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**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)

**CIRCLE BROWN
LIMITED**
*(Incorporated in the BVI with
limited liability)*

JOINT ANNOUNCEMENT

- (1) CONDITIONAL AGREEMENT IN RELATION TO THE SALE AND PURCHASE OF SHARES IN TECHCOMP (HOLDINGS) LIMITED**
- (2) PROPOSED GROUP REORGANISATION AND DISTRIBUTION IN SPECIE OF THE PRIVATECO SHARES**
- (3) AMENDMENT TO THE TERMS OF THE 2004 SHARE OPTION SCHEME AND THE 2011 SHARE OPTION SCHEME AND ADJUSTMENTS TO THE EXERCISE PRICE OF THE SHARE OPTIONS**
- (4) POSSIBLE UNCONDITIONAL VOLUNTARY CASH OFFER BY**



SOMERLEY CAPITAL LIMITED

**FOR AND ON BEHALF OF CIRCLE BROWN LIMITED
TO ACQUIRE ALL THE ISSUED PRIVATECO SHARES (OTHER THAN THOSE
ALREADY OWNED OR AGREED TO BE ACQUIRED BY CIRCLE BROWN
LIMITED AND PARTIES ACTING IN CONCERT WITH IT)**

**(5) POSSIBLE UNCONDITIONAL MANDATORY CASH GENERAL 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**

**(6) POSSIBLE CONNECTED TRANSACTION IN RELATION TO THE ISSUE OF
CONVERTIBLE BONDS UNDER THE SPECIFIC MANDATE BY TECHCOMP
(HOLDINGS) LIMITED TO BAODI INTERNATIONAL INVESTMENT COMPANY
LTD**

(7) SPECIAL DEALS AND CONTINUING CONNECTED TRANSACTIONS

**(8) RESUMPTION OF TRADING IN THE SHARES 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

**Financial Adviser to
Circle Brown Limited
in respect of
the Privateco Offer**



SOMERLEY CAPITAL LIMITED

INTRODUCTION

On 18 April 2018, the Vendors entered into the SPA I with the Purchaser and the Guarantor relating to the Sale Shares I, and Mr. Guo entered into the SPA II with the Purchaser relating to the Sale Shares II.

The Sale and Purchase Completion is conditional upon, among others, approval from the Independent Shareholders for certain aspects of the transactions as set out in the relevant sections headed “A. Sale and Purchase Agreements — Conditions precedent to the SPA I” and “A. Sale and Purchase Agreements — Conditions precedent to the SPA II”. The completion of the Distribution In Specie and the Sale and Purchase Agreements are inter-conditional, and are expected to take place simultaneously after obtaining the relevant approvals from the Independent Shareholders at the SGM, following which the Listco Offers and the Privateco Offer will be made. As such, the Group Reorganisation and the Distribution In Specie, together with the SPA I, the SPA II, the Listco Offers, the Privateco Offer, the Supply Framework Agreement, the Service Agreements, and the CB Subscription Agreement can be regarded as a package.

On a combined basis, the transactions represent an opportunity for the Shareholders to realise a part of or their entire investment in the Company for an aggregate cash exit equal to HK\$4.107 per Share.

SALE AND PURCHASE AGREEMENTS

The Board has been informed by the Vendors and Mr. Guo that on 18 April 2018, (i) the Vendors entered into the SPA I with the Purchaser and the Guarantor relating to the Sale Shares I (representing approximately 44.4% of the issued share capital of the Company as at the date of this joint announcement) at an aggregate consideration of HK\$399,150,625.50, equivalent to HK\$3.267 per Sale Share; and (ii) Mr. Guo entered into the SPA II with the Purchaser relating to the Sale Share II (representing approximately 17.2% of the issued share capital of the Company as at the date of this joint announcement) at a consideration of HK\$154,740,305, equivalent to HK\$3.267 per Sale Share.

The Sale and Purchase Completion is conditional upon, among others, approval from the Independent Shareholders for certain aspects of the transactions as set out in the relevant sections headed “A. Sale and Purchase Agreements — Conditions precedent to the SPA I” and “A. Sale and Purchase Agreements — Conditions precedent to the SPA II” of this joint announcement.

PROPOSED GROUP REORGANISATION AND DISTRIBUTION IN SPECIE OF THE PRIVATECO SHARES

The Group Reorganisation will be implemented to prepare for the separation of the Distributed Business from the Remaining Business in order to facilitate the Distribution In Specie.

The Company proposes to distribute all of the Privateco Shares registered in its name to the Shareholders whose names appear on the register of members of the Company on the Record Date on the following basis:

For every Share held one Privateco Share

The Distribution In Specie is conditional upon various conditions as set out in the sub-section headed “Conditions to the Distribution In Specie” under the section headed “B. Proposed Group Reorganisation and Distribution In Specie of the Privateco Shares” of this joint announcement.

The Company will announce the Record Date in accordance with Rule 13.66 of the Listing Rules as and when appropriate.

Upon completion of the Group Reorganisation and the Distribution In Specie, Privateco and its subsidiaries will cease to be subsidiaries of the Company, and the Group will continue to carry on the Remaining Business, whilst the Privateco Group will continue to carry on the Distributed Business.

Although the Distribution In Specie does not constitute a transaction under Chapter 14 of the Listing Rules, the Company will take such measures required under Chapter 14 in order to protect the interests of the Independent Shareholders. As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules is expected to be more than 25% but less than 75%, the Distribution In Specie would be similar to a major disposal for the Company under Chapter 14 of the Listing Rules. In order to allow the Independent Shareholders to make an informed decision and for prudence sake, the relevant disclosure in respect of the Distribution In Specie in the Circular will be in accordance with the requirements applicable to a very substantial disposal under Chapter 14. The Distribution In Specie will also be subject to the passing of an ordinary resolution by the Independent Shareholders by way of poll at the SGM. The Purchaser, the Vendor, their respective associates and parties acting in concert with any of them will abstain from voting on the relevant resolution(s) regarding the Distribution In Specie.

AMENDMENT TO THE TERMS OF THE 2004 SHARE OPTION SCHEME AND THE 2011 SHARE OPTION SCHEME AND ADJUSTMENTS TO THE EXERCISE PRICE OF THE SHARE OPTIONS

Upon completion of the Distribution In Specie, the exercise prices applicable to the 15,473,000 outstanding Share Options prior to the completion of the Distribution In Specie (assuming that none of the outstanding Share Options are exercised) will be adjusted as set out in the sections headed “C. Amendment to the Terms of the 2004 Share Option Scheme and the 2011 Share Option Scheme and Adjustments to the Exercise Price of the Share Options” of this joint announcement.

Amendment to the terms of the 2004 Share Option Scheme

To better reflect the position under the note to Rule 17.03(13) of the Listing Rules, the Directors propose to amend the 2004 Share Option Scheme to provide that any adjustments to the 2004 Share Options pursuant to Rule 8.1 of the 2004 Share Option Scheme be confirmed by an independent financial adviser or the Auditors as satisfying the requirements set out in the applicable Listing Rules.

The proposed amendment to the terms of the 2004 Share Option Scheme will be subject to approval by the Shareholders at the SGM and written consent of such number of 2004 Optionholders who, if they exercised their 2004 Share Options in full, would be entitled to not less than three-quarters in nominal value of all the 2004 Scheme Shares which would be allotted upon the exercise in full of all outstanding 2004 Share Options. The 2004 Optionholders who are Shareholders must abstain from voting on the Shareholders' resolution relating to the amendment of the 2004 Share Option Scheme at the SGM.

Amendment to the terms of the 2011 Share Option Scheme

To better reflect the position under the note to Rule 17.03(13) of the Listing Rules, the Directors propose to amend the 2011 Share Option Scheme to provide that any adjustments to the 2011 Share Options pursuant to Rule 10.1 of the 2011 Share Option Scheme be confirmed by an independent financial adviser or the Auditors as satisfying the requirements set out in the applicable Listing Rules.

The proposed amendment to the terms of the 2011 Share Option Scheme will be subject to approval by the Shareholders at the SGM pursuant to Rule 12 of the 2011 Share Option Scheme. Although it is not required under the terms of the 2011 Share Option Scheme, the Directors will take a prudent approach and obtain written consent from such number of 2011 Optionholders who, if they exercised their 2011 Share Options in full, would be entitled to not less than three-quarters in nominal value of all the 2011 Scheme Shares, which would be allotted upon the exercise in full of all outstanding 2011 Share Options for approving the proposed amendment to the terms of the 2011 Share Option Scheme. The 2011 Optionholders who are Shareholders must abstain from voting on the Shareholders' resolution relating to the amendment of the 2011 Share Option Scheme at the SGM.

POSSIBLE UNCONDITIONAL VOLUNTARY CASH OFFER TO ACQUIRE PRIVATECO SHARES

Upon completion of the Distribution In Specie, Somerley Capital will, on behalf of Circle Brown and pursuant to the Takeovers Code, make the Privateco Offer to the Privateco Shareholders to acquire all the issued Privateco Shares, other than those already owned or agreed to be acquired by Circle Brown and parties acting in concert with it, on the following basis:

For every Privateco Share held* HK\$0.84 in cash

** The number of the Privateco Shares to be in issue will be equal to the total number of the Shares in issue on the Record Date. The Company will announce the Record Date in accordance with Rule 13.66 of the Listing Rules as and when appropriate.*

The principal terms of the Privateco Offer are set out under the section headed “D. Possible Unconditional Voluntary Cash Offer To Acquire The Privateco Shares” of this joint announcement.

Somerley Capital, the financial adviser to Circle Brown in respect of the Privateco Offer, is satisfied that sufficient financial resources will be available to Circle Brown to satisfy full acceptance of the Privateco Offer, upon Sale and Purchase Completion.

POSSIBLE UNCONDITIONAL MANDATORY CASH GENERAL OFFERS TO ACQUIRE SHARES AND TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS

As at the date of this joint announcement, the Offeror and parties acting in concert with it do 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, the Offeror and parties acting in concert with it will be interested in a total of 169,541,148 Shares, representing approximately 61.5% of the issued share capital of the Company assuming none of the outstanding Share Options have been exercised or approximately 58.3% of the issued share capital of the Company assuming all outstanding Share Options have been vested and exercised in full, so the Offeror will be required to make an unconditional mandatory cash general offer to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code. Pursuant to Rule 13.5 of the Takeovers Code, the Listco Option Offer would also be made to cancel all the outstanding Share Options (whether vested or not) in the period prior to the close of the Listco Share Offer.

Subject to and upon the Sale and Purchase Completion, Deloitte Corporate Finance, on behalf of the Offeror and in compliance with the Takeovers Code, will make the Listco Offers to (i) acquire all the Offer Shares; and (ii) cancel all the outstanding Share Options (whether vested or not), on the following basis:

The Listco Share Offer

For every Offer Share heldHK\$3.267 in cash

The Listco Share Offer will be open for acceptance by the Shareholders other than the Offeror and parties acting in concert with it whose Shares are traded on the Stock Exchange and SGX-ST. The Listco Share Offer Price is the same as the purchase price per Sale Share under the Sale and Purchase Agreements which was arrived at after arm’s length negotiations between the Purchaser and the Vendors and Mr. Guo.

The Listco Option Offer

For cancellation of each Share Option with an
Adjusted Option Price of S\$0.12 per ShareHK\$2.571 in cash

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

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

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

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

Pursuant to Rule 13 and Practice Note 6 of the Takeovers Code, the Listco Option Offer Price will normally represent the difference between the exercise price of the respective Share Options and the Listco Share Offer Price. Under the Listco Option Offer, 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 principal terms of the Listco Offers are set out under the section headed “E. Possible Unconditional Mandatory Cash General Offers To Acquire The Offer Shares And To Cancel All The Outstanding Share Options” of this joint announcement.

As at the date of this joint announcement, there were 275,437,000 Shares in issue. Assuming that there is no change in the issued share capital of the Company and none of the outstanding Share Options are exercised and on the basis of the Listco Share Offer Price at HK\$3.267 per Share, the entire issued share capital of the Company is valued at approximately HK\$899,852,679. Assuming that all the 15,473,000 outstanding Share Options are fully exercised, there will be 290,910,000 Shares in issue and, on the basis of the Listco Share Offer Price at HK\$3.267 per Share, the entire issued share capital of the Company is valued at approximately HK\$950,402,970. Based on the foregoing, the aggregate cash consideration payable by the Offeror under the Listco Offers (assuming no Share Options are exercised and full acceptances under the Listco Offers) will be approximately HK\$380,025,771. The aggregate cash consideration payable by the Offeror under the Listco Offers (assuming all Share Options are exercised and full acceptances under the Listco Offers) will be approximately HK\$396,512,039.

The Offeror intends to finance the consideration payable under the Listco Offers and the consideration under the Sale and Purchase Agreements from its internal resources. In this connection, a sum sufficient to cover the consideration payable under the Listco Offers and the consideration under the Sale and Purchase Agreements have already been deposited by the Offeror into an escrow account, where such amount will continue to be held in escrow by an escrow agent which is a bank. Deloitte Corporate Finance, as the financial adviser to the Offeror, is satisfied that sufficient resources are available to the Offeror to satisfy the amount of funds required for the Sale and Purchase Completion and full acceptance of the Listco Offers.

POSSIBLE CONNECTED TRANSACTION IN RELATION TO THE ISSUE OF CONVERTIBLE BONDS UNDER THE SPECIFIC MANDATE

On 18 April 2018, the Company, the Offeror and the Guarantor entered into the CB Subscription Agreement pursuant to which the Company has agreed to issue, and the Offeror has agreed to subscribe, in cash, for the Convertible Bonds.

The bondholder will have the right, on any Business Day during the period commencing from the date of issue of the Convertible Bonds to the fifth anniversary of the date of issue of the Convertible Bonds to convert the whole or part of the principal amount of the Convertible Bonds into the Conversion Shares at the Conversion Price (subject to adjustments). No exercise of the conversion rights attaching to the Convertible Bonds shall be allowed if (i) immediately following the conversion, the Company will be unable to meet the public float requirement under Rule 8.08 of the Listing Rules; or (ii) a mandatory general offer obligation under the Takeovers Code will be triggered as a result of such conversion.

