. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging (crediting):

	6 months ended 30 June	
	2018	**2017**
	US$'000	*US$'000*
Amortisation of intangible assets	535	595
Depreciation of property, plant and equipment	602	446
Net foreign exchange loss (gain)	72	(193)
Interest income	(7)	(12)

6. TAXATION

	6 months ended 30 June	
	2018	**2017**
	US$'000	*US$'000*
Current tax:		
PRC Enterprise Income Tax	42	32
Others	16	14
	58	46
Deferred taxation	(6)	(32)
	52	14

The income tax expenses for the Group is calculated at the respective statutory tax rates prevailing in the relevant jurisdictions.

Hong Kong and Singapore income taxes are calculated at 16.5% and 17% of the estimated assessable profits for the period respectively.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

7. DIVIDENDS

The Board did not recommend the payment of any final dividend for the year ended 31 December 2017.

The Board did not recommend or declare any interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

8. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company for the six months ended 30 June 2018 is based on the following data:

	6 months ended 30 June	
	2018	**2017**
	US$'000	*US$'000*
Loss for the period attributable to the owners of the Company	(1,374)	(818)

	Number of shares	
	'000	*'000*
Number of ordinary shares for the purpose of basic loss per share	275,437	275,437
Add: Effect of dilutive potential ordinary shares relating to outstanding share options issued by the Company	3,287	692
Weighted average number of ordinary shares for the purpose of diluted loss per share	278,724	276,129

9. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately US$1,474,000 (six months ended 30 June 2017: US$622,000) on acquisition of property, plant and equipment.

10. TRADE AND OTHER RECEIVABLES

	30 June 2018 *US$'000*	31 December 2017 *US$'000*
Trade receivables	57,035	77,635
Bills receivables	221	463
Trade bills receivables discounted with recourse	422	3,488
	57,678	81,586
Prepayments *(note a)*	4,241	2,115
Other receivables *(note b)*	6,296	4,997
	68,215	88,698

The Group normally allows credit terms ranging from 30 days to 90 days (2017: 30 days to 90 days) to its trade debtors.

Notes:

a) Prepayments mainly comprise advances to staff for business trips and other prepaid expenses.

b) Other receivables mainly represent other tax receivables and deposits paid to suppliers.

The aging of trade receivables, net of allowance for doubtful debts, bills receivables and trade bills receivables discounted with recourse based on the invoice date at the end of the reporting period is as follows:

	30 June 2018 *US$'000*	31 December 2017 *US$'000*
Less than 90 days	31,780	58,430
91 to 120 days	7,072	12,894
121 to 365 days	12,312	3,301
1 to 2 years	5,725	5,756
Over 2 years	789	1,205
	57,678	81,586

11. TRADE AND OTHER PAYABLES

	30 June 2018 *US$'000*	31 December 2017 *US$'000*
Trade payables	11,963	19,981
Accruals	7,326	4,069
Other payables *(note)*	3,297	8,016
	22,586	32,066

Note: Other payables mainly represent other tax payables and reimbursements to staff and other miscellaneous advances received.

The credit period on purchases of goods generally ranges from 30 days to 75 days (2017: 30 days to 75 days). No interest is charged on outstanding trade payables during the period. The aging of trade payables based on the invoice date at the end of reporting period is as follows:

	30 June 2018	**31 December 2017**
	US$'000	*US$'000*
Less than 60 days	9,916	17,880
61 to 180 days	1,708	1,709
181 to 365 days	81	86
Over 365 days	258	306
	11,963	19,981

12. SHARE CAPITAL

	Number of ordinary shares of US$0.05 each	*US$'000*
Authorised	800,000,000	40,000
Issued and paid up:		
At 1 January 2017, 31 December 2017 and 30 June 2018	275,437,000	13,772

The Company has one class of ordinary shares which carry one vote per share and no right to fixed income.

13. SHARE-BASED PAYMENT

The Company has two share option schemes and a share award scheme, details of which are as follows:

2004 Share Option Scheme

On 28 May 2004, the Company adopted a share option scheme (the "2004 Share Option Scheme") for a maximum period of 10 years from the adoption date. The purpose of the 2004 Share Option Scheme was to provide the eligible participants with an opportunity to have a personal stake in the Company with a view to motivating them to optimise their performance efficiency for the benefit of the Company. The 2004 Share Option Scheme was amended on 17 July 2018, details of which were disclosed in the circular of the Company dated 29 June 2018, and the poll results announcement of the Company dated 17 July 2018.

The size of the 2004 Share Option Scheme shall not exceed 15% of the issued ordinary share capital of the Company. The options that are granted under the 2004 Share Option Scheme may have exercise prices that are set at a price equal to the average of the last dealt prices for the shares of the Company ("Shares") determined by reference to the daily official list or other publication published by the Official List of SGX-ST for a period of five consecutive market days immediately preceding the relevant date of grant of such options or at a discount to the abovementioned price (subject to a maximum discount of 20%).

Directors (including non-executive directors and independent non-executive directors) and employees of the Group are eligible to participate in the 2004 Share Option Scheme. Controlling shareholders and their associates are not eligible to participate in the 2004 Share Option Scheme. Holders of options who are executive directors or employees of any company in the Group will have up to 10 years from the date of grant to exercise their options. Holders of options who are non-executive directors of any company within the Group will have up to 5 years from the relevant date of grant to exercise their options. Offers of options made to grantees, if not accepted within 30 days, will lapse.

The number of Shares comprised in any option to be offered to a participant of the 2004 Share Option Scheme shall be determined at the absolute discretion of the remuneration committee of the Company. The maximum entitlement of any offeree, in accordance with and during the operation of the 2004 Share Option Scheme, shall not exceed 20% in aggregate of the total number of Shares which have been issued and may be issued by the Company under the 2004 Share Option Scheme. Upon acceptance of the option, the grantee shall pay S$1.00 to the Company by way of consideration for the grant of the option.