Based on the maximum principal amount of US\$25,985,846, assuming the conversion rights attached to the Convertible Bonds have been exercised in full at the initial Conversion Price of US\$0.3350 per Conversion Share, a maximum of 77,569,689 Conversion Shares will be issued, representing (i) approximately 28.2% of the issued share capital of the Company as at the date of this joint announcement; and (ii) approximately 22.0% of the issued share capital of the Company as enlarged by the allotment and issue of such Conversion Shares.

The principal terms of the CB Subscription Agreement are set out under the section headed “F. Possible Connected Transaction In Relation To The Issue Of Convertible Bonds Under The Specific Mandate By The Company To The Offeror” of this joint announcement.

SPECIAL DEALS AND CONTINUING CONNECTED TRANSACTIONS

As a transitional arrangement, on 18 April 2018, the Privateco Group and the Remaining Group entered into the Supply Framework Agreement, and the Remaining Subsidiaries entered into the Service Agreements with Mr. Lo and Mr. Chan respectively, each of which will take effect after relevant conditions precedent have been satisfied.

Supply Framework Agreement

Pursuant to the Supply Framework Agreement, the Privateco Group will sell and the Remaining Group will purchase various analytical instruments, life science equipment and laboratory instruments under the Privateco Group’s own brands, which shall commence from the second Business Day after the satisfaction of the conditions as set out in the section headed “G. Special Deals and Continuing Connected Transactions — Supply Framework Agreement — Conditions precedent” of this joint announcement and expire on the second anniversary of the last day of the calendar month in which the Sale and Purchase Completion took place (both days inclusive).

The transactions contemplated under the Supply Framework Agreement will, upon completion of the Distribution In Specie, constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules by virtue of the Privateco Group being an associate of Mr. Lo and thus a connected person of the Company under the Listing Rules. As the highest of the applicable percentage ratios in respect of the continuing connected transactions contemplated under the Supply Framework Agreement is more than 5%, the Supply Framework Agreement and the transactions contemplated thereunder shall be subject to the reporting, annual review, announcement and the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Given the material interests of Mr. Lo in the Supply Framework Agreement, he had abstained from voting at the Board meeting approving the Supply Framework Agreement.

Service Agreements

Pursuant to the Mr. Lo's Service Agreement and the Mr. Chan's Service Agreement, each of Mr. Lo and Mr. Chan will be respectively appointed as consultant of Techcomp Scientific Limited, which will wholly own the Remaining Subsidiaries upon completion of the Group Reorganisation. Each of the Service Agreements will be effective upon the fulfilment of the relevant conditions as set out in the section headed "G. Special Deals and Continuing Connected Transactions — Service Agreement — Conditions precedent" of this joint announcement, and end on the second anniversary of the last day of the calendar month in which the Sale and Purchase Completion took place (both days inclusive).

The Service Agreements will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules by virtue of the fact that each of Mr. Lo and Mr. Chan is a Director and thus a connected person of the Company under the Listing Rules. As the highest of the applicable percentage ratios in respect of the continuing connected transactions contemplated under each of the Service Agreements is more than 0.1% but less than 5%, each of the Service Agreements is subject to the reporting, annual review, and announcement requirements under Chapter 14A of the Listing Rules.

Given the material interests of Mr. Lo and Mr. Chan in the Service Agreements, each of them had abstained from voting at the Board meeting approving the Service Agreements.

Each of the Supply Framework Agreement and the Service Agreements constitutes a special deal under Rule 25 of the Takeovers Code and will be conditional upon obtaining the prior consent of the Executive under Rule 25 of the Takeovers Code. The Executive will normally consent to each of the Supply Framework Agreement and the Service Agreements provided that the independent financial adviser to the Company publicly states that in its opinion it is an arm's length transaction on normal commercial terms, the terms of each of the Supply Framework Agreement and the Service Agreements are fair and reasonable and it is approved by Independent Shareholders by way of poll at the SGM.

GENERAL

The SGM will be held for the purpose of considering and, if thought fit, approving the resolutions in respect of 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, by way of poll at the SGM. The Purchaser, the Vendors, Mr. Guo, their respective associates and parties acting in concert with any of them, the 2004 Optionholders who are Shareholders and the 2011 Optionholders who are Shareholders will abstain from voting on the relevant resolutions at the SGM.

A Circular, which will contain, among other things, details of 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 and financial information on each of the Group and the Privateco Group, pro forma financial information on 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 will be despatched to the Shareholders. As additional time is required to prepare the information to be contained in the Circular, it is expected to be despatched to the Shareholders on or no later than 15 June 2018.

In accordance with Rule 8.2 of the Takeovers Code, both the Listco Offer Document and the Privateco Offer Document are required to be posted by or on behalf of the Offeror and Circle Brown respectively within 21 days of the date of this joint announcement. However, as there are pre-conditions, i.e. the Sale and Purchase Completion and the completion of the Distribution In Specie, to the making of the Listco Offers and the Privateco Offer respectively, an application will be made by each of the Offeror and Circle Brown respectively for the Executive's consent under Note 2 to Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of the Listco Offer Document and the Privateco Offer Document respectively to within seven days of the fulfilment of such pre-conditions (i.e. the Sale and Purchase Completion and the completion of the Distribution In Specie). The Listco Offer Document and the Privateco Offer Document are expected to be despatched on the same day.

The Independent Board Committee comprising all the independent non-executive Directors has been formed in order to make a recommendation to (i) the Independent Shareholders regarding the Distribution In Specie, the Supply Framework Agreement, the Service Agreements, the CB Subscription Agreement, the Listco Share Offer and the respective transactions contemplated thereunder and (ii) the Optionholders regarding the Listco Option Offer.

The appointment of the independent financial adviser is subject to the approval of the Independent Board Committee. The independent financial adviser will be appointed to advise the Independent Board Committee, the Independent Shareholders and/or the Optionholders in relation to the Distribution In Specie, the Supply Framework Agreement, the Service Agreements, the CB Subscription Agreement, the Listco Offers and the respective transactions contemplated thereunder (where appropriate). A further announcement will be made by the Company as soon as practicable after the independent financial adviser has been appointed.

As at the date of this joint announcement, since Privateco does not have any non-executive directors or any independent non-executive directors, no independent committee of the board of directors of Privateco can be formed to give a recommendation to the Privateco Shareholders (other than the Vendors and parties acting in concert with it) in connection with the Privateco Offer. An independent financial adviser will be appointed to advise the independent Privateco Shareholders in connection with the Privateco Offer.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Hong Kong Stock Exchange and on the SGX-ST was halted with effect from 9:00 a.m. on 19 April 2018 pending the publication of this joint announcement. An application has been made by the Company for resumption of trading in its Shares on the Hong Kong Stock Exchange and the SGX-ST with effect from 9:00 a.m. on 25 April 2018.

WARNING: THE PRIVATECO OFFER AND THE LISTCO OFFERS ARE A POSSIBILITY ONLY. AS THE PRIVATECO OFFER AND THE LISTCO OFFERS WILL ONLY BE MADE AFTER COMPLETION OF THE DISTRIBUTION IN SPECIE AND THE SALE AND PURCHASE COMPLETION RESPECTIVELY, WHICH ARE SUBJECT TO A NUMBER OF CONDITIONS, EACH OF THE PRIVATECO OFFER AND THE LISTCO OFFERS MAY OR MAY NOT PROCEED. SHAREHOLDERS AND POTENTIAL INVESTORS ARE THEREFORE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY.

INTRODUCTION

Reference is made to the MOU 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, and a reorganisation of the Company which may be implemented by way of distribution or disposal of certain assets of the Company.

On 18 April 2018, the Vendors entered into the SPA I with the Purchaser and the Guarantor relating to the Sale Shares I, and Mr. Guo entered into the SPA II with the Purchaser relating to the Sale Shares II.

The Sale and Purchase Completion is conditional upon, among others, approval from the Independent Shareholders for certain aspects of the transactions as set out in the sections headed “Conditions precedent to the SPA I and “Conditions precedent to the SPA II” below. The completion of the Distribution In Specie and the Sale and Purchase Agreements are inter-conditional, and are expected to take place simultaneously after obtaining the relevant approvals from the Independent Shareholders at the SGM. The Privateco Offer and the Listco Offers will be made after completion of the Distribution In Specie and the Sale and Purchase Agreements. As such, the Group Reorganisation and the Distribution In Specie, together with the SPA I, the SPA II, the Listco Offers, the Privateco Offer, the Supply Framework Agreement, the Service Agreements, and the CB Subscription Agreement can be regarded as a package. Conditions precedent to completion of each of (i) the SPA I and the SPA II, (ii) the Distribution In Specie, (iii) the Privateco Offer, (iv) the Listco Offers, (v) the CB Subscription Agreement, and (vi) the Supply Framework Agreement and the Service Agreements are set out in the relevant sections below.

On a combined basis, the transactions represent an opportunity for the Shareholders to realise a part of or their entire investment in the Company for an aggregate cash exit equal to HK\$4.107 per Share.

A. SALE AND PURCHASE AGREEMENTS

The SPA I

Date: 18 April 2018

- Parties:**
- (i) Mr. Lo as one of the Vendors, who, together with his spouse, directly and beneficially hold 112,456,500 Shares, representing approximately 40.8% of the issued share capital of the Company as at the date of this joint announcement.
 - (ii) Mr. Chan as one of the Vendors, who directly and beneficially holds 9,720,000 Shares, representing approximately 3.5% of the issued share capital of the Company as at the date of this joint announcement.
 - (iii) Baodi International Investment Company Ltd as the Purchaser. For further information, please refer to the sub-section below headed “Information on the Offeror and the Guarantor”.
 - (iv) Yunnan Energy Investment (H K) Co. Limited as the Guarantor. For further information, please refer to the sub-section below headed “Information on the Offeror and the Guarantor”.

Subject of the SPA I

Pursuant to the SPA I, Mr. Lo shall sell as beneficial owner of 104,956,500 Sale Shares I, Mr. Chan shall sell as beneficial owner of 9,720,000 Sale Shares I, and Mr. Lo shall procure his spouse to sell as beneficial owner of 7,500,000 Sale Shares I, and the Purchaser shall purchase or procure its nominee(s) to purchase, and the Guarantor shall procure the Purchaser to purchase, all of the Sale Shares I, free from all Encumbrances and together with all rights and benefits attaching or accruing to the Sale Shares I, including without limitation, all rights to dividends and distributions declared, made or paid on the Sale Shares I or in respect of them on or after the Sale and Purchase Completion Date. The Sale Shares I represent in aggregate approximately 44.4% of the issued share capital of the Company as at the date of this joint announcement, and approximately 42.0% of the issued share capital of the Company assuming exercise in full of all outstanding Share Options.

The Vendors and the Purchaser shall not be obliged to complete the sale and purchase of any of the Sale Shares I unless the sale and purchase of all of the Sale Shares I and the sale and purchase of all of the Sale Shares II contemplated under the SPA II are completed simultaneously. For further details of the SPA II, please refer to the sub-section below headed “The SPA II”.

The Purchaser has confirmed that immediately before entering into the SPA I, each of the Purchaser, its ultimate beneficial owner and parties acting in concert with each of them is a third party independent of and not connected with the Company and its connected persons. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchaser, its ultimate beneficial owner and parties acting in concert with each of them is a third party independent of and not connected with the Company and its connected persons.

Consideration for the Sale Shares I

The aggregate consideration payable by the Purchaser to the Vendors in respect of the Sale Shares I shall be HK\$399,150,625.50, equivalent to HK\$3.267 per Sale Share, which was determined after arm's length negotiations between the Purchaser and the Vendors taking into account the business performance and financial position of the Remaining Group, the Distribution In Specie and the fact that the Purchaser will obtain a controlling interest in the Company on the Sale and Purchase Completion.

The aggregate consideration shall be payable by the Purchaser to the Vendors in the following manner:

- (a) upon execution of the SPA I, the Earnest Money of HK\$15,000,000 shall continue to be held by the Escrow Agent as refundable deposits (the "Deposits") which, unless otherwise dealt with in accordance with other clauses in the SPA I, shall be released as to HK\$13,806,644.5 to Mr. Lo and as to HK\$1,193,355.5 to Mr. Chan on the Sale and Purchase Completion and such money shall be deemed as having been paid by the Purchaser as refundable deposits and be applied as part payment of the aggregate consideration at the Sale and Purchase Completion; and
- (b) upon the Sale and Purchase Completion, the remaining balance of HK\$384,150,625.50 shall be paid by the Purchaser as to HK\$353,588,741 to Mr. Lo and as to HK\$30,561,884.5 to Mr. Chan.