The Company granted a total of 21,835,000 options under the 2004 Share Option Scheme. 30% of the options shall be vested on the first anniversary of the date of grant. The remaining 70% of the options shall be vested on the third anniversary of the date of grant.

The 2004 Share Option Scheme was subsequently superseded by the 2011 Share Option Scheme (as defined below), and as such, the total number of Shares available for issue upon exercise of all outstanding options under the 2004 Share Option Scheme as at 30 June 2018 remains 13,638,000 Shares (31 December 2017: 13,773,000 Shares), representing approximately 4.95% of the issued share capital of the Company as at 31 December 2017, 28 March 2018 (i.e. the date of the annual report for the year ended 31 December 2017) and 30 June 2018 respectively.

Save for 135,000 share options that were expired on 14 April 2018, during the year ended 31 December 2017 and the period from 1 January 2018 to 30 June 2018, no share options were granted, exercised and cancelled under the 2004 Share Option Scheme.

2011 Share Option Scheme

On 9 June 2011, the Company adopted another share option scheme (the "2011 Share Option Scheme"). The purpose of the 2011 Share Option Scheme was to enable the Company to grant options to eligible participants as incentives or rewards for their contribution to the Group, and to encourage eligible participants to perform their best in achieving goals of the Group. The 2011 Share Option Scheme was amended on 17 July 2018, details of which were disclosed in the circular of the Company dated 29 June 2018 and the poll results announcement of the Company dated 17 July 2018.

Directors (including non-executive directors and independent non-executive directors) and employees of the Group are eligible to participate in the 2011 Share Option Scheme.

The 2011 Share Option Scheme shall be in force up to a maximum period of 10 years from the date on which the 2011 Share Option Scheme was adopted and may be continued beyond the stipulated period with the approval of shareholders by way of ordinary resolution in a general meeting and of such relevant authorities which may then be required.

The options that are granted under the 2011 Share Option Scheme may have exercise prices that are the higher of (i) the closing price of the Shares as stated in the daily quotations sheet issued by the SEHK or the SGX-ST (whichever is higher) on the offer date of such options, which must be a business day; and (ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the SEHK or the SGX-ST for the five consecutive business days immediately preceding the offer date of such options (whichever is higher).

Where the options are granted to the controlling shareholders and their associates, (i) the aggregate number of Shares available to the controlling shareholders and their associates shall not exceed 25% of the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2011 Share Option Scheme; (ii) the aggregate number of Shares available to each controlling shareholder or his associate shall not exceed 10% of the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2011 Share Option Scheme; (iii) separate approval of independent shareholders shall be obtained for each participant in respect of this participation and the number of Shares comprised in the options to be granted to him and the terms.

The number of Shares comprised in any option to be offered to a participant in the 2011 Share Option Scheme shall be determined at the absolute discretion of the remuneration committee of the Company. The total number of Shares issued and to be issued upon exercise of the options granted to such participant (including exercised, cancelled and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue under the 2011 Share Option Scheme. Upon acceptance of the option, the grantee shall pay S$1.00 to the Company by way of consideration for the grant of the option.

Pursuant to the extraordinary general meeting of the Company on 9 June 2011 and the approval granted by the Listing Committee of the SEHK, the Company may grant options entitling the eligible participants to subscribe for up to a maximum number of 23,250,000 Shares, representing 10% of the issued share capital of the Company as at the adoption date.

On 22 January 2015, the Company granted a total of 2,000,000 options at the exercise price of HK$2.00 per Share, of which options to subscribe for 300,000 Shares were cancelled in 2015 and options to subscribe for 1,700,000 Shares remained outstanding as at 30 June 2018 and 31 December 2017. Of the outstanding options to subscribe for 2,000,000 Shares, the first tranche of the options (30% of the share options) is exercisable from 22 January 2018 to 22 January 2025, the second tranche of the options (30% of the share options) is exercisable from 22 January 2019 to 22 January 2025, and the third tranche of the options (40% of the share options) is exercisable from 22 January 2020 to 22 January 2025.

During the year ended 31 December 2017 and the period from 1 January 2018 to 30 June 2018, no share options were granted, exercised, cancelled or lapsed under the 2011 Share Option Scheme.

As at 30 June 2018, the total number of Shares available for issue upon exercise of all outstanding options under the 2011 Share Option Scheme was 22,950,000 Shares, representing approximately 8.33% of the issued share capital of the Company as at 31 December 2017, 28 March 2018 (i.e. the date of the annual report for the year ended 31 December 2017) and 30 June 2018 respectively.

Movements of the share options granted under the 2004 Share Option Scheme and the 2011 Share Option Scheme are as follows:

	Grant date	Expiry date	Exercisable period	Exercise price	Fair value at grant date	As at 31 December 2017	Lapsed during the period	As at 30 June 2018
2004 Share Option Scheme								
Director								
Chan Wai Shing	11/01/2010	10/01/2020	11/01/2011 - 10/01/2020[3]	S$0.23	S$0.16[1][2]	1,800,000	–	1,800,000
	06/01/2011	05/01/2021	06/01/2012 - 05/01/2021[3]	S$0.42	S$0.19[1] & S$0.18[2]	700,000	–	700,000
						2,500,000	–	2,500,000
Employees	15/04/2008	14/04/2018	15/04/2009 - 14/04/2018[3]	S$0.26	S$0.14[1] & S$0.11[2]	135,000[4]	(135,000)	–
	02/03/2009	01/03/2019	02/03/2010 - 01/03/2019[3]	S$0.16	S$0.11[1] & S$0.10[2]	1,270,500	–	1,270,500
	22/05/2009	21/05/2019	22/05/2010 - 21/05/2019[3]	S$0.16	S$0.11[1] & S$0.10[2]	150,000	–	150,000
	11/01/2010	10/01/2020	11/01/2011 - 10/01/2020[3]	S$0.23	S$0.16[1][2]	3,642,500	–	3,642,500
	06/01/2011	05/01/2021	06/01/2012 - 05/01/2021[3]	S$0.42	S$0.19[1] & S$0.18[2]	6,075,000	–	6,075,000
						11,273,000	(135,000)	11,138,000
						13,773,000	(135,000)	13,638,000
2011 Share Option Scheme								
Director								
Christopher James O'Connor	22/01/2015	22/01/2025	22/01/2018 - 22/01/2025	HK$2.00	HK$1.90	700,000	–	700,000
Employees	22/01/2015	22/01/2025	22/01/2018 - 22/01/2025	HK$2.00	HK$1.90	1,000,000	–	1,000,000
						1,700,000	–	1,700,000
Total						15,473,000	(135,000)	15,338,000
Exercisable as at 31 December 2017 and 30 June 2018						13,773,000		15,338,000

Notes:

(1) Senior management

(2) General management

(3) 30% of the options vested on the first anniversary of the date of grant. The remaining 70% of the options vested on the third anniversary of the date of grant.

(4) These options were expired on 14 April 2018.

The Group recognised total expenses of US$19,000 (31 December 2017: US$59,000) related to equity-settled share based payment during period ended 30 June 2018.

The weighted average exercise price at the end of the period is S$0.32 (31 December 2017: S$0.32).

The options outstanding at the end of the year have a weighted average remaining contractual life of approximately 2.4 years (31 December 2017: 2.9 years).

Share award scheme

On 11 January 2017, the Company adopted a share award scheme. Pursuant to the share award scheme, existing shares will be purchased by a trustee of the Company from the market out of cash contributed by the Group and be held in trust for the selected participants until such shares are vested with the selected participants in accordance with the provisions of the scheme. When the selected participant has satisfied all vesting conditions specified by the board of directors of the Company at the time of making the award and become entitled to the shares forming the subject of the award, the trustee shall transfer the relevant vested shares to that qualifying person.

The purposes of the share award scheme are to recognise the contributions by the Group's employees, executives, officers or directors and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

During the year ended 31 December 2017 and the period from 1 January 2018 to 30 June 2018, no shares of the Company were acquired by the trustee and no shares were granted.

14. CONTINGENT LIABILITIES

As at 30 June 2018 and 31 December 2017, the Group had no material contingent liabilities.

15. CAPITAL COMMITMENTS

As at 30 June 2018 and 31 December 2017, the Group did not have any significant capital commitment.

16. RELATED PARTIES TRANSACTIONS

The Group did not entered into the significant transactions with a related party during the period.

4. INDEBTEDNESS STATEMENT

At the close of business on 30 June 2018, being the latest practicable date for the purpose of preparing this indebtedness statement prior to the printing of this Listco Offer Document, the Group in aggregate had outstanding bank borrowings and bank overdrafts amounting to approximately US$35,543,000 and US$1,770,000, respectively which comprised:

		US$'000
a)	Bank borrowings – unsecured and guaranteed	25,834
b)	Bank borrowings – secured and guaranteed	6,603
c)	Bank borrowings – secured and unguaranteed	2,684
d)	Loans related to trade bills discounted with recourse – secured and guaranteed	422
e)	Bank overdrafts – unsecured and guaranteed	1,679
f)	Bank overdrafts – unsecured and unguaranteed	91

The Group's secured bank borrowings of approximately US$6,316,000 were secured by inventories of the Group, US$2,971,000 were secured by leasehold land and buildings of the Group. US$422,000 were secured by trade bills discounted with recourse of the Group.

Save as aforesaid or as otherwise mentioned herein and apart from intra-group liabilities and normal trade payables and bills payables in the ordinary course of business, the Group did not have any outstanding charges, debentures, loan capital, debt securities issued and outstanding or authorised or otherwise created but unissued, bank borrowings and overdrafts or other similar indebtedness, finance leases or hire purchase commitment, liabilities under acceptances (other than normal trade bills) or acceptance credits or other material contingent liabilities as at 30 June 2018.

5. MATERIAL CHANGE

Save for effects of the Group Restructuring, Distribution In Species, the proposed subscription of the convertible bond by the Offeror as disclosed in the Circular and disclosed in the interim results announcement of the Company for the six months ended 30 June 2018 ("**1H2018**") including that,

(i) Inventories of the Former Group as at 30 June 2018 increased by approximately 38.5% as compared with that as at 31 December 2017, which was mainly resulted by the higher overall level of inventories held to meet the expected demand in the second half of 2018;

(ii) Trade and other receivables of the Former Group as at 30 June 2018 decreased by approximately 23.1% as compared with that as at 31 December 2017, which was mainly related to the seasonal pattern in the Former Group's business as a higher portion of sales would realize in the second half of the year;

(iii) Trade and other payables of the Former Group as at 30 June 2018 decreased by approximately 29.6% as compared with that as at 31 December 2017, which was mainly resulted by the timely settlement to supplier for 1H2018; and

(iv) Contract liabilities – customer's deposits of the Former Group as at 30 June 2018 increased by approximately 50.0% as compared with that as at 31 December 2017, which was mainly resulted by (i) the payment terms of the orders on hand which allow the Former Group to receive more deposit initially; and (ii) the postponement of shipments of certain orders as per customers' requests,

the Directors confirm that there has been no material change in the financial or trading position or outlook of the Former Group subsequent to 31 December 2017 (being the date to which the latest published audited consolidated financial statements of the Former Group were made up) up to and including the Latest Practicable Date.

The unaudited pro forma financial information of the Remaining Group contained in Appendix V to the Circular is reproduced below:

"A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The following is the Unaudited Pro Forma Financial Information of the Remaining Group as if the Group Reorganisation and Distribution In Specie had completed on 31 December 2017 for the unaudited pro forma consolidated statement of financial position, and on 1 January 2017 for the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows.

The Unaudited Pro Forma Financial Information of the Remaining Group should be read in conjunction with the audited consolidated statement of financial position of the Group as at 31 December 2017, and audited consolidated statement of profit or loss and other comprehensive income and audited consolidated statement of cash flows of the Group for the year ended 31 December 2017 as set out in the annual report of the Company for the year then ended (the "2017 Annual Report"), and other financial information included elsewhere in the circular.