Conditions precedent to the SPA I

Completion of the SPA I is conditional upon the following conditions being fulfilled and remaining satisfied as at the Sale and Purchase Completion Date (or, where applicable, waived by the Purchaser or the Vendors as described below):

- (a) the Shares remaining listed and traded on the Hong Kong Stock Exchange and the SGX-ST, and no notification or indication being received from the Hong Kong Stock Exchange, the SGX-ST or the SFC prior to the Sale and Purchase Completion that the Company may not be suitable for listing for the purpose of the Listing Rules and the Listing Manual or that the listing of the Shares on the Hong Kong Stock Exchange or the SGX-ST (as the case may be) will or may be,

for whatever reason, withdrawn or suspended for more than ten consecutive Business Days (excluding any suspension for the purpose of obtaining clearance from the SFC or the Hong Kong Stock Exchange or the SGX-ST (if applicable) for this joint announcement and other announcements relating to the transactions contemplated under the SPA I);

- (b) the passing by the Shareholders or, where applicable, the Independent Shareholders, at the SGM all resolutions as may be required under the Listing Rules, the Takeovers Code and/or the relevant laws and regulations, including without limitation, the relevant resolutions approving the Distribution In Specie, the Continuing Connected Transactions, the amendment to the terms of the 2004 Share Option Scheme and the transactions contemplated thereunder;
- (c) if required, all approvals, consent and acts required under the Listing Rules, the Listing Manual or other applicable laws and regulations or otherwise required from the Hong Kong Stock Exchange, the SGX-ST or other relevant regulatory authorities in connection with the Group Reorganisation having been obtained and completed or, as the case may be, the relevant waiver from compliance with any of such laws, rules, regulations and requirements having been obtained from the relevant authorities;
- (d) the fulfilment of the conditions for the Distribution In Specie (including but not limited to the Group Reorganisation having been completed) other than the condition relating to the fulfilment (or waiver) of the conditions precedent under the SPA I;
- (e) if required, all other approvals, consents and acts required under the Listing Rules, the Listing Manual or other applicable laws and regulations or otherwise required of the Group and/or the Vendors from any third parties (including banks or financial institutions) in connection with the SPA I and the transactions contemplated thereunder having been obtained and completed or, as the case may be, the relevant waiver from compliance with any of such laws, rules, regulations and requirements having been obtained from the Hong Kong Stock Exchange, the SFC, the SGX-ST (if applicable) or other relevant regulatory authorities or the relevant third parties;
- (f) the Vendors' warranties remaining true, accurate and not misleading in all respects as of the Sale and Purchase Completion Date by reference to the facts and circumstances subsisting as at the Sale and Purchase Completion Date;
- (g) the resolution(s) set out in paragraph (b) above not having been revoked, withdrawn or otherwise becoming invalid;
- (h) the terms of the Service Agreements having remained effective;

- (i) the Privateco Group having assigned to the Remaining Group its distribution rights relating to the PRC market under the Distribution Agreements, or the Remaining Group and the relevant suppliers under the Distribution Agreements having entered into agreements, pursuant to which the relevant suppliers, upon the Sale and Purchase Completion, will continue selling their products to the Remaining Group directly on the same or substantially the same terms as the current Distribution Agreements; or if the Distribution Agreements will expire or auto-renew prior to the Sale and Purchase Completion, the Remaining Group and the relevant suppliers under the Distribution Agreements having entered into new distribution agreements which shall supersede any prior agreements or arrangement between the Remaining Group and the relevant suppliers under the Distribution Agreements;
- (j) the Remaining Group having released all bank guarantees granted to the Privateco Group;
- (k) the conditions precedent under the SPA II having been fulfilled or waived (as the case may be) (save for the condition requiring the SPA I to become unconditional);
- (l) the Privateco Group and the Remaining Group having settled all non-trade payables and receivables;
- (m) the conditions precedent set out in paragraphs (a), (d) (only in relation to the warranties of the Company remaining true and accurate as of the date of the CB Subscription Agreement), (e), (f) and (g) in the sub-section headed “Conditions precedent of the CB Subscription Agreement” under the section headed “F. Possible Connected Transaction In Relation To The Issue Of Convertible Bonds Under The Specific Mandate By The Company To The Offeror” of this joint announcement having been fulfilled or waived (as the case may be);
- (n) the Warrantors’ warranties remaining true, accurate and not misleading in all respects as of the Sale and Purchase Completion Date by reference to the facts and circumstances subsisting as at the Sale and Purchase Completion Date;
- (o) the completion of all relevant procedures required (and, if required, the obtaining of the written consent and approval) under applicable laws and regulations or otherwise required of the Purchaser from the competent authority (if applicable, including but not limited to the State Foreign Exchange Administration of the PRC and the State-owned Assets Supervision and Administration Commission of the Yunnan Provincial People’s Government) in respect of the purchase of the Sale Shares I by the Purchaser and in connection with other transactions contemplated thereunder; and

- (p) the necessary approval from the Macau Trade and Investment Promotion Institute relating to the transactions contemplated under the SPA I having been obtained.

The Vendors and the Warrantors shall collectively use their respective best endeavours to procure the fulfilment of the above condition (m) (to the extent applicable to the Vendors or the Purchaser respectively), each of the Vendors shall use his best endeavours to satisfy the above conditions (other than (k), (m), (n) and (o)) (in case of (p), the Purchaser shall provide all assistance to the Vendors or the Remaining Group as they may reasonably require) and the Warrantors shall use their best endeavours to satisfy the above conditions (k), (n), and (o) at any time on or before 5 p.m. on the Sale and Purchase Long Stop Date (including without limitation by making all necessary applications as soon as practicable after the signing of the SPA I and the timely supply of information to the Hong Kong Stock Exchange and/or the SFC and/or the SGX-ST). Each of the Vendors undertakes to procure the Group and the Warrantors undertake to provide all such information and documents and execute all such applications, documents and other things as may be reasonably required by the Hong Kong Stock Exchange, the SGX-ST (if applicable), the SFC or any other regulatory authority.

The Purchaser may at its absolute discretion at any time waive in writing any of the above conditions (a), (f) and (h) to (m) (to the extent that the conditions are not applicable to the Purchaser) and such waiver may be made subject to such terms and conditions as are determined by the Purchaser. The Vendors together may at their absolute discretion at any time waive in writing any of the above conditions (m) (to the extent that the conditions are not applicable to the Vendors) and (n) and such waiver may be made subject to such terms and conditions as are determined by the Vendors. Save for conditions (a), (f) and (h) to (n), all other conditions may not be waived.

If any of the conditions has not been satisfied or, where applicable, waived by the Purchaser or the Vendors (as the case may be) at or before 5 p.m. on the Sale and Purchase Long Stop Date, the Vendors and the Purchaser shall jointly instruct the Escrow Agent to, within three Business Days from the Sale and Purchase Long Stop Date, transfer the Deposits (and the accrued interest) to the Purchaser (or such other person as directed by the Purchaser). Upon such full repayment of the Deposits, the obligation to complete the sale and purchase of any Sale Shares I under the SPA I shall automatically terminate, whereupon all rights and obligations of the parties shall cease to have effect immediately except in respect of any accrued rights and obligations of the parties.

As at the date of this joint announcement, condition set out in paragraph (o) to the SPA I has been fulfilled.

Net assets of the Remaining Subsidiaries

Following the Sale and Purchase Completion, the Vendors shall prepare the Completion Balance Sheet which shall be delivered to the Purchaser as soon as practicable and in any event within three months after the last day of the calendar month in which the Sale and Purchase Completion took place.

Within five Business Days of the final determination of the Completion Balance Sheet, if the consolidated net asset value of the Remaining Group (the “**Completion NAV**”) shall be less than HK\$230,000,000 or the net asset value of the Company shall be less than HK\$0 (the “**Listco NAV**”) as shown in the Completion Balance Sheet, the Vendors shall pay to the Purchaser an amount equivalent to the shortfall of the Completion NAV and the Listco NAV therefrom (where applicable). For the avoidance of doubt, if the Completion NAV shall be more than HK\$230,000,000 and/or the Listco NAV shall be more than HK\$0, the Purchaser shall have no obligation to make any payment to the Vendors.

Subject to Sale and Purchase Completion having duly occurred in accordance with the terms and conditions of the SPA I and the Warrantors complying with the terms of the SPA I in relation to the term of employment of Mr. Lo, in the event that each of the audited consolidated net asset value of the Remaining Subsidiaries (subject to adjustments as stipulated in the SPA I) (the “**Consolidated NAV**”) as at 31 December 2018 and 2019 and the second anniversary of the last day of the calendar month in which the Sale and Purchase Completion took place (or such other date(s) as the Purchaser and Mr. Lo may agree in writing) (the “**Guarantee Date**”) shall be less than HK\$230,000,000 respectively (being the expected minimum net asset value of the Remaining Subsidiaries as at each such date agreed between the Purchaser and Mr. Lo) (the “**Guaranteed NAV**”), Mr. Lo undertakes with the Purchaser that he shall in aggregate compensate the Purchaser such shortfall on a dollar-for-dollar basis, provided that the amount of Guaranteed NAV in respect of any subsequent financial year following the first financial year shall be reduced by an amount equivalent to the compensation received by the Purchaser (if any) in respect of the immediately preceding financial year(s) pursuant to the SPA I. For the avoidance of doubt, the Consolidated NAV shall exclude any adverse impact as a result of the application of any accounting principles in relation to the signing and performance of the CB Subscription Agreement by the Company. The Consolidated NAV shall be upward adjusted by such an amount (if any) as if there is no such adverse impact. Such compensation due (if any) should be made in cash within five Business Days after the four months after each Guarantee Date (or such later date as the Purchaser and Mr. Lo may agree in writing).

In the event that any account receivables of the Remaining Subsidiaries net of the relevant provisions made thereon as reflected in the audited accounts as at the last Guarantee Date shall remain outstanding for more than 3 years after the relevant due date for payment, the Purchaser shall be entitled to claim against the Vendors by

giving a notice in writing to the Vendors at any time within 4 years after such last Guarantee Date, and the Vendors shall compensate and pay to the Purchaser an amount equivalent to such account receivables not repaid (after deducting the surplus between the Consolidated NAV as at the last Guarantee Date and the Guaranteed NAV as at the last Guarantee Date) on a dollar-for-dollar basis within 14 days after the date of such notice.

The SPA II

Date: 18 April 2018

Parties:

- (i) Mr. Guo as the vendor, through KCH Investment indirectly holds 47,364,648 Shares, representing approximately 17.2% of the issued share capital of the Company as at the date of this joint announcement.
- (ii) Baodi International Investment Company Ltd as the Purchaser. For further information, please refer to the sub-section below headed “Information on the Offeror and the Guarantor” in this section

Subject of the SPA II

Pursuant to the SPA II, Mr. Guo shall sell or procure the sale of the Sale Shares II as the beneficial owner, being 47,364,648 Shares, and the Purchaser shall purchase or procure its nominee(s) to purchase all of the Sale Shares II, free from all Encumbrances and together with all rights and benefits attaching or accruing to the Sale Shares II, including without limitation, all rights to dividends and distributions declared at or after the Sale and Purchase Completion. The Sale Shares II represent approximately 17.2% of the issued share capital of the Company as at the date of this joint announcement and approximately 16.3% of the issued share capital of the Company assuming exercise in full of all outstanding Share Options.

Mr. Guo and the Purchaser shall not be obliged to complete the sale and purchase of any of the Sale Shares II unless the sale and purchase of all of the Sale Shares II and the sale and purchase of all of the Sale Shares I contemplated under the SPA I are completed simultaneously.

Consideration for the Sale Shares II

The consideration payable by the Purchaser to Mr. Guo in respect of the Sale Shares II shall be HK\$154,740,305, equivalent to HK\$3.267 per Sale Share, which was determined after arm’s length negotiations between the Purchaser and Mr. Guo

taking into account the business performance and financial position of the Remaining Group, the Distribution In Specie and the fact that the Purchaser will obtain a controlling interest in the Company on the Sale and Purchase Completion.

The consideration shall be payable by the Purchaser to Mr. Guo upon Sale and Purchase Completion.

Conditions precedent to the SPA II

Completion of the SPA II is conditional upon the following conditions being fulfilled and remaining satisfied as at the Sale and Purchase Completion Date (or, where applicable, waived by the Purchaser as described below):

- (a) the Shares remaining listed and traded on the Hong Kong Stock Exchange and the SGX-ST, (excluding any suspension for the purpose of obtaining clearance from the SFC, the SGX-ST or the Hong Kong Stock Exchange for this joint announcement and other announcements relating to the transactions contemplated under the SPA II);
- (b) the approvals for the transactions contemplated under the SPA II from the State Foreign Exchange Administration of the PRC (if applicable) and the State-owned Assets Supervision and Administration Commission of Yunnan Provincial People's Government having been obtained;
- (c) Mr. Guo's warranties remaining true, accurate and not misleading in all respects as of the Sale and Purchase Completion Date by reference to the facts and circumstances subsisting as at the Sale and Purchase Completion Date;
- (d) the Purchaser's warranties remaining true, accurate and not misleading in all respects as of the Sale and Purchase Completion Date by reference to the facts and circumstances subsisting as at the Sale and Purchase Completion Date;
- (e) the conditions precedent under the SPA I having been fulfilled or waived (as the case may be) (save for the condition requiring the SPA II to become unconditional); and
- (f) the conditions precedent set out in paragraphs (a), (d) (only in relation to the warranties of the Company remaining true and accurate as of the date of the CB Subscription Agreement), (e), (f) and (g) in the sub-section headed "Conditions precedent of the CB Subscription Agreement" under the section headed "F. Possible Connected Transaction In Relation To The Issue Of Convertible Bonds Under The Specific Mandate By The Company To The Offeror" of this joint announcement of the CB Subscription Agreement having been fulfilled or waived (as the case may be).

Mr. Guo shall use his best endeavours to procure the fulfilment of the above condition (c) and the Purchaser shall use its best endeavours to satisfy the conditions (b) and (d) at any time on or before 5 p.m. on the Sale and Purchase Long Stop Date (including without limitation by making all necessary applications as soon as practicable after the signing of the SPA II and the timely supply of information to the Hong Kong Stock Exchange and/or the SFC and/or the SGX-ST or any other regulatory authority).

The Purchaser may at its absolute discretion at any time waive in writing any of the conditions above (other than conditions (b), (e) and (f) above) and such waiver may be made subject to such terms and conditions as are determined by the Purchaser.

If any of the conditions has not been satisfied or waived by the Purchaser at or before 5 p.m. on the Sale and Purchase Long Stop Date, the SPA II shall automatically terminate and none of the parties to the SPA II shall have any claim of any nature or liabilities thereunder whatsoever against any of the other parties under the SPA II (save for any antecedent breaches of the terms thereof).

As at the date of this joint announcement, condition set out in paragraph (b) to the SPA II has been fulfilled.

Sale and Purchase Completion

The SPA I and the SPA II are inter-conditional upon each other. The Sale and Purchase Completion shall take place on the Sale and Purchase Completion Date or at such other time as may be agreed between the parties, subject to the satisfaction or, where applicable, waiver of the conditions precedent of the Sale and Purchase Agreements. Further announcement(s) will be made as soon as practicable in relation to the Sale and Purchase Completion.

Information on the Group

The Company is a company 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. The Group is a scientific equipment manufacturer, distributor and after-sales services provider of analytical instruments, life science equipment and laboratory instruments in the PRC and overseas. The Group's two principal business segments comprise (i) equipment distribution together with the provision of after-sales services, and (ii) the manufacturing of own-brand laboratory instruments.

Financial information of the Group

The following table is a summary of certain audited financial information of the Group for the three financial years ended 31 December 2015, 2016 and 2017 (as extracted from the Company's annual reports for the years ended 31 December 2016 and 31 December 2017):

	Year ended 31 December		
	2017	2016	2015
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
	(audited)	(audited)	(audited)
Revenue	199,374	183,043	171,905
Gross profit	55,069	60,369	55,472
Profit before taxation	1,484	902	3,580
Profit attributable to the owners of the Company	1,335	1,013	3,513
	As at 31 December		
	2017	2016	2015
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
	(audited)	(audited)	(audited)
Net assets attributable to the owners of the Company	83,350	81,136	84,443

Further financial information on the Group, the Remaining Group and the Privateco Group will be set out in the Circular.

Information on the Offeror and the Guarantor

The Offeror is an investment holding company incorporated in the 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 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).

B. PROPOSED GROUP REORGANISATION AND DISTRIBUTION IN SPECIE OF THE PRIVATECO SHARES

Group Reorganisation

The Group Reorganisation will be implemented to prepare for the separation of the Distributed Business from the Remaining Business in order to facilitate the Distribution In Specie. The Group Reorganisation will involve, among other things, an internal transfer of interests within the Group between the Remaining Group and the Privateco Group, as a result of which the Company will hold the entire equity interest in the Remaining Subsidiaries, to facilitate the Distribution In Specie.

Upon completion of the Group Reorganisation, the Group will be split into the Remaining Group and the Privateco Group, provided that the Group Reorganisation shall be conducted on terms which are (i) in compliance with all applicable laws and regulations of all relevant jurisdictions including Hong Kong, Singapore, the United Kingdom, India, Bermuda and the BVI, and (ii) where applicable, pursuant to the requirements of the Hong Kong Stock Exchange, the SFC and the SGX-ST or such other governmental or regulatory bodies or authorities of competent jurisdiction.

As at the date of this joint announcement, Privateco is authorised to issue up to 50,000 Privateco Shares of US\$1.00 each, all of which are directly held by the Company.

Pursuant to the Group Reorganisation, among other things, there will be (i) sub-division of each Privateco Share of par value US\$1.00 in the authorised shares of Privateco (including all issued Privateco Shares) into 1,000 Privateco Shares of par value US\$0.001 each such that the maximum number of Privateco Shares that Privateco is authorised to issue is changed from 50,000 Privateco Shares of par value US\$1.00 each to 50,000,000 Privateco Shares of par value US\$0.001 each; (ii) upon completion of such share sub-division, increase in the authorised maximum number

of the Privateco Shares to 300,000,000 Privateco Shares of US\$0.001 each; and (iii) internal transfers of interests in the Group, as a result of which Privateco will hold the Distributed Business.

Pursuant to the SPA I, the Sale and Purchase Completion is conditional upon, among others, the Remaining Group having released all bank guarantees granted to the Privateco Group. Further, all existing corporate guarantees and securities given by the Privateco Group in favour of the Remaining Group will be released and discharged in full, conditional only upon the Sale and Purchase Completion. Save as contemplated under the SPA I and the Group Reorganisation and other than inter-company balances arising in the normal and ordinary course of business between the Remaining Group and the Privateco Group in aggregate not exceeding HK\$20,000,000, any outstanding inter-group balances between the Remaining Group and the Privateco Group will be settled in full such that there will not be any indebtedness or other non-trade related liabilities between the Remaining Group and the Privateco Group.

The Group Reorganisation will not be completed unless the Independent Shareholders' approvals have been obtained at the SGM for 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.

Distribution In Specie

The Company proposes to declare and pay a dividend of approximately HK\$1.28 per Share to be satisfied wholly by the distribution of all of the Privateco Shares registered in its name to the Shareholders whose names appear on the register of members of the Company on the Record Date on the following basis:

For every Share held one Privateco Share

The above dividend of approximately HK\$1.28 per Share is calculated with reference to the consolidated net asset value of the Privateco of approximately HK\$353 million based on the unaudited consolidated management account of the Privateco Group as at 31 December 2017, divided by 275,437,000 Privateco Shares currently expected to be in issue following completion of the Group Reorganisation.

Unless requested by way of written request to the board of directors of Privateco by a holder of the Privateco Share, no share certificate will be issued in respect of the Privateco Shares upon completion of the Distribution In Specie and before the close of the Privateco Offer. No application will be made for the listing of, and permission to deal in, the Privateco Shares on the Hong Kong Stock Exchange, the SGX-ST or any other stock exchange.

As a result of the Distribution In Specie, Privateco and its subsidiaries will cease to be subsidiaries of the Company, and the Group will continue to carry on the Remaining Business, whilst the Privateco Group will continue to carry on the Distributed Business.

It is the intention of the relevant parties that the Distribution In Specie will be completed on the same date as the Sale and Purchase Completion. Subject to the completion of the Distribution In Specie, Somerley Capital will, on behalf of Circle Brown, make the Privateco Offer in accordance with the Takeovers Code. Therefore, the Privateco Offer will be made after completion of the Distribution In Specie and the Listco Offers will be made after the Sale and Purchase Completion.

Conditions to the Distribution In Specie

The Distribution In Specie will be conditional upon:

- (i) completion of the Group Reorganisation;
- (ii) the passing of a Board resolution to approve the Distribution In Specie;
- (iii) the passing of an ordinary resolution at the SGM to approve the Distribution In Specie; and
- (iv) the fulfilment of the conditions for the Sale and Purchase Agreements (save for the condition requiring the fulfilment of the conditions of the Distribution In Specie in paragraph (d) above under the sub-section headed “Conditions precedent to the SPA I” under the section headed “A. Sale And Purchase Agreements” in this joint announcement).

None of the above conditions can be waived. As at the date of this joint announcement, none of the above conditions have been fulfilled.

The Vendors, Mr. Guo and their respective associates and parties acting in concert with any of them will abstain from voting on the relevant resolution(s) regarding the Distribution In Specie, which will be voted on by Independent Shareholders by way of poll at the SGM.

The Company will announce the Record Date in accordance with Rule 13.66 of the Listing Rules as and when appropriate.

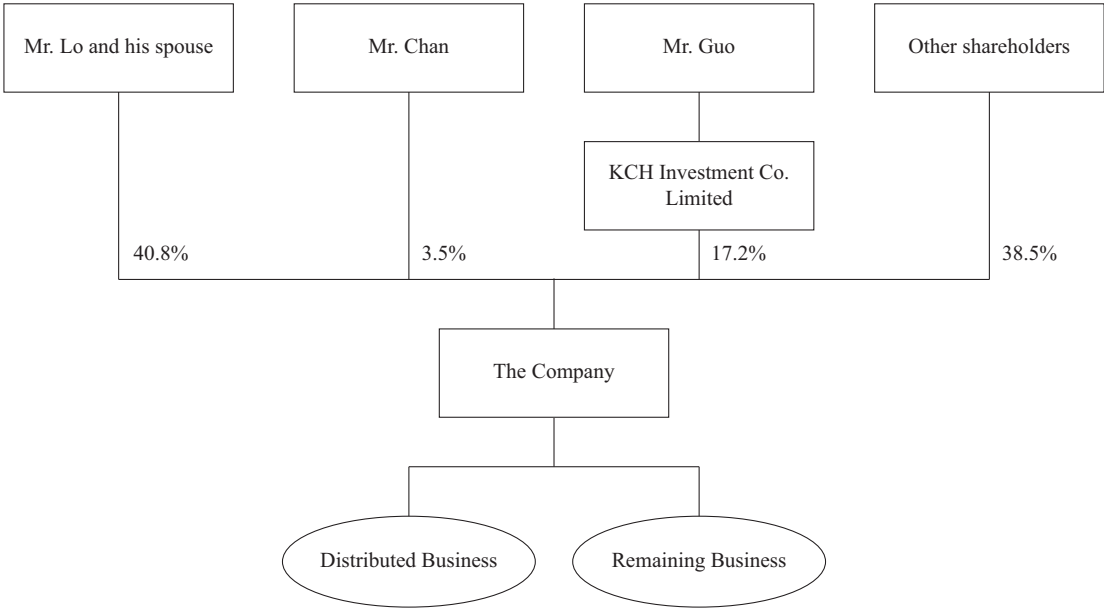
Overseas Shareholders

As the Distribution In Specie to persons who do not have a registered address in Hong Kong or Singapore may be prohibited or affected by the laws of the relevant jurisdictions, Overseas Shareholders should keep themselves informed and observe any applicable legal or regulatory requirements and where necessary seek legal advice. It is the responsibility of the Overseas Shareholders to satisfy themselves as

to the full observance of the laws of the relevant jurisdiction in connection therewith (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 in respect of such jurisdiction).

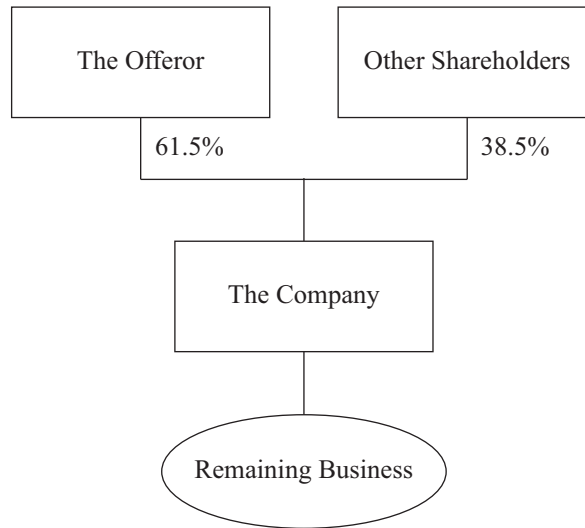
Group structure

The chart below shows a summarised structure of the Group as at the date of this joint announcement:

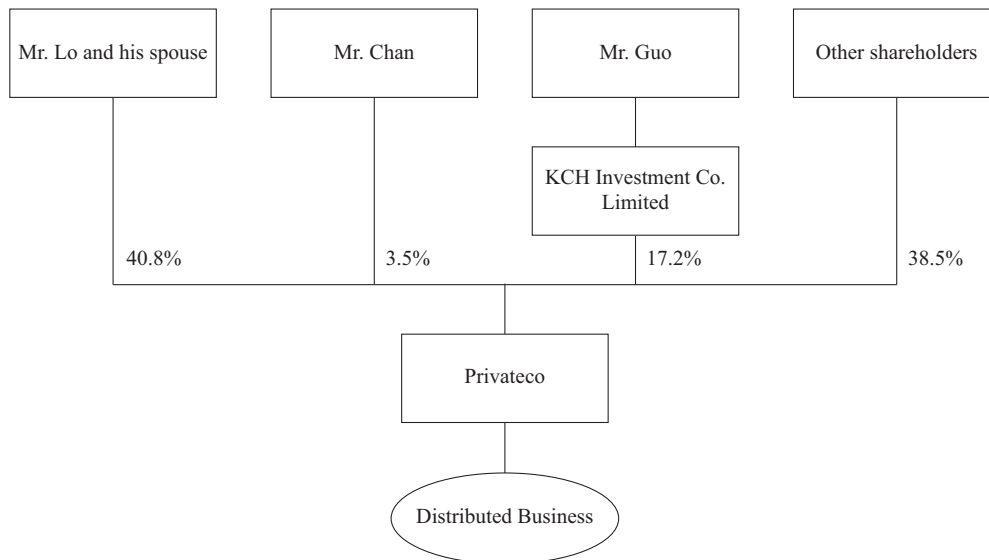


The charts below summarise the respective structure of the Privateco Group and the Remaining Group immediately after completion of the Group Reorganisation, the Distribution In Specie, the Sale and Purchase Completion, but before commencement of the Listco Offers and the Privateco Offer (assuming no other changes in the shareholding structure of the Group during this period):

The Remaining Group



The Privateco Group



Information on the Distributed Business and the Remaining Business

As at the date of this joint announcement, the Group is principally engaged in the Distributed Business and the Remaining Business.

The Distributed Business to be operated by the Privateco Group will consist of the business of the Group other than the Remaining Business. This includes the design, development, manufacturing of various analytical instruments under the Privateco Group's own brands such as "Techcomp", "Dynamica", "Edinburgh Instrument", "Froilabo", "Precisa" and "Scion", and the distribution and provision of after-sales services for analytical instruments manufactured by third parties, primarily outside the PRC. The Privateco Group operates manufacturing facilities in the PRC, the US and Europe. Pursuant to the Group Reorganisation, shareholding interests in the members of the Group other than the Remaining Subsidiaries will be transferred to the Privateco Group.

The Remaining Business under the Remaining Group will be engaged in the distribution and after-sales services for third party brands such as "Amtek", "Bio-Pek", "Bruker", "Coy", "Edax", "Hermle", "Hitachi", "Kurabo", "Millrock", "Nuair", "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, and as at the date of this joint announcement, it has a wide distribution presence in the PRC with 14 offices and over 300 employees. The Remaining 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 analysing or testing to a variety of businesses and institutions, including universities, research institutions, companies in the industrial sector and government agencies. The Remaining Group intends to focus its distribution capabilities on sales in the PRC and source certain products from the Privateco Group as a supplement to the above mentioned third party products, as further detailed in the sub-section headed "Supply Framework Agreement" under the section headed "G. Special Deals And Continuing Connected Transactions" in this joint announcement.

Further details of the future intentions of the Offeror in relation to the Company are set out under the sub-section headed "Future intentions of the Offeror in relation to the Company" under the section headed "E. Possible Unconditional Mandatory Cash General Offers To Acquire The Offer Shares And To Cancel All The Outstanding Share Options" of this joint announcement.

Reasons for and effects of the Group Reorganisation and the Distribution In Specie

As set out in Company's annual report for the year ended 31 December 2017, the PRC is the leading market for the Group's business, contributing approximately 73.0% of the Group's total revenue. The Remaining Business constitutes the Group's mature distribution business in the PRC, including distribution and after-sales services in this geographic market.

As set out in the section above, the Group's manufacturing business of own-brand laboratory instruments will not be included in the Remaining Business. Management of the Group has made efforts to grow the manufacturing business in recent years by way of business acquisitions in the PRC, Europe and the US, however, consistent levels of profitability were not achieved. The integration of acquired businesses and with it the capturing of a larger market share in relevant markets proved challenging. This was partly due to a continuing increase in expenditures related to product development costs and new business lines previously introduced. Given the above, management of the Group has continued to focus its efforts on increasing the operational efficiency of its own-brand manufacturing product lines, with a view to the manufacturing business increasingly contributing to the overall profitability of the Group in the future. However, this was met only with limited success.

Against this backdrop, during negotiations between the parties to each of the SPA I and the SPA II, the Purchaser has expressed its wish not to acquire the Distributed Business, and Mr. Lo and Mr. Chan have used the negotiations with the Purchaser as an opportunity to consider a restructuring of the business such that the manufacturing arm would not form part of the Group following completion of the Group Reorganisation and the Distribution In Specie. In addition, the Purchaser, in line with its strategy to bring higher technology products to the PRC market, does not wish to acquire the Group's manufacturing operation, which has relatively lower marketability prospects and profitability.