The unaudited pro forma consolidated statement of financial position of the Remaining Group is prepared based on the consolidated statement of financial position of the Group as at 31 December 2017 as extracted from the 2017 Annual Report after making pro forma adjustments which are directly attributable to the Group Reorganisation and Distribution In Specie and factually supportable, as if the Group Reorganisation and Distribution In Specie had been completed on 31 December 2017.

The unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group are prepared based on the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2017 as extracted from the 2017 Annual Report after making pro forma adjustments which are directly attributable to the Group Reorganisation and Distribution In Specie and factually supportable, as if the Group Reorganisation and Distribution In Specie had been completed on 1 January 2017.

The Unaudited Pro Forma Financial Information of the Group has been prepared in accordance with paragraph 29 of Chapter 4 of the Listing Rules to illustrate the possible outcome relating to the Group Reorganisation and Distribution In Specie. It is prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group upon completion of the Group Reorganisation and Distribution In Specie as at 31 December 2017 or any future date, or the financial performance and cash flows of the Group upon the completion of the Group Reorganisation and Distribution In Specie for the year ended 31 December 2017 or any future period.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	The Group	Pro forma adjustments					The Remaining Group
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	
Non-current assets							
Property, plant and equipment	10,123	(9,894)					229
Goodwill	1,347	(1,347)					–
Other intangible assets	4,362	(4,362)					–
Deposits paid for acquisition of property, plant and equipment	910	(910)					–
Other assets	944	(534)					410
Deferred tax assets	16	(16)					–
	17,702						639
Current assets							
Inventories	44,649	(32,266)					12,383
Trade and other receivables	88,698	(23,292)		4,600			70,006
Amounts due from group companies	–	(1,892)	80,337	(4,600)	(73,845)		–
Tax recoverable	366	(364)					2
Bank balances and cash	14,438	(5,522)				(1,242)	7,674
	148,151						90,065
Current liabilities							
Trade and other payables	39,617	(12,404)					27,213
Amounts due to group companies	–	(77,302)	80,147		(2,845)		–
Tax payable	2,774	(58)					2,716
Bank borrowings - due within one year	34,076	(13,686)					20,390
Bank overdrafts	2,783	(1,836)					947
	79,250						51,266
Net current assets	68,901						38,799
Total assets less current liabilities	86,603						39,438

	The Group	Pro forma adjustments					The Remaining Group
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	
Non-current liabilities							
Bank borrowings - due after one year	3,150	(3,150)					–
Retirement benefit plan	1,192	(1,192)					–
Deferred tax liabilities	146	(146)					–
	4,488						–
Net assets	82,115						39,438
Capital and reserves							
Share capital	13,772						13,772
Reserves	69,578	28,140	190		(71,000)	(1,242)	25,666
Equity attributable to owners of the Company	83,350						39,438
Non-controlling interests	(1,235)	1,235					–
Total equity	82,115						39,438

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	The Group	Pro forma adjustments				The Remaining Group
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	US$'000
	Note 1	*Note 7*	*Note 8*	*Note 9*	*Note 6*	
Revenue	199,374	(81,638)	27,764			145,500
Cost of sales	(144,305)	52,401	(27,764)			(119,668)
Gross profit	55,069					25,832
Other income, gains and losses	1,093	(1,359)	783			517
Loss on distribution in specie of shares in a subsidiary	–			(12,218)		(12,218)
Selling and distribution expenses	(18,829)	8,335	(783)			(11,277)
Administrative expenses	(31,101)	21,847			(1,242)	(10,496)
Research and development costs	(3,208)	3,208				–
Finance costs	(1,540)	803				(737)
Profit (loss) before taxation	1,484					(8,379)
Taxation	(498)	28				(470)
Profit (loss) for the year	986					(8,849)
Other comprehensive income (expense)						
Item that will not be reclassified to profit or loss:						
Recognition of actuarial (loss) gain on defined benefit plan	(723)	723				–
Item that may be reclassified subsequently to profit or loss:						
Exchange differences arising on translation of foreign operations	1,550	(1,568)				(18)
Release of translation reserve upon distribution in specie of shares in a subsidiary	–			3,218		3,218
Other comprehensive income for the year	827					3,200
Total comprehensive income (expense) for the year	1,813					(5,649)

	The Group	Pro forma adjustments				The Remaining Group
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	US$'000
	Note 1	*Note 7*	*Note 8*	*Note 9*	*Note 6*	
Profit (loss) for the year attributable to:						
Owners of the Company	1,335	3,276		(12,218)	(1,242)	(8,849)
Non-controlling interests	(349)	349				–
	986					(8,849)
Total comprehensive income (expense) for the year attributable to:						
Owners of the Company	2,155	2,438		(9,000)	(1,242)	(5,649)
Non-controlling interests	(342)	342				–
	1,813					(5,649)

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS

	The Group	Pro forma adjustments				The Remaining Group
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
	Note 1	Note 7	Note 8	Note 9	Note 6	
Operating activities						
Profit (loss) before taxation	1,484	3,597		(12,218)	(1,242)	(8,379)
Adjustments for:						
Depreciation of property, plant and equipment	1,185	(876)				309
Amortisation of other intangible assets	1,578	(1,578)				–
Interest income	(20)	3				(17)
Interest expenses	1,540	(803)				737
Allowance for doubtful debts	975	(487)				488
Gain on disposal of property, plant and equipment	(413)	51				(362)
Loss on distribution in specie of shares in a subsidiary	–			12,218		12,218
Impairment loss recognised in respect of goodwill	847	(847)				–
Write-off of other intangible assets	57	(57)				–
Allowance for inventories	116	(116)				–
Share-based payment expenses	59					59
Operating cash inflow before movements in working capital	7,408					5,053
(Increase) decrease in inventories	(2,828)	2,920				92
Increase in trade and other receivables	(6,028)	6,000				(28)
(Decrease) increase in trade and other payables	(492)	3,326	(831)			2,003
Cash (used in) from operations	(1,940)					7,120
PRC Enterprise Income Tax paid	(281)	241				(40)
Net cash (used in) from operating activities	(2,221)					7,080