The Group Reorganisation and the Distribution In Specie, together with the SPA I, the SPA II, the Listco Offers, the Privateco Offer, the Supply Framework Agreement, the Service Agreements, and the CB Subscription Agreement can be regarded as a package. None of the aforementioned will proceed unless the Independent Shareholders approve 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 at the SGM.

As opposed to an outright disposal of the Distributed Business to Mr. Lo, the Distribution In Specie and the Privateco Offer together provide an opportunity for the Independent Shareholders to keep or, through the Privateco Offer which will be unconditional when made, to realise in cash their investments in the Distributed Business. The Privateco Offer provides an alternative to the Independent Shareholders to realise all or part of their shareholdings in Privateco in cash at

HK\$0.84 per Privateco Share, which is not a listed security and will have less liquidity than listed securities. Following the Sale and Purchase Completion and the Distribution In Specie, the Purchaser is obliged to make the Listco Offers, at HK\$3.267 per Offer Share and at respective “see-through” Listco Option Offer Price per Share Option (please refer to the sub-section below headed “The Listco Option Offer” for further information). The combined result of the Privateco Offer and the Listco Share Offer will provide an opportunity for the other Shareholders to realise their investment in the Company at a combined price of up to HK\$4.107 (if they opt to accept both the Privateco Offer and the Listco Share Offer), which represents premiums of approximately 67.0% and 63.0% over the closing price of HK\$2.46 per Share on the Last Trading Day and the last closing price of HK\$2.52 per Share on 22 May 2017, being the day immediately before the MOU Announcement.

The Board (excluding the Independent Board Committee which will provide its recommendations after considering the advice of the independent financial adviser), having regard to the average closing prices of the Shares in the past three years, which have, on average, been traded at a price substantially lower than the aggregate price of the Listco Share Offer and the Privateco Offer, and in view of the Vendors’ expression that they intend to retain the Distributed Business, considers that it is in the interests of the Independent Shareholders to be provided with an opportunity to consider and, if thought fit, approve the relevant resolution for the Distribution In Specie at the SGM. The Listco Option Offer provides an opportunity for the Optionholders to realise their Share Options at respective “see-through” Listco Option Offer Prices.

The Group Reorganisation is a pre-condition for achieving the Distribution In Specie, which leads to the Privateco Offer. In addition, the passing of an ordinary resolution by the Independent Shareholders at the SGM to approve the Distribution In Specie, as a condition precedent to the Sale and Purchase Completion, will ultimately lead to the Listco Offers. In order to facilitate the Distribution In Specie, the Board proposes that the Group Reorganisation be implemented.

Save for the Group Reorganisation and the Distribution In Specie, as at the date of this joint announcement, the Company has not entered into any other agreements, arrangements, understandings, intention or negotiations about any acquisition and/or disposal of assets or businesses, or termination and/or shrinking of any business of the Group, other than in its ordinary course of business.

The Board is of the view that, immediately upon completion of the Group Reorganisation, the Sale and Purchase Agreements and the Distribution In Specie, the Group (with the Remaining Business) will have a sufficient level of operations and tangible assets of sufficient value to warrant the continuing listing of the Shares.

Listing Rules Implications

Although the Distribution In Specie does not constitute a transaction under Chapter 14 of the Listing Rules, the Company will take such measures required under Chapter 14 in order to protect the interests of the Independent Shareholders. As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules is expected to be more than 25% but less than 75%, the Distribution In Specie would be similar to a major disposal for the Company under Chapter 14 of the Listing Rules. In order to allow the Independent Shareholders to make an informed decision and for prudence sake, the relevant disclosure in respect of the Distribution In Specie in the Circular will be in accordance with the requirements applicable to a very substantial disposal under Chapter 14. The Distribution In Specie will also be subject to the passing of an ordinary resolution by the Independent Shareholders by way of poll at the SGM. The Purchaser, the Vendor, their respective associates and parties acting in concert with any of them will abstain from voting on the relevant resolution(s) regarding the Distribution In Specie.

C. AMENDMENT TO THE TERMS OF THE 2004 SHARE OPTION SCHEME AND THE 2011 SHARE OPTION SCHEME AND ADJUSTMENTS TO THE EXERCISE PRICE OF THE SHARE OPTIONS

Amendment to the terms of the 2004 Share Option Scheme

Under the existing terms of the 2004 Share Option Scheme, if a variation in the issued share capital of the Company shall take place or if the Company shall make a declaration of a dividend (whether interim or final and whether in cash or in specie), then the terms of the 2004 Share Options or the 2004 Scheme Shares (as the case may be) may be adjusted in such a manner as the 2004 Share Option Scheme Committee may determine to be appropriate, and upon the written confirmation of the auditors of the Company for the time being (the “**Auditors**”) (acting only as experts and not as arbitrators) that in their opinion, such adjustment is fair and reasonable.

To better reflect the position under the note to Rule 17.03(13) of the Listing Rules, the Directors propose to amend the 2004 Share Option Scheme to provide that any adjustments to the 2004 Share Options pursuant to Rule 8.1 of the 2004 Share Option Scheme be confirmed by an independent financial adviser or the Auditors as satisfying the requirements set out in the applicable Listing Rules.

The proposed amendment to the terms of the 2004 Share Option Scheme will be subject to approval by the Shareholders at the SGM, and written consent of such number of 2004 Optionholders who, if they exercised their 2004 Share Options in full, would be entitled to not less than three-quarters in nominal value of all the 2004 Scheme Shares which would be allotted upon the exercise in full of all outstanding 2004 Share Options.

In accordance with the terms of the 2004 Share Option Scheme, the 2004 Optionholders who are Shareholders must abstain from voting on the Shareholders' resolution relating to the amendment of the 2004 Share Option Scheme at the SGM.

Amendment to the terms of the 2011 Share Option Scheme

Under the existing terms of the 2011 Share Option Scheme, any alteration to (i) the number of the Shares subject to the 2011 Share Options remaining unexercised; or (ii) the exercise price of the Shares subject to the 2011 Share Options remaining unexercised; or (iii) the Shares to which the 2011 Share Options relates; or (iv) the method of exercise of the 2011 Option or any combination thereof requires a written confirmation from the Auditors or an independent financial adviser that in their opinion such adjustment is fair and reasonable and satisfy the requirements set out in the note to Rule 17.03(13) of the Listing Rules.

To better reflect the position under the note to Rule 17.03(13) of the Listing Rules, the Directors propose to amend the 2011 Share Option Scheme to provide that any adjustments to the 2011 Share Options pursuant to Rule 10.1 of the 2011 Share Option Scheme be confirmed by an independent financial adviser or the Auditors as satisfying the requirements set out in the applicable Listing Rules.

The proposed amendment to the terms of the 2011 Share Option Scheme will be subject to approval by the Shareholders at the SGM pursuant to Rule 12 of the 2011 Share Option Scheme. Although it is not required under the terms of the 2011 Share Option Scheme, the Directors will take a prudent approach and obtain written consent from such number of 2011 Optionholders who, if they exercised their 2011 Share Options in full, would be entitled to not less than three-quarters in nominal value of all the 2011 Scheme Shares, which would be allotted upon the exercise in full of all outstanding 2011 Share Options for approving the proposed amendment to the terms of the 2011 Share Option Scheme.

In accordance with the terms of the 2011 Share Option Scheme, the 2011 Optionholders who are Shareholders must abstain from voting on the Shareholders' resolution relating to the amendment of the 2011 Share Option Scheme at the SGM.

Adjustments to the exercise price of the Share Options

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, the exercise prices applicable to the 15,473,000 outstanding Share Options prior to the completion of the Distribution In Specie (assuming that none of the outstanding Share Options are exercised) are to be adjusted as follows upon completion of the Distribution In Specie:

	Date of grant	Number of outstanding share options prior to completion of the Distribution In Specie (assuming that no outstanding share options are exercised)	Subscription price before adjustment	Subscription price after adjustment (the “Adjusted Option Price(s)”)
2004 Share Option Scheme	15 April 2008	135,000	SS\$0.26	SS\$0.12
	2 March 2009	1,270,500	SS\$0.16	SS\$0.07
	22 May 2009	150,000	SS\$0.16	SS\$0.07
	11 January 2010	5,442,500	SS\$0.23	SS\$0.09
	6 January 2011	<u>6,775,000</u>	SS\$0.42	SS\$0.28
	Sub-total		<u><u>13,773,000</u></u>	
2011 Share Option Scheme	22 January 2015	<u>1,700,000</u>	HK\$2.00	HK\$1.16
Total		<u><u>15,473,000</u></u>		

In accordance with the note to Rule 17.03(13) of the Listing Rules, an independent financial adviser or the Auditors will be appointed by the Company to provide written confirmation to the Directors, in particular, as to whether the adjustment of the exercise price per share of the outstanding Share Options satisfies the requirements set out in the note to Rule 17.03(13) of the Listing Rules. Such written confirmation of the independent financial adviser or the Auditors will be included in the Circular.

Save for the above adjustments, the amendments to the 2004 Share Option Scheme and the 2011 Share Option Scheme, as described above, and any other consequential amendments to the 2004 Share Option Scheme and the 2011 Share Option Scheme, all other terms and conditions of the outstanding Share Options remain unchanged.

D. POSSIBLE UNCONDITIONAL VOLUNTARY CASH OFFER TO ACQUIRE THE PRIVATECO SHARES

Privateco is a direct wholly-owned subsidiary of the Company as at the date of this joint announcement. Mr. Lo and his spouse will own, control or have directions over 112,456,500 Privateco Shares, representing approximately 40.8% of the issued share capital of Privateco, based on their shareholdings in the Company as at the date of this joint announcement, immediately upon completion of the Distribution In Specie. Given that the Privateco Shares will not be listed on any stock exchange, holders of the Privateco Shares may therefore find it difficult to liquidate their holdings in the Privateco Shares. Mr. Lo considers, in these circumstances, that it is appropriate to provide the Privateco Shareholders with an opportunity to realise their holdings in the Privateco Shares by making the Privateco Offer on a voluntary basis pursuant to the Takeovers Code.

Upon completion of the Distribution In Specie, Somerley Capital will, on behalf of Circle Brown and pursuant to the Takeovers Code, make the Privateco Offer to the Privateco Shareholders to acquire all the issued Privateco Shares, other than those already owned or agreed to be acquired by Circle Brown and parties acting in concert with it, on the following basis:

For every Privateco Share held* HK\$0.84 in cash

* *The number of the Privateco Shares to be in issue will be equal to the total number of the Shares in issue on the Record Date. The Company will announce the Record Date in accordance with Rule 13.66 of the Listing Rules as and when appropriate.*

As the Privateco Offer will only be made following the completion of the Distribution In Specie, which is subject to a number of conditions precedent, the making of the Privateco Offer may or may not proceed and, as such is only a possibility. In the event that the Privateco Offer is made, it will be an unconditional cash offer. Investors and the Privateco Shareholders are urged to exercise caution when dealing in the Privateco Shares.

The price for the Privateco Offer has been determined after taking into account factors including (i) the latest financial position of the Privateco Group; (ii) the overall operating performance of the Privateco Group in recent years; (iii) the prevailing market price of the Shares; and (iv) the limited liquidity of the shares of the Privateco.

Value of the Privateco Offer

As at the date of this joint announcement, there are 50,000 Privateco Shares in issue.

Save as aforesaid, Privateco has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this joint announcement. Upon completion of the Group Reorganisation and before completion of the Distribution

In Specie, it is expected that the number of the Privateco Shares in issue will be equal to the number of Shares in issue, so as to enable the Distribution In Specie on the basis of one Privateco Share for every Share held. Assuming no additional Shares will be issued between the date of this joint announcement and the completion of the Group Reorganisation, it is expected that the number of the Privateco Shares in issue will be 275,437,000. Based on the offer price of HK\$0.84 per Privateco Share, Privateco is valued at approximately HK\$231.4 million.

Excluding the 112,456,500 Privateco Shares to be distributed to Mr. Lo and his spouse, there will be 162,980,500 Privateco Shares subject to the Privateco Offer. Based on the offer price of HK\$0.84 per Privateco Share, the Privateco Offer is valued at approximately HK\$136.9 million.

Financial resources

The amount of funds required for the full acceptance of the Privateco Offer will be fully financed by the proceeds from the disposal of the Sale Shares I pursuant to the SPA I. Mr. Lo has issued to the Purchaser an irrevocable payment direction pursuant to which Mr. Lo directs and authorises the Purchaser, upon Sale and Purchase Completion, to deposit HK\$160,000,000.00 into a bank account maintained under the name of Circle Brown, which is sufficient to fund full acceptance of the Privateco Offer. Somerley Capital, the financial adviser to Circle Brown in respect of the Privateco Offer, is satisfied that sufficient financial resources will be available to Circle Brown to satisfy full acceptance of the Privateco Offer, upon Sale and Purchase Completion.

Payment

Payment in cash in respect of acceptances of the Privateco Offer will be made as soon as possible but in any event within seven business days (as defined in the Takeovers Code) of the date on which the duly completed acceptances of the Privateco Offer and the relevant documents of title in respect of such acceptances are received by Tricor Investor Services Limited in case of the Privateco Share Offer to render such acceptance complete and valid.

Hong Kong stamp duty

Given that Privateco is a company incorporated in the BVI where its register of members is located and maintained, no Hong Kong stamp duty is payable on any transfer of Privateco Shares.

Taxation advice

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Privateco Offer. None of Circle Brown, parties acting in concert with the Circle Brown,

Privateco, Somerley Capital, and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Privateco Offer accepts any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Privateco Offer.

Overseas Shareholders

As the Privateco Offer to persons who do not have a registered address in Hong Kong or Singapore may be prohibited or affected by the laws of the relevant jurisdictions, Overseas Shareholders should keep themselves informed and observe any applicable legal or regulatory requirements and where necessary seek legal advice. It is the responsibility of the Overseas Shareholders who wish to accept the Privateco Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith (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 in respect of such jurisdiction).

Compulsory redemption

Circle Brown intends to avail itself of any compulsory redemption provisions under the applicable laws in the BVI and the relevant provisions of the Takeovers Code. In the event that upon closing of the Privateco Offer, Circle Brown receives acceptances of the Privateco Offer of such number of disinterested Privateco Shares (i.e. Privateco Shares other than those owned or agreed to be acquired by Circle Brown and parties acting in concert with it) which, together with the Privateco Shares held by Circle Brown and parties acting in concert with it (including Mr. Lo and his spouse) immediately prior to the Privateco Offer, constitute 90% or more of the total Privateco Shares in issue, Circle Brown (together with its concert parties) intends to, without delay, direct Privateco to mandatorily redeem the Privateco Shares not already owned or agreed to be acquired by Circle Brown and parties acting in concert with it pursuant to section 176 of the BVI Business Companies Act 2004 (as amended), but subject to the Takeovers Code. Such right of Circle Brown (together with its concert parties) to direct Privateco to mandatorily redeem the Privateco Shares will constitute a right of compulsory acquisition under Rule 15.6 of the Takeovers Code.

In addition to the aforesaid requirement, Rule 2.11 of the Takeovers Code allows Circle Brown and parties acting in concert to exercise their rights of compulsory acquisition if acceptances of the Privateco Offer during the period of 4 months after posting of the Privateco Offer Document amount to 90% of the disinterested Privateco Shares.

Further announcement(s) will be made on whether the compulsory redemption can be implemented. As a result of the compulsory redemption (if applicable), Circle Brown and its concert parties together will hold 100% of the Privateco Shares.

Other arrangements

The Privateco Shares subject to the Privateco Offer will be acquired by Circle Brown with the right to receive all dividends and distributions declared, paid or made on or after the date of the issue of the Privateco Shares and free from all third party rights.

As at the date of this joint announcement:

- (i) none of Circle Brown, its ultimate beneficial owner and/or any persons acting in concert with any of them own or have control or direction over any shares, voting rights or rights over shares in the Privateco, save for the Privateco Shares indirectly owned by Mr. Lo and his spouse through the Company and the Privateco Shares obtained by Mr. Lo and his spouse upon the Distribution In Specie;
- (ii) none of Circle Brown, its ultimate beneficial owner and/or any persons acting in concert with any of them hold any convertible securities, warrants or options in respect of shares, voting rights or rights over shares in the Privateco;
- (iii) none of Circle Brown, its ultimate beneficial owner and/or any persons acting in concert with any of them have received any irrevocable commitment to accept the Privateco Offer;
- (iv) none of Circle Brown, its ultimate beneficial owner and/or any persons acting in concert with any of them have entered into any derivative in respect of securities of Privateco which is outstanding;
- (v) there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of Circle Brown or Privateco Shares and which may be material to the Privateco Offer (as referred to in Note 8 to Rule 22 of the Takeovers Code);
- (vi) there is no agreement or arrangement to which Circle Brown, its ultimate beneficial owner and/or parties acting in concert with any of them is a party which relates to circumstances in which it may or may not invoke or seek to invoke a precondition or a condition to the Privateco Offer; and

there is no relevant security (as defined in Note 4 to Rule 22 of the Takeovers Code) in Privateco which Circle Brown, its ultimate beneficial owner and/or any person acting in concert with any of them has borrowed or lent. For those Shareholders who wish to retain their investments in the Distributed Business after completion of the Distribution In Specie, they may choose not to accept the Privateco Offer and continue to hold the Privateco Shares. **They should, however, be aware that there is unlikely to be any market for the Privateco Shares since there is no intention to list the Privateco Shares on any stock exchange.** Moreover, the Privateco Shares may be subject to the compulsory acquisition or redemption provisions of the BVI Business

Companies Act (as may be amended from time to time) and the relevant provision of the Takeovers Code if sufficient Privateco Shares are acquired by Circle Brown under the Privateco Offer. Details of the possible compulsory redemption are set out above in the sub-section headed “Compulsory redemption”.

Shareholders should read the advice of the independent financial adviser in respect of the Privateco Offer that will be included in the Privateco Offer Document before deciding whether or not to accept the Privateco Offer.

Background of Circle Brown and its intentions regarding the Privateco

Circle Brown is a company incorporated in the BVI with limited liability. As at the date of this joint announcement, Circle Brown is directly and wholly owned by Mr. Lo.

It is the intention of Circle Brown that the Privateco Group will not make changes to its principal businesses nor conduct any business other than the Distributed Business. It is also the intention of Circle Brown that the Privateco Group will not hold any assets other than those relating to the Distributed Business, nor be injected with any major assets, nor dispose of any major assets, after the close of the Privateco Offer, unless prior approval by the holders of the Privateco Shares has been obtained. Interests of the Privateco Shareholders will be safeguarded by new articles of association of Privateco. A summary of key terms of the new articles of association of Privateco will be included in the Circular. Though there is no intention for the Privateco Group to conduct any fundraising activities including rights issues, the Privateco Group may have to be restructured or strategic alternatives considered in light of the Privateco Group’s performance in recent years.

As at the date of this joint announcement, the sole director of Privateco is Mr. Lo, who is a Director and one of the Vendors.

E. POSSIBLE UNCONDITIONAL MANDATORY CASH GENERAL OFFERS TO ACQUIRE THE OFFER SHARES AND TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS

As at the date of this joint announcement, the Offeror and parties acting in concert with it do 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, the Offeror and parties acting in concert with it will be interested in a total of 169,541,148 Shares, representing approximately 61.5% of the issued share capital of the Company assuming none of the outstanding Share Options have been exercised or approximately 58.3% of the issued share capital of the Company assuming all outstanding Share Options have been vested and exercised in full, so the Offeror will be required to make an unconditional mandatory cash general offer to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant

to Rule 26.1 of the Takeovers Code. Pursuant to Rule 13.5 of the Takeovers Code, the Listco Option Offer would also be made to cancel all the outstanding Share Options (whether vested or not) in the period prior to the close of the Listco Share Offer.

As at the date of this joint announcement, the Company has 275,437,000 Shares in issue and 15,473,000 outstanding Share Options conferring rights on the Optionholders to subscribe for up to an aggregate of 15,473,000 Shares, all of the Share Options have been vested. Assuming that all the Share Options are vested and exercised in full, the Company will have to issue 15,473,000 new Shares, representing approximately 5.3% of the issued share capital of the Company as at the date of this joint announcement as enlarged by the allotment and issue of the aforementioned new Shares. As at the date of this joint announcement, the outstanding Share Options are set out below:

- (i) 135,000 Share Options are vested and exercisable at Adjusted Option Price of S\$0.12 per Share during an exercise period from 15 April 2009 to 14 April 2018;
- (ii) 1,270,500 Share Options are vested and exercisable at Adjusted Option Price of S\$0.07 per Share during an exercise period from 2 March 2010 to 1 March 2019;
- (iii) 150,000 Share Options are vested and exercisable at Adjusted Option Price of S\$0.07 per Share during an exercise period from 22 May 2010 to 21 May 2019;
- (iv) 5,442,500 Share Options are vested and exercisable at Adjusted Option Price of S\$0.09 per Share during an exercise period from 11 January 2011 to 10 January 2020;
- (v) 6,775,000 Share Options are vested and exercisable at Adjusted Option Price of S\$0.28 per Share during an exercise period from 6 January 2012 to 5 January 2021; and
- (vi) 1,700,000 Share Options are granted, of which the first tranche (30% of the 1,700,000 Share Options) is vested and exercisable at Adjusted Option Price of HK\$1.16 per Share during an exercise period from 22 January 2018 to 22 January 2025, the second tranche (30% of the 1,700,000 Share Options) will be vested and exercisable at Adjusted Option Price of HK\$1.16 per Share during an exercise period from 22 January 2019 to 22 January 2025, and the third tranche (40% of the 1,700,000 Share Options) will be vested and exercisable at Adjusted Option Price of HK\$1.16 per Share during an exercise period from 22 January 2020 to 22 January 2025.

As at the date of this joint announcement, save for the outstanding Share Options as set out above, 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.

Subject to and upon the Sale and Purchase Completion, Deloitte Corporate Finance, on behalf of the Offeror and in compliance with the Takeovers Code, will make the Listco Offers to (i) acquire all the Offer Shares; and (ii) cancel all the outstanding Share Options (whether vested or not), on the following basis:

The Listco Share Offer

For every Offer Share heldHK\$3.267 in cash

The Listco Share Offer will only be made if the Sale and Purchase Completion takes place and the Sale and Purchase Completion is conditional upon fulfilment or waiver (where applicable) of certain conditions under the Sale and Purchase Agreements. Accordingly, the Sale and Purchase Agreements may or may not be completed and the Listco Share Offer may or may not proceed. The Shareholders, the Optionholders and the potential investors are therefore urged to exercise caution when dealing in the Shares and the Share Options.

The Listco Share Offer will be open for acceptance by the Shareholders other than the Offeror and parties acting in concert with it whose Shares are traded on the Stock Exchange and SGX-ST. A copy of this joint announcement is available on SGXNET and on the website of the SGX-ST at www.sgx.com. The Listco Share Offer Price is the same as the purchase price per Sale Share under the Sale and Purchase Agreements which was arrived at after arm's length negotiations between the Purchaser and the Vendors and Mr. Guo.

Based on the Listco Share Offer Price of HK\$3.267 per Offer Share and 275,437,000 Shares in issue as at the date of this joint announcement, the entire issued share capital of the Company is valued at approximately HK\$899,852,679.

The Listco Share Offer will extend to all Shares in issue on the date on which the Listco Share Offer is made, being the date of despatch of the Listco Offer Document, and to any further Shares which are unconditionally allotted or issued on the exercise of the Share Options, other than those Shares held by the Offeror and persons acting in concert with it.

Comparison of value

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 Hong Kong 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 Hong Kong 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 Hong Kong Stock Exchange for the ten 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 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;
- (v) a premium of approximately 48.50% 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; and
- (vi) 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 (approximately HK\$650.13 million as at 31 December 2017 as disclosed in the Company's 2017 annual report) and 275,437,000 Shares in issue as at 31 December 2017).

Highest and lowest Share prices

During the six-month period preceding the date of the MOU Announcement and the period up to and including the Last Trading Day:

- (i) the highest closing price of the Shares as quoted on the Hong Kong Stock Exchange was HK\$2.68 on 18 January 2018; and
- (ii) the lowest closing price of the Shares as quoted on the Hong Kong Stock Exchange was HK\$1.14 on 18 January 2017.

The Listco Option Offer

**For cancellation of each Share Option with an
Adjusted Option Price of S\$0.12 per ShareHK\$2.571 in cash**

**For cancellation of each Share Option with an
Adjusted Option Price of S\$0.07 per ShareHK\$2.861 in cash**

**For cancellation of each Share Option with an
Adjusted Option Price of S\$0.09 per ShareHK\$2.745 in cash**

**For cancellation of each Share Option with an
Adjusted Option Price of S\$0.28 per ShareHK\$1.643 in cash**

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

The Listco Option Offer will only be made if the Sale and Purchase Completion takes place and the Sale and Purchase Completion is conditional upon fulfilment or waiver (where applicable) of certain conditions under the Sale and Purchase Agreements.

Based on the Listco Option Offer Prices for the cancellation of each outstanding Share Option and the corresponding number of outstanding Share Options, the maximum amount payable under the Listco Option Offer (assuming no Share Options are exercised prior to the date of closing of the Listco Offers and the Listco Option Offer is accepted in full) is approximately HK\$34,064,023.

A comparison of the Listco Share Offer Price to the closing prices of the Shares is set out above under the heading “Comparison of value”. Pursuant to Rule 13 and Practice Note 6 of the Takeovers Code, the Listco Option Offer Price will normally represent the difference between the exercise price of the respective Share Options and the Listco Share Offer Price.

Under the Listco Option Offer, 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 will extend to all outstanding Share Options on the date on which the Listco Option Offer is made, being the date of despatch of the Listco Offer Document, other than those Share Options held by the Offeror and parties acting in concert with it. As at the date of this joint announcement, the Offeror and parties acting in concert with it do not hold any Share Options.

Share Award Scheme

The Company has adopted a share award scheme on 11 January 2017 (the “**Share Award Scheme**”). According to the Share Award Scheme, if there occurs an event of change in control (as specified in the Takeovers Code) of the Company, whether by

way of offer, merger, scheme of arrangement or otherwise, all the awarded shares and the related income under the Share Award Scheme shall immediately vest on the date when such change in control event becomes or is declared unconditional and such date shall be deemed the vesting date. As at the date of this announcement, the Company has not granted any shares pursuant to the Share Award Scheme.

Value of the Listco Offers

As at the date of this joint announcement, there were 275,437,000 Shares in issue. Assuming that there is no change in the issued share capital of the Company and none of the outstanding Share Options are exercised and on the basis of the Listco Share Offer Price at HK\$3.267 per Share, the entire issued share capital of the Company is valued at approximately HK\$899,852,679.

Assuming that all the 15,473,000 outstanding Share Options are fully exercised, there will be 290,910,000 Shares in issue and, on the basis of the Listco Share Offer Price at HK\$3.267 per Share, the entire issued share capital of the Company is valued at approximately HK\$950,402,970.

Based on the foregoing, the aggregate cash consideration payable by the Offeror under the Listco Offers (assuming no Share Options are exercised and full acceptances under the Listco Offers) will be approximately HK\$380,025,771. The aggregate cash consideration payable by the Offeror under the Listco Offers (assuming all Share Options are exercised and full acceptances under the Listco Offers) will be approximately HK\$396,512,039.

Financial resources available to the Offeror

The Offeror intends to finance the consideration payable under the Listco Offers and the consideration under the Sale and Purchase Agreements from its internal resources. In this connection, a sum sufficient to cover the consideration payable under the Listco Offers and the consideration under the Sale and Purchase Agreements have already been deposited by the Offeror into an escrow account, where such amount will continue to be held in escrow by an escrow agent which is a bank. Deloitte Corporate Finance, as the financial adviser to the Offeror, is satisfied that sufficient resources are available to the Offeror to satisfy the amount of funds required for the Sale and Purchase Completion and full acceptance of the Listco Offers.

Effect of accepting the Listco Offers

The Listco Share Offer, subject to the Sale and Purchase Completion taking place, will be unconditional. By accepting the Listco Share Offer, the Shareholders will sell their 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 (but excluding the Distribution In Specie) 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 the Listco Offer Document. Acceptances of the Listco Share Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

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 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.

The Listco Option Offer, subject to the Sale and Purchase Completion taking place, will be unconditional. 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 the Listco Offer Document.