	The Group	Pro forma adjustments				The Remaining Group
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	Note 1	*Note 7*	*Note 8*	*Note 9*	*Note 6*	
Investing activities						
Payment for product development costs	(1,394)	1,394				–
Acquisition of property, plant and equipment	(1,201)	1,060				(141)
Deposits paid for acquisition of property, plant and equipment	(106)	106				–
Advances to fellow subsidiaries	–	350	(3,246)			(2,896)
Proceeds on disposal of property, plant and equipment	492	(75)				417
Interest received	20	(3)				17
Net cash used in investing activities	(2,189)					(2,603)
Financing activities						
Repayments of bank borrowings	(84,400)	22,240				(62,160)
Interest paid	(1,540)	803				(737)
Repayments to fellow subsidiaries	–	53,077	(62,441)			(9,364)
Advance from immediate holding company	–	(66,518)	66,518			–
Bank borrowings raised	75,758	(11,979)				63,779
Proceeds from loans to trade bills discounted with recourse	9,767	(6,079)				3,688
Net cash outflow from distribution in specie of shares in a subsidiary	–	(8,719)				(8,719)
Net cash used in financing activities	(415)					(13,513)

	The Group	Pro forma adjustments				The Remaining Group
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	Note 1	*Note 7*	*Note 8*	*Note 9*	*Note 6*	
Net decrease in cash and cash equivalents	(4,825)					(9,036)
Cash and cash equivalents at beginning of the year	15,849					15,849
Effect of foreign exchange rate changes	631	(717)				(86)
Cash and cash equivalents at end of the year	11,655					6,727
Represented by:						
Bank balances and cash	14,438	(5,522)			(1,242)	7,674
Bank overdrafts	(2,783)	1,836				(947)
	11,655					6,727

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

1. Figures are extracted from the audited consolidated financial statements of the Group as set out in the 2017 Annual Report.

2. The adjustment reflects the exclusion of assets and liabilities of the Privateco Group, assuming the Group Reorganisation and Distribution In Specie had taken place on 31 December 2017. Figures are extracted from the accountants' report on historical financial information of the Privateco Group included in Appendix III to the Circular.

3. The adjustment reflects the restatement of inter-company balances among the Remaining Group and Privateco Group and the related translation reserve, assuming the transactions had taken place on 31 December 2017. Figures are extracted from the audited financial statements or unaudited management accounts of respective companies within the Remaining Group and Privateco Group for the year ended 31 December 2017.

4. The adjustment reflects the reclassification of the balance due from the Privateco Group to the Remaining Group arising in the normal and ordinary course of business as at 31 December 2017, assuming the Group Reorganisation and Distribution In Specie had taken place on 31 December 2017.

5. The adjustment reflects the capitalisation of the net balance due from the Privateco Group to the Remaining Group of US$71,000,000 by issuing 1 share in the Privateco of US$0.001 each (after the subdivision of each Privateco Share of par value of US$1.00 in the authorised shares of Privateco into 1,000 Privateco Shares of par value of US$0.001 each) such that there will not be any indebtedness or other non-trade related liabilities between the Remaining Group and the Privateco Group, assuming the Group Reorganisation and Distribution In Specie had taken place on 31 December 2017.

6. The adjustment reflects the estimated restructuring costs for the Remaining Group of approximately US$1,242,000, which will be recognised in profit or loss, assuming the estimated restructuring costs were paid on 31 December 2017. The estimated amounts are subject to changes.

   This adjustment is not expected to have continuing effect on the Remaining Group's consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows.

7. The adjustment reflects the exclusion of the income and expenses and cash flows of the Privateco Group, assuming the Group Reorganisation and Distribution In Specie had taken place on 1 January 2017. Figures are extracted from the accountants' report on historical financial information of the Privateco Group included in Appendix III to the Circular.

8. The adjustment reflects the restatement of inter-company transactions among the Remaining Group and the Privateco Group, assuming the transactions had taken place on 1 January 2017. Figures are extracted from the audited financial statements or unaudited management accounts of respective companies within the Remaining Group and Privateco Group for the year ended 31 December 2017.

9. The adjustment reflects the pro forma loss on the Distribution In Specie of US$12,218,000, representing the difference between the fair value and the carrying amount of the assets and liabilities and non-controlling interests of the Privateco Group on 1 January 2017 distributed, taking into account the release of translation reserve accumulated in equity to profit or loss.

   This adjustment is not expected to have continuing effect on the Remaining Group's consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows.

10. Except for the Group Reorganisation and Distribution In Specie and provision of estimated amount paid for restructuring costs, no adjustment has been made to reflect any trading result or other transaction of the Remaining Group entered into subsequent to 31 December 2017. In particular, no adjustment has been made for the CB Subscription Completion in the unaudited pro forma financial information as the Group Reorganisation and Distribution In Species are not conditional upon the CB Subscription Completion.

B. ASSURANCE REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this circular.

Deloitte. 德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF TECHCOMP (HOLDINGS) LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Techcomp (Holdings) Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2017, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2017, the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2017 and related notes as set out on pages V-1 to V-9 of the circular issued by the Company dated 29 June 2018 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages V-1 to V-9 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Group Reorganisation and Distribution In Specie (as defined in the Circular) on the Group's financial position as at 31 December 2017 and the Group's financial performance and cash flows for the year ended 31 December 2017 as if the transactions had taken place at 31 December 2017 and 1 January 2017, respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors from the Group's consolidated financial statements for the year ended 31 December 2017, on which an auditor's report have been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standards on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standards on Assurance Engagements 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2017 or 1 January 2017 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

29 June 2018"

1. RESPONSIBILITY STATEMENT

The information contained in this Listco Offer Document relating to the Offeror and its intentions have been supplied by the Offeror.

The directors of the Offeror and the directors of Yunnan Provincial Energy Investment Group Co., Ltd ("**YEIG**") jointly and severally accept full responsibility for the accuracy of the information contained in this Listco Offer Document (other than information relating to the Group), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this Listco Offer Document (other than opinions expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Listco Offer Document, the omission of which would make any statement in this Listco Offer Document misleading.

2. MARKET PRICES

The table below shows the closing price of the Shares quoted on the Stock Exchange on (i) the last trading day in each of the calendar months during the Relevant Period; (ii) the immediate business day before the date of commencement of the Offer Period; (iii) the Last Trading Day; and (iv) the Latest Practicable Date.

Date	**Closing price per Share** *(HK$)*
30 November 2016	1.30
30 December 2016	1.29
27 January 2017	1.15
28 February 2017	1.24
31 March 2017	1.27
28 April 2017	1.46
22 May 2017 *(the Business Day immediately before the start of the Offer Period)*	2.52
31 May 2017	2.01
30 June 2017	1.90
31 July 2017	1.74
31 August 2017	1.88
29 September 2017	1.81
31 October 2017	1.86
30 November 2017	1.79
29 December 2017	1.79
31 January 2018	2.29
28 February 2018	2.49
29 March 2018	2.30
18 April 2018 *(being the Last Trading Day)*	2.46
30 April 2018	4.10
31 May 2018	3.89
29 June 2018	3.94
31 July 2018	3.23
17 August 2018 *(being the Latest Practicable Date)*	3.23

During the Relevant Period, the highest closing price of the Shares was HK$4.36 per Share as quoted on the Stock Exchange on 27 April 2018 and the lowest closing price of the Shares was HK$1.14 per Share as quoted on the Stock Exchange on 18 January 2017.

3. INTERESTS IN THE COMPANY AND THE OFFEROR AND ARRANGEMENTS IN CONNECTION WITH THE LISTCO OFFERS

As at the Latest Practicable Date,

(a) save for the Sale Shares owned by the Offeror or persons acting in concert with it and the irrevocable undertaking provided by Mr. Xu, none of the Offeror, its parties acting in concert and directors had any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company and during the Relevant Period;

(b) save for the Convertible Bonds, there was no outstanding derivative in respect of securities in the Company which has been entered into by the Offeror and/or any person acting in concert with it;

(c) save for the Irrevocable Undertaking provided by Mr. Xu, none of the Offeror, its parties acting in concert and directors has received any irrevocable commitment to accept or reject the Listco Offers;

(d) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror or any person acting in concert with it (whether by way of option, indemnity or otherwise);

(e) none of the Offeror or its party acting in concert has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code including shares, warrants, options, derivatives or convertible securities) in the Company;

(f) there was no agreement, arrangement, or understanding which may result in the Shares or securities of the Company to be acquired under the Listco Offers being transferred, charged or pledged to any other persons;

(g) there was no benefit given or to be given to any Director as compensation for loss of office or otherwise in connection with the Listco Offers;

(h) save as disclosed under the paragraph headed "6. Proposed change of Board composition" in the "Letter from Deloitte Corporate Finance", there was no agreement, arrangement or understanding (including any compensation arrangement) existing between the Offeror or any person acting in concert with it and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependent upon the Listco Offers;

(i) there was no agreement or arrangement to which the Offeror was a party which related to the circumstances in which the Offeror may or may not invoke or seek to invoke a condition to the Listco Offers; and

(j) there was no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code which exists between the Offeror or its associates or any parties acting in concert with the Offeror and any other person.

4. DEALINGS IN SECURITIES AND ARRANGEMENTS IN RELATION TO DEALINGS

During the Relevant Period:

(a) none of the directors of the Offeror, the Offeror nor parties acting in concert with it had dealt for value in any Shares, derivatives, warrants or convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into the Shares;

(b) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror or any person acting in concert with it;

(c) save for Mr. Xu, who has provided the Irrevocable Undertaking, no person had irrevocably committed themselves to accept or reject the Listco Offers;

(d) none of the Offeror or parties acting in concert with it had borrowed or lent the relevant securities (as defined pursuant to Note 4 to Rule 22 of the Takeovers Code) of the Company; and

As at the Latest Practicable Date

(e) there was no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code between the Offeror, or any person acting in concert with the Offeror, and any other person.

5. CONSENTS AND QUALIFICATIONS OF PROFESSIONAL ADVISER

The following party is the professional adviser whose letter, opinions or advice are contained or referred to in this Listco Offer Document:

Name	Qualifications
Deloitte Corporate Finance	Deloitte & Touche Corporate Finance Limited, a licensed corporation permitted to carry out Type 1 (dealing in securities relating to corporate finance), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the financial adviser to the Offeror in respect of the Listco Offers

Deloitte Corporate Finance has given and has not withdrawn its written consent to the issue of this Listco Offer Document with the inclusion herein of the text of its letter and references to its names in the form and context in which it appears.

As at the Latest Practicable Date, Deloitte Corporate Finance does not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

6. GENERAL

As at the Latest Practicable Date:

(a) The registered office of the Offeror was situated at Kingston Chambers, P.O. Box 173, Road Town, Tortola, BVI.

(b) The registered office of Deloitte Corporate Finance is situated at 39th Floor, One Pacific Place, 88 Queensway, Hong Kong.

(c) The directors of YEIG are Duan Wenquan, Qiu Lujin, Lin Wenxian, Yang Wanhua, Li Xiang, Geng Shulun and Wang Yongqiang.

(d) The directors of the Offeror are Zhang Jincan, Jiang Wei and He Junyu.

(e) In the event of inconsistency, the English text of this Listco Offer Document and the Form(s) of Acceptance shall prevail over the Chinese text.