Acceptances of the Listco Option Offer 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 Shareholders or if higher, the market value of the Shares, will be deducted from the amount payable by the Offeror to 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 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 Shareholders other than the Offeror and parties acting in concert with it 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 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 branch share registrar and transfer office of the Company in Hong Kong, the share transfer agent of the Company in Singapore, or the CDP (as the case may be) in case of the Listco Share Offer or the company secretary of the Company in case of the Listco Option Offer to render each such acceptance complete and valid.

Taxation advice

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.

Dealing and interests in the Company's securities

The Offeror, YEIG and parties acting in concert with any of them have not dealt in the shares, convertible securities, warrants, options or derivatives of the Company during the six-month period preceding the date of the MOU Announcement and the period up to and including the date of this joint announcement save for the MOU and the Sale and Purchase Agreements to which the Offeror is a party.

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.

Other arrangements

The Offeror confirms that as at the date of this joint announcement:

- (i) the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them have not received any irrevocable commitment to accept the Listco Offers;
- (ii) save as disclosed in the section headed "F. Possible Connected Transaction In Relation To The Issue Of Convertible Bonds Under The Specific Mandate By The Company To The Offeror", there is no outstanding derivative in respect of securities in the Company which has been entered into by the Offeror, its ultimate beneficial owner and/or any person acting in concert with any of them;
- (iii) there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Company and which may be material to the Listco Offers (as referred to in Note 8 to Rule 22 of the Takeovers Code);

- (iv) save as disclosed in the section headed “A. Sale And Purchase Agreements” and “F. Possible Connected Transaction In Relation To The Issue Of Convertible Bonds Under The Specific Mandate By The Company To The Offeror”, none of the Offeror, its ultimate beneficial owner and/or the parties acting in concert with any of them owns or has control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;
- (v) there is no agreement or arrangement to which the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them is a party which relates to circumstances in which it may or may not invoke or seek to invoke a precondition or a condition to the Listco Offers; and
- (vi) there is no relevant security (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror, its ultimate beneficial owner and/or any person acting in concert with any of them has borrowed or lent.

Shareholders and Optionholders are reminded to read the recommendations of the Independent Board Committee and the advice of the independent financial adviser in respect of the Listco Offers that will be included in the Listco Offer Document before deciding whether or not to accept the Listco Offers.

Future intentions of the Offeror in relation to the Company

Following the close of the Listco Offers, the Offeror intends that the Remaining Group will continue and grow the Remaining Business. However, the Offeror will conduct a detailed review on the business activities, operations and assets of the Remaining Group for the purpose of formulating business plans and strategies for the future business development of the Remaining Group for feasible and sustainable growth of the Remaining Group, including but not limited to, if deemed appropriate by the board of the Remaining Group, diversifying its income stream by way of acquisition(s) should appropriate opportunities arise.

After completion of such review, the Offeror expects to leverage on the YEIG Group’s resources to expand the geographical coverage and product offerings of the Remaining Group. YEIG Group is dominant in the energy sector in Yunnan Province in the PRC. Following the close of the Listco Offers, the Remaining Group will be in a position to expand its business activities in the Southwest of the PRC by leveraging on YEIG Group’s resources, including an extensive network in the energy industry. This is also the Offeror’s intention to optimise the product portfolio of the Remaining Group to include value-added product auxiliary to the existing products such as dedicated software and other consumable products, in which the Remaining Group does not currently possess relevant resources and experience, with reference to industries in which the YEIG Group is operating.

The Offeror has no intention to discontinue the employment of the employees (save for the change in the composition of the Board as disclosed below) or to dispose of or re-deploy the assets of the Remaining Group other than those in its ordinary course of business.

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. Ho"), Mr. Seah Kok Khong, Manfred and Mr. Teng Cheong Kwee.

Pursuant to the terms of the SPA I, the Vendors shall cause all existing Directors to give notice to resign as Directors with effect from the earliest time as permitted under the Takeovers Code. The Offeror intends to nominate new Directors to the Board at the earliest time as allowed under the Takeovers Code.

Any changes to the Board composition and new appointment of Directors will be made in compliance with the Takeovers Code, the Listing Rules and the Listing Manual.

Maintaining the listing status of the Company

The Offeror intends to maintain the listing of the Shares on the Main Board of the Hong Kong Stock Exchange and the Main Board of the SGX-ST after the close of the Listco Offers.

In the event that after the completion of the Listco Offers, the public float of the Company falls below 25%, the sole director of the Offeror and the new directors to be appointed to the Board will jointly and severally undertake to the Hong Kong Stock Exchange that they will take appropriate steps to restore the minimum public float as required under the Listing Rules as soon as possible following the close of the Listco Offers to ensure that sufficient public float exists for the Shares.

The Hong Kong Stock Exchange has stated that if, upon closing 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 Hong Kong 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 until a level of sufficient public float is attained. In such event, trading in the Shares on the SGX-ST may also be suspended.

Comparison of the combined offer price with market prices of the Shares and net asset value per Share

The combined consideration under the Listco Share Offer and the Privateco Offer is equivalent to HK\$4.107 per Share, which represents:

- (i) 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;
- (ii) 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;
- (iii) 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;
- (iv) 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;
- (v) 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; and
- (vi) 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 Shareholders of approximately US\$83.35 million as at 31 December 2017 (approximately HK\$650.13 million as at 31 December 2017 as disclosed in the Company's 2017 annual report) and 275,437,000 Shares in issue as at 31 December 2017).

F. POSSIBLE CONNECTED TRANSACTION IN RELATION TO THE ISSUE OF CONVERTIBLE BONDS UNDER THE SPECIFIC MANDATE BY THE COMPANY TO THE OFFEROR

On 18 April 2018, the Company, the Offeror and the Guarantor entered into the CB Subscription Agreement pursuant to which the Company has agreed to issue, and the Offeror has agreed to subscribe, in cash, for the Convertible Bonds. The principal terms of the Convertible Bonds are summarised as below:

Principal amount: To be determined based on the following formula:

$$\text{Principal amount} = (T - B) * (1 - 20\%) / (1 - 70\%)$$

T means US\$80,756,350, equivalent to the balance of the Initial Principal Amount (i.e. the multiple of (i) 70% of the number of outstanding Shares and (ii) the US\$ equivalent of the Listco Share Offer Price, which equals 275,437,000 shares X 70% X HK\$3.267/7.8 = US\$80,756,010. Such amount is slightly adjusted to US\$80,756,350 to account for any rounding differences.)

B means the total consideration payable by the Offeror to 1) the Vendors under the SPA I and Mr. Guo under the SPA II; and 2) the Independent Shareholders who have validly accepted the Listco Share Offer at the close of the Listco Share Offer, being the number of Shares represented by such acceptances multiplied by the Listco Share Offer Price (For avoidance of doubt, such amount does not include the consideration payable for valid acceptances of the Listco Option Offer). Such amount shall be converted from HK\$ to US\$ at US\$1 to HK\$7.8. As at the date of this joint announcement, such amount is yet to be confirmed and may be higher than T. In case B is higher than T (which means the Offeror has obtained more than 70% shareholding of the Company upon the Sales and Purchases Completion and close of the Listco Share Offer, but before the subscription of the Convertible Bonds) and rendered the principal amount to be below zero, the parties will not proceed with the subscription of the Convertible Bonds in accordance with the terms of the CB Subscription Agreement.

Depending on the level of valid acceptances under the Listco Share Offer, the principal amount would be in the range of below zero (in case of the Offeror acquiring all the Offer Shares) to US\$25,985,846 (in case of no Independent Shareholder accepting the Listco Share Offer or lapse of the Listco Share Offer).

The difference of T and B is multiplied by (1–20%) to reflect the 20% discount (as mentioned below) on the initial Conversion Price as compared to the Listco Share Offer Price. By further dividing such amount by (1–70%), the returning principal amount of the Convertible Bonds will allow the Offeror to obtain 70% shareholding of the Company upon conversion of such Convertible Bonds, if any, at the Conversion Price.

Maturity date: The fifth anniversary of the date of issue of the Convertible Bonds.

Interest: The Convertible Bonds will bear interest on the outstanding principal amount thereof from the date of issue at a rate equal to 3.5% per annum, which will be payable at the end of each month commencing on the date of the issue of the Convertible Bond (the “**Interest Payment Date**”). All outstanding interest accrued shall be paid in full on the Maturity Date. Interest on the Convertible Bond shall accrue from day to day and shall be calculated at simple interest on the basis of the actual number of days elapsed and a year of 365 days (including the first and the last days of the period during which it accrues). Interest on the Convertible Bond not held for the whole of the period between any two successive Interest Payment Dates shall be calculated on a pro rata basis. All interest amounts shall be rounded to the nearest cent, half a cent being rounded down.

If the Company does not pay any sum payable under the Convertible Bond when due, it shall pay interest on such sum outstanding in respect of that overdue sum at the rate of 3 per cent. per annum for the period beginning on its due date and ending on the date of actual payment. Such interest shall accrue from day to day on the basis of the actual number of days elapsed and a year of 365 days (including the first and the last days of the period during which it accrues) and shall be payable on demand.

If the bondholder has converted part or the whole of the principal amount of the Convertible Bond, the bondholder shall be entitled to interest in respect of such part or whole, as the case may be, of the principal amount of the Convertible Bond for the period from the immediately preceding Interest Payment Date or the date of issue of the Convertible Bond (whichever is the later) to and up to (but excluding) the Conversion Date concerned.

Conversion rights: The bondholder will have the right, on any Business Day during the period commencing from the date of issue of the Convertible Bonds to the Maturity Date to convert the whole or part of the principal amount of the Convertible Bonds (in amounts of not less than US\$1,000,000 at any one time, unless the outstanding principal amount of the Convertible Bonds to be converted is less than US\$1,000,000 in which case the whole (but not part only) of that amount may be converted) into the Conversion Shares at the Conversion Price (as defined below) (subject to adjustments).

No exercise of the conversion rights attaching to the Convertible Bonds shall be allowed if (i) immediately following the conversion, the Company will be unable to meet the public float requirement under Rule 8.08 of the Listing Rules; or (ii) a mandatory general offer obligation under the Takeovers Code will be triggered as a result of such conversion.

The Conversion Shares shall rank *pari passu* with all other existing Shares in issue as at the date of conversion and be entitled to all dividends, bonuses and other distributions the record date of which falls on a date on or after the date of conversion.

Conversion Price: The initial Conversion Price will be equal to US\$0.3350 (equivalent to HK\$2.613) per Conversion Share (the “**Conversion Price**”), subject to adjustment provisions as summarised below.

Anti-dilution
adjustments:

The Conversion Price will from time to time be adjusted upon the occurrence of certain events, including the following:

- (i) consolidation, sub-division or re-classification of the Shares;
- (ii) capitalisation of profits or reserves;
- (iii) capital distribution to Shareholders;
- (iv) offer to Shareholders new Shares for subscription by way of rights, or grant to Shareholders any options, warrants or other rights to subscribe for any new Shares at a price which is less than 95% of the market price as at the date of the announcement of the terms of the offer or grant;
- (v) issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares, and the total effective consideration per Share initially receivable for such securities is less than 95% of the market price as at the date of the announcement of the terms of issue of such securities;
- (vi) when the rights of conversion or exchange or subscription attached to any such securities as are mentioned in (v) above are modified so that the total effective consideration per Share initially receivable for such securities will be less than 95% of the market price as at the date of the announcement of such proposal;
- (vii) when the Company issues wholly for cash any Shares at a price per Share which is less than 95% of the market price as at the date of the announcement of the terms of such issue; and
- (viii) when the Company issues Shares for the acquisition of assets at a total effective consideration per Share which is less than 95% of the market price at the date of the announcement of the terms of such issue.

Voting: The bondholder will not be entitled to attend or vote at any meetings of the Company by reason only of it being the bondholder.

Transferability: The Convertible Bonds may be assigned and transferred by the bondholder (whether in whole or in part(s)) at any time before the Maturity Date, provided that (i) the assignee or transferee of the Convertible Bonds shall not be a core connected person (as defined in the Listing Rules) of the Company, unless otherwise approved by the Hong Kong Stock Exchange, and (ii) such assignment or transfer of the Convertible Bonds shall be in compliance with the conditions under the terms and conditions of the Convertible Bonds and further subject to (where applicable) the conditions, approvals, requirements and any other provisions or under (1) the Hong Kong Stock Exchange and the SGX-ST (and any other stock exchange on which the Shares may be listed at the relevant time) or its rules and regulations; and (2) the Listing Rules and applicable laws and regulations. Any assignment or transfer of the Convertible Bonds may be in respect of the whole or part of the principal of the Convertible Bonds (which should be in amounts of at least US\$1,000,000 or in integral multiples of US\$1,000,000, unless the amount of outstanding Convertible Bonds is less than US\$1,000,000 in which case the whole (but not part only) of that amount may be transferred or assigned).

Events of default: If any of the following events occurs, the Convertible Bonds shall on the giving of notice by the bondholder to the Company become due and payable at its principal amount then outstanding, together with any accrued outstanding interest calculated up to and including the date of repayment:

- (i) the Company defaults in its material obligations in the CB Subscription Agreement which default is incapable of remedy or, if capable of remedy, is not remedied within 20 Business Days after notice of such default from the bondholder to the Company;
- (ii) an encumbrancer takes possession or a receiver, manager or other similar officer is appointed in respect of the whole or any substantial part of the undertaking, property, assets or revenues of the Company or any of its principal operating subsidiaries;
- (iii) the Company or any of its principal operating subsidiaries becomes insolvent or is unable to pay its debts as they fall due or applies for or consents to or suffers the appointment of any administrator, liquidator or receiver of the Company or any of its principal operating subsidiaries or the whole or any substantial part of the undertaking, property, assets or revenues of the Company or any of its principal operating subsidiaries or takes any proceeding under any law for a readjustment or deferment of its obligations or any part of them;
- (iv) an order is made or an effective resolution passed for the winding up, insolvency, administration or dissolution of the Company or any of its principal operating subsidiaries except in the case of an internal reorganisation;

- (v) insolvency of the Company;
- (vi) a moratorium is agreed or declared in respect of any indebtedness of the Company or any of its principal operating subsidiaries or any government authority or agency condemns, seizes, compulsorily purchases or expropriates all or a substantial part of the assets of the Company or any of its principal operating subsidiaries;
- (vii) listing of the Shares on the Hong Kong Stock Exchange ceases or the trading of the Shares on the Hong Kong Stock Exchange is suspended for a continuous period of 10 Business Days or more due to any breach of the Listing Rules or applicable laws by any member of the Group or any of its directors, officers, employees or agents;
- (viii) the Company or any of its principal operating subsidiaries consolidates or amalgamates with or merges into any other corporation, or the Group sells or transfers all or substantially all of its assets;
- (ix) the Company fails to pay the principal amount or any interest on the Convertible Bonds when due unless non-payment of such interest is due solely to administrative or technical error and payment is made within 10 Business Days of the due date;
- (x) any amounts of principal repayment or interest payment in relation to bank borrowings of the Company or any subsidiaries are not paid when due, or within the grace period and the bank notifies the Company or the subsidiary that such non-payment constitutes an event of default under the terms of the loan; or
- (xi) the Company or any subsidiaries fails to pay when due or expressed to be due any amounts payable or expressed to be payable by it under any present or future guarantee for any moneys borrowed from or raised through a financial institution and it notifies the Company or the subsidiary that such failure to pay constitutes an event of default under the terms of the guarantee or the loan which the guarantee was given.