1. RESPONSIBILITY STATEMENT

All the Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Listco Offer Document (other than the information relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Listco Offer Document (other than opinions expressed by the directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Listco Offer Document the omission of which would make any statement in this Listco Offer Document misleading.

2. SHARE CAPITAL AND SHARE OPTIONS

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

	US$
Authorised	
800,000,000 Shares	40,000,000
Issued and fully paid-up share capital	
275,437,000	13,771,850

As at the Latest Practicable Date, the Company had 15,338,000 outstanding Share Options. Save for the aforesaid, the Company had no outstanding securities, options, derivatives, warrants and other convertible securities or rights affecting the Shares as at the Latest Practicable Date.

All Shares in issue rank pari passu in all respects with each other including rights to dividends, voting and return of capital. The Company has not issued any Shares since 31 December 2017, the date to which the latest audited financial statements of the Company were made up.

3. DISCLOSURE OF INTERESTS OF DIRECTORS

(a) Directors and the chief executives' interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company were taken or deemed to have under such provisions of the SFO), or were required to be entered in the register required to be kept pursuant to Section 352 of the SFO, or otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for

Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the "**Model Code**") adopted by the Company or the shareholdings in the Company in which the Directors were interested (as defined in Note 3 of paragraph 4 of Schedule 1 of the Takeovers Code) were as follows:

Long position

Name	Capacity	Nature of interests	Number of Shares held	Number of underlying shares held under equity derivatives	Total number of Shares interested	Percentage of the total issued Share capital (%)
Chan Wai Shing *(Note 1)*	Beneficial owner	Beneficial interest	–	2,500,000	2,500,000	0.91
Ho Yew Yuen	Beneficial owner	Beneficial interest	300,000	–	300,000	0.11
Christopher James O'Connor *(Note 2)*	Beneficial owner	Beneficial interest	–	700,000	700,000	0.25

Notes

1. Mr. Chan Wai Shing holds 2,500,000 Share Options of the Company

2. Mr. Christopher James O'Connor holds 700,000 Share Options of the Company

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Director and the chief executive of the Company were taken or deemed to have under such provisions of the SFO), or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, or which would fall to be disclosed pursuant to paragraph 2(ii) of the Takeovers Code.

(b) Substantial shareholders, the Offeror and parties acting in concert with it and other persons' interests and short positions in shares, underlying shares and securities of the Company.

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section

336 of the SFO, or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Long position in the Shares

Name	Capacity and nature of interests	Direct interest: Number of Shares held	Direct interest: Approximate percentage of the issued share capital of the Company (%)	Deemed interest: Number of Shares held	Deemed interest: Approximate percentage of the issued share capital of the Company (%)
Offeror *(Note 1)*	Beneficial owner	251,971,837	91.48	–	
香港雲能國際投資有限公司 *(Note 2)*	Controlled corporation	–	–	251,971,837	91.48
雲南省能源投資集團有限公司*(Note 2)*	Controlled corporation	–	–	251,971,837	91.48
Kabouter Management, LLC *(Note 3)*	Investment Manager	–	–	19,133,427	6.95

Notes

1. These interests represent (i) an interest in 169,541,148 Shares, representing approximately 61.55% of the issued share capital of the Company as at the Latest Practicable Date, that the Offeror has acquired pursuant to the Sale and Purchase Agreements; (ii) an interest in respect of 77,569,689 underlying Shares, representing approximately 28.16% of the issued share capital of the Company as at the Latest Practicable Date, issuable to the Offeror upon the full conversion of the Convertible Bonds; and (iii) an interest in respect of 4,861,000 Shares, representing approximately 1.76% of the issued Share Capital of the Company as at the Latest Practicable Date, to be acquired by the Offeror pursuant to the Irrevocable Undertaking.

2. The Offeror is wholly owned by香港雲能國際投資有限公司, which is in turn wholly owned by雲南省能源投資集團有限公司. By virtue of the SFO, each of香港雲能國際投資有限公司and雲南省能源投資集團有限公司is deemed to be interested in the Shares held by the Offeror.

3. Kabouter Management LLC notified the Company that it has a deemed interest in the shares held by Kabouter Fund II, LLC, Kabouter Fund I (QP), LLC and Kabouter Fund III LLC, all of which are managed and controlled by Kabouter Management LLC and all those shares are held through HKSCC Nominees Limited. As at the Latest Practicable Date, (i) Kabouter Fund II, LLC was interested in 6,617,864 shares, (ii) Kabouter Fund I (QP), LLC is interested in 9,489,641 shares, and (iii) Kabouter Fund III LLC is interested in 3,025,922 shares. By virtue of the SFO, Kabouter Management LLC is deemed to be interested in the shares held by Kabouter Fund II, LLC, Kabouter Fund I (QP), LLC and Kabouter Fund III LLC, totalling 19,133,427 shares.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, no person (other than Directors or the chief executive of the Company) had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or held any options in respect of such capital.

4. DEALINGS IN SECURITIES AND ARRANGEMENTS IN RELATION TO DEALINGS

(a) As at the Latest Practicable Date, the Company did not have any beneficial interest in the shares, convertible securities, warrants, options and derivatives of the Offeror, and the Company had not dealt for value in any shares, convertible securities, warrants, options or derivatives of the Offeror during the Relevant Period.

(b) As at the Latest Practicable Date, except for Mr. Ho Yew Yuen as the beneficial owner of 300,000 Shares and Mr. Chan and Mr. Christopher James O'Connor as the legal owner of 2,500,000 and 700,000 Shares Options (respectively) as set out in the paragraph headed "Disclosure of interests of Directors" above in this Appendix V, none of the Directors had any interests in any Shares, convertible securities, warrants, options or other derivatives of the Company, and save for the entering into of the Sale and Purchase Agreements (which was completed on 14 August 2018) and the Sale Shares interested by the Vendors, none of the Directors had dealt for value in any Shares, convertible securities, warrants, options or other derivatives of the Company during the Relevant Period. In addition, Mr. Ho Yew Yuen has indicated that he would accept the Listco Share Offer in respect of the 300,000 Shares held by him and each of Mr. Chan and Mr. Christopher James O'Connor has indicated that he would accept the Listco Option Offer in respect of 2,500,000 and 700,000 Share Options held by him, respectively.

(c) As at the Latest Practicable Date, none of the Directors had any interests in any shares, convertible securities, warrants, options or other derivatives of the Offeror, and none of the Directors had dealt for value in any shares, convertible securities, warrants, options or other derivatives of the Offeror during the Relevant Period.

(d) None of (i) the subsidiaries of the Company; (ii) the pension fund of the Company or of a subsidiary of the Company; or (iii) any advisers to the Company (as specified in class (2) of the definition of "associate" under the Takeovers Code) had any interest in the Shares, convertible securities, warrants, options or derivatives of the Company as at the Latest Practicable Date, and none of them had dealt in any Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

(e) As at the Latest Practicable Date, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of "associate" under the Takeovers Code, and no such person had dealt in any Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

(f) No Shares, convertible securities, warrants, options or derivatives of the Company were managed on a discretionary basis by any fund managers connected with the Company as at the Latest Practicable Date, and none of them had dealt in any Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

(g) As at the Latest Practicable Date, no Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company had been borrowed or lent by any of the Directors or by the Company.

(h) As at the Latest Practicable Date, no benefit (other than statutory compensation) was or will be given to any Director as compensation for loss of office in any members of the Group or otherwise in connection with the Listco Offers).

(i) As at the Latest Practicable Date, save for the appointment and resignation of certain Directors disclosed in the paragraph headed "6. Proposed change of Board composition" in the "Letter from Deloitte Corporate Finance" in this Listco Offer Document, there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Listco Offers or otherwise connected with the Listco Offers.

(j) As at the Latest Practicable Date, save for the Sale and Purchase Agreements and the Service Agreements, there was no material contract entered into by the Offeror in which any Director has a material personal interest.

5. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Group) have been entered into by any member of the Group within the two years before the date of the MOU Announcement and ending on the Latest Practicable Date and are or may be material:

(i) the CB Subscription Agreement;

(ii) the Supplemental CB Subscription Agreements;

(iii) the Supply Framework Agreement; and

(iv) the Service Agreements.

6. CONSENTS AND QUALIFICATIONS OF PROFESSIONAL ADVISERS

The following table contains the name and qualification of the professional adviser who has been engaged to give their opinion or advice, which is contained or referred to in this Listco Offer Document:

Name	Qualification
Deloitte Touche Tohmatsu	Certified public accountants
Amasse Capital	A licensed corporation to carry out Type 1 (dealing in securities relating to corporate finance) and Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, each of Deloitte Touche Tohmatsu and Amasse Capital has given and has not withdrawn its written consent to the issue of this Listco Offer Document with the inclusion herein of its letter, opinions or advice and references to its names in the form and context in which it appears.

As at the Latest Practicable Date, each of Deloitte Touche Tohmatsu and Amasse Capital did not have any shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of Deloitte Touche Tohmatsu and Amasse Capital did not have any direct or indirect interest in any assets which have been, since 31 December 2017 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

7. DIRECTORS' SERVICE CONTRACT

As at the Latest Practicable Date, save for the Service Agreements, none of the Directors had entered into any service contracts with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed term contracts) have been entered into or amended within 6 months preceding the date of the MOU Announcement; (ii) are continuous contracts with a notice period of 12 months or more; or (iii) are fixed term contracts with more than 12 months to run irrespective of the notice period.

8. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation arbitration or claims of material importance and, so far as the Directors were aware, no litigation or claim of material importance was pending or threatened by or against any member of the Group.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on (i) the website of the SFC at http://www.sfc.hk; and (ii) the website of the Company at http://www.techcomp.com.hk, from the date of this Listco Offer Document up to and including the Listco Offers Closing Date:

(a) the memorandum and articles of association of the Company;

(b) the memorandum and articles of association of the Offeror;

(c) the annual reports of the Company for the years ended 31 December 2016 and 2017;

(d) the "Letter from Deloitte Corporate Finance", the text of which is set out on pages 11 to 21 of this Listco Offer Document;

(e) the "Letter from the Board", the text of which is set out on pages 22 to 28 of this Listco Offer Document;

(f) the "Letter from the Independent Board Committee", the text of which is set out on pages 29 to 30 of this Listco Offer Document;

(g) the "Letter from the Independent Financial Adviser", the text of which is set out on pages 31 to 48 of this Listco Offer Document;

(h) the material contracts referred to in the paragraph headed "5. Material contracts" in this Appendix;

(i) the written consents referred to under the paragraphs headed "6. Consents and qualifications of professional advisers" in this Appendix and under the paragraphs headed "5. Consents and qualifications of professional adviser" in Appendix IV; and

(j) the irrevocable undertaking given by Mr. Xu to the Offeror on 31 July 2018.

10. MISCELLANEOUS

(a) The registered office of the Company is situated at Canon's Court, 22 Victoria Street, Hamilton, HM 12, Bermuda and its head office and principal place of business in Hong Kong is situated at 6/F., Mita Center, 552-566 Castle Peak Road, Kwai Chung, Kowloon, Hong Kong.

(b) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong and the Company's share transfer agent in Singapore is M & C Services Private Limited, at 112 Robinson Road, #05-01, Singapore 068902.

(c) The joint company secretaries of the Company is Mr. Sin Sheung Nam, Gilbert, who is an associate member of the Hong Kong Institute of Certified Public Accountants and Ms. Wong Wai Han, who is a solicitor in Hong Kong.

(d) The registered office of the Independent Financial Adviser is situated at Room 1201, 12th Floor, Prosperous Building, 48-52 Des Voeux Road Central, Hong Kong.

(e) In the event of inconsistency, the English text of this Listco Offer Document and the Form(s) of Acceptance shall prevail over the Chinese text.