Redemption: The Company shall be required to redeem upon the Maturity Date at 100% of all or any part of the principal amount of the Convertible Bonds in respect of which the conversion rights have not been exercised.

The initial Conversion Price, being US\$0.3350 or approximately HK\$2.613, represents (i) a discount of approximately 20% of the purchase price per Sale Share under the Share Purchase Agreements, (ii) a premium of approximately 13.61% over the closing price of HK\$2.30 per Shares as quoted on the Hong Kong Stock Exchange on 29 March 2018, and (iii) a premium of approximately 13.12%, 28.09% and 35.39% over the average closing prices of the Shares as quoted on the Hong Kong Stock Exchange for the trading days over a three-month period from 1 January 2018 to 31 March 2018 of HK\$2.31 per Share, a six-month period from 1 September 2017 to 31 March 2018 of HK\$2.04 per Share; and a year from 1 April 2017 to 31 March 2018 of HK\$1.93 per Share, respectively. In arriving at the initial Conversion Price, the Offeror and the Company have considered, among other things, the abovementioned premium of the initial Conversion Price as compared to historical market prices of the Shares, and upon issuance of the Convertible Bonds (if any), the interests to be payable by the Company in respect of the Convertible Bonds, and the possible increase of shareholding in the Company to be held by the Offeror upon conversion of the Conversion Bonds (if any). Further details on the basis on which the initial Conversion Price was determined will be disclosed in the Circular.

Based on the maximum principal amount of US\$25,985,846, assuming the conversion rights attached to the Convertible Bonds have been exercised in full at the initial Conversion Price of US\$0.3350 per Conversion Share, a maximum of 77,569,689 Conversion Shares will be issued, representing (i) approximately 28.2% of the issued share capital of the Company as at the date of this joint announcement; and (ii) approximately 22.0% of the issued share capital of the Company as enlarged by the allotment and issue of such Conversion Shares.

The aggregate nominal value of the maximum amount of Conversion Shares to be issued pursuant to the Convertible Bonds, based on a par value of US\$0.05 per Share, shall be US\$3,878,484.45.

The Conversion Shares will be issued under the specific mandate proposed to be sought from the Independent Shareholders by way of poll at the SGM.

No application will be made for a listing, or permission to deal in, the Convertible Bonds on the Hong Kong Stock Exchange or the SGX-ST or any other stock exchange. An application will be made to the Listing Committee of the Hong Kong Stock Exchange and the SGX-ST for the listing of and permission to deal in the Conversion Shares.

Conditions precedent of the CB Subscription Agreement

CB Subscription Completion is conditional upon the satisfaction (or waiver by the Offeror) of the following conditions precedent on or before the CB Subscription Longstop Date:

- (a) the passing by the Shareholders or, where applicable, the Independent Shareholders, at the SGM all resolutions as may be required under the Listing Rules and/or the relevant laws and regulations, including without limitation, the relevant resolutions approving the CB Subscription Agreement and the transactions contemplated thereunder;
- (b) the occurrence of the Sale and Purchase Completion;
- (c) the closing of the Listco Offers;
- (d) the warranties of the Company remaining true and accurate in all respects and not misleading in any respect as of the date of the CB Subscription Agreement and the CB Subscription Completion Date by reference to the facts and circumstances subsisting as at the date of the CB Subscription Agreement and the Subscription Completion Date respectively;
- (e) the granting of the approval by the Hong Kong Stock Exchange and the SGX-ST for the listing of, and the permission to deal in, the new Shares to be issued upon the exercise of the conversion rights under the terms and conditions of the Convertible Bonds not having been revoked;
- (f) if required, all other approvals, consents and acts required under the Listing Rules, the Listing Manual or other applicable laws and regulations or otherwise required from any third parties (including banks or financial institutions) in connection with the CB Subscription Agreement and the transactions contemplated thereunder having been obtained and completed or, as the case may be, the relevant waiver from compliance with any of such laws, rules, regulations and requirements having been obtained from the Hong Kong Stock Exchange, the SFC, the SGX-ST or other relevant regulatory authorities (if applicable, including but not limited to the State Foreign Exchange Administration of the PRC and the State-owned Assets Supervision and Administration Commission of Yunnan Provincial People's Government) or the relevant third parties; and
- (g) the warranties of the Warrantors remaining true and accurate in all respects and not misleading in any respects as of the CB Subscription Completion Date by reference to the facts and circumstances subsisting as at the CB Subscription Completion Date.

The Offeror may, at its absolute discretion, waive the condition set out in paragraph (d) above, and no other condition may be waived by the Offeror. The Company may, at its absolute discretion, waive the conditions set out in paragraph (g) above. The Company shall use its reasonable endeavours to procure the fulfilment of the conditions (other than the conditions set out in paragraphs (b), (c), (f) and (g)) on or before the CB Subscription Longstop Date. The Offeror shall use its reasonable endeavours to procure the fulfilment of the conditions set out in paragraphs (b), (c), (f) and (g) above on or before the CB Subscription Longstop Date.

The condition(s) set out in paragraph f has been fulfilled as at the date of this joint announcement.

If any of the conditions is not fulfilled (or, where applicable, waived) on or before the CB Subscription Longstop Date, the CB Subscription Agreement shall lapse and cease to have any effect except certain clauses specified therein and no party to the CB Subscription Agreement shall have any claim against any of the other parties, except in respect of claims arising out of any antecedent breach of any of the provisions of the CB Subscription Agreement.

CB Subscription Completion

Completion of the CB Subscription Agreement is conditional upon the conditions having been fulfilled (or, where applicable, waived) on or before the CB Subscription Longstop Date. Completion of the CB Subscription Agreement shall take place on the fifth Business Day after the day on which the last of the conditions is fulfilled (or, where applicable, waived) or such other date as may be agreed by the Company and the Offeror in writing.

Reasons for the CB Subscription

Pursuant to the SPA I and the SPA II, simultaneously with the entering into of the SPA I and the SPA II, the Offeror, the Guarantor and the Company have entered into the CB Subscription Agreement for the subscription of the Convertible Bonds by the Offeror. The CB Subscription Completion is conditional on, amongst other things, the Share Purchase Completion and the closing of the Offers. Hence, the Company will not proceed to issue the Convertible Bonds unless the Offers are made. The Sale and Purchase Agreements together with CB Subscription Agreement is a package offer for the Offeror's acquisition of the controlling interests in the Company which, in case any Convertible Bonds are issued, may also bring benefits to the Company and the Shareholders as a whole.

As mentioned under the sub-section headed "Future intentions of the Offeror in relation to the Company" under the section headed "E. Possible Unconditional Mandatory Cash General Offers To Acquire The Offer Shares And To Cancel All The Outstanding Share Options" in this joint announcement, the Offeror intends to leverage its controlling shareholder's resources to continue to develop the Remaining

Business. The Directors consider that the issue of the Convertible Bonds will provide the Company with an opportunity to raise additional funds to further strengthen the financial position of the Remaining Group to facilitate any possible future development of the Remaining Business without immediate dilution of the shareholding of the existing Shareholders and, if the conversion rights attaching to the Convertible Bonds are exercised, the capital base of the Company will be enlarged.

The gross proceeds from the issue of the Convertible Bonds may range from zero to a maximum amount of approximately HK\$202,689,598. Subject to the actual amount of net proceeds to be received from the issue of the Convertible Bonds, if any, it is intended that a substantial portion (i.e. no less than 65%) of the net proceeds will be used as general working capital of the Remaining Group; while any remaining portion will be used for financing any potential business development of the Remaining Group as mentioned under the sub-section headed “Future intentions of the Offeror in relation to the Company”.

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

Fund raising activities in the past twelve months

During the past twelve months immediately preceding the date of this announcement, the Company has not conducted any fund-raising activity.

Information on the Group, the Offeror and the Guarantor

For details on the Group, please refer to the sub-section headed “Information on the Group” under the section headed “A. Sale and Purchase Agreements” of this joint announcement. For details on the Offeror and Guarantor, please refer to the sub-section headed “Information on the Offeror and the Guarantor” under the section headed “A. Sale and Purchase Agreements” of this joint announcement.

Listing Rules implications

Pursuant to the SPA I and the SPA II, the Offeror has agreed to acquire the Sale Shares I and the Sale Shares II respectively, which in aggregate represent (a) approximately 61.5% of the issued share capital of the Company as at date of this joint announcement, and (b) approximately 58.3% of the issued share capital of the Company assuming exercise in full of all outstanding Share Options by the Optionholders before the Sale and Purchase Completion. The CB Subscription Completion shall take place conditional upon, among other things, the occurrence of the Sale and Purchase Completion. As such, on the CB Subscription Completion Date, the Offeror will become a controlling shareholder of the Company and therefore a connected person of the Company. The entering into of the CB

Subscription Agreement between the Company and the Offeror will therefore constitute a connected transaction for the Company under Chapter 14A of the Listing Rules which requires the approval of the Independent Shareholders by way of poll at the SGM.

As the Offeror will become a connected person of the Company upon the Sale and Purchase Completion and will have a material interest in the CB Subscription Agreement, the Offeror and its associates (if they are holding any Shares) are required to abstain from voting on the relevant resolutions(s) to approve the CB Subscription Agreement and the transactions contemplated thereunder at the SGM. The Vendors and its associates are also required to abstain from voting on the relevant resolution(s) to approve the CB Subscription Agreement and the transactions contemplated thereunder at the SGM.

Shareholding structure of the Company

The following table sets out the shareholding structure of the Company (i) as at the date of this joint announcement; (ii) immediately upon the Sale and Purchase Completion (assuming no other changes to the issued share capital of the Company since the date of this joint announcement) (“**Scenario 1**”); (iii) immediately upon the close of the Listco Share Offer (assuming (a) no other changes to the issued share capital of the Company since the date of this joint announcement; (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 2**”); (iv) 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 3**”):

	(i) As at the date of this joint announcement		(ii) Scenario 1		(iii) Scenario 2		(iv) Scenario 3	
	Number of Shares held	% of Shares in issue <i>(approximate)</i>	Number of Shares held	% of Shares in issue <i>(approximate)</i>	Number of Shares held	% of Shares in issue <i>(approximate)</i>	Number of Shares held	% of Shares in issue <i>(approximate)</i>
Mr. Lo and parties acting in concert with him	112,456,500	40.8	—	—	—	—	—	—
Mr. Chan	9,720,000	3.5	—	—	—	—	—	—
Mr. Ho	300,000	0.1	300,000	0.1	300,000	0.1	300,000	0.1
KCH Investment (a company wholly-owned by Mr. Guo)	47,364,648	17.2	—	—	—	—	—	—
The Offeror and parties acting in concert with it	—	—	169,541,148	61.5	247,110,837	70.0	247,110,837	67.1%
Other Shareholders	105,595,852	38.4	105,595,852	38.4	105,595,852	29.9	121,068,852	32.8%
Total	275,437,000	100.0	275,437,000	100.0	353,006,689	100.0	368,479,689	100.0

G. SPECIAL DEALS AND CONTINUING CONNECTED TRANSACTIONS

As a transitional arrangement, the Privateco Group and the Remaining Group entered into the Supply Framework Agreement, and a Remaining Subsidiary entered into the Service Agreements with Mr. Lo and Mr. Chan respectively, each of which will take effect after relevant conditions precedent as set out below have been satisfied.

Supply Framework Agreement

The Remaining Group will be engaged in the distribution and after-sales services for brands owned by third parties and the Privateco Group in the PRC. The Privateco Group's own-brand products have been and are expected to continue to be sold to customers of the Remaining Group, as a supplement to the third-party products. In order to secure a stable source of instruments supply and assist the Remaining Group in meeting demands from customers subsequent to the Distribution In Specie, the Privateco Group and the Remaining Group entered into the Supply Framework Agreement to continue the existing scientific instruments supply arrangement between the Remaining Group and the Privateco Group.

Under the Supply Framework Agreement, the Privateco Group will continue to sell and the Remaining Group will continue to purchase various analytical instruments, life science equipment and laboratory instruments under the Privateco Group's own brands. The Supply Framework Agreement will take effect after, *inter alia*, obtaining the Independent Shareholders' approval at the SGM and completion of the Distribution In Specie, on a basis consistent with the historical transactions in the past years.

Set out below are the key terms of the Supply Framework Agreement:

- Date:** 18 April 2018
- Parties:** (i) Privateco
(ii) the Company

Subject Matter

The Privateco Group will supply certain analytical instruments, life science equipment and laboratory instruments under the Privateco Group's own brands to the Remaining Group on normal commercial terms and on an arm's length basis, or on terms no less favourable than those available to the Privateco Group or the Remaining Group to or from their respective independent third parties, subject to the terms of the Supply Framework Agreement.

Individual Agreements

The Privateco Group and the Remaining Group will enter into individual agreement with respect to each sale and purchase transaction of the relevant products from time to time. The terms of these individual agreements shall only contain provisions which are consistent with the terms of the Supply Framework Agreement.

Term

The initial term of the Supply Framework Agreement shall commence from the second Business Day after the satisfaction of the conditions set out in the Supply Framework Agreement and expire on the second anniversary of the last day of the calendar month in which the Sale and Purchase Completion took place (both days inclusive).

Conditions precedent

The Supply Framework Agreement shall come into effect conditional upon:

- (a) the resolutions regarding the Supply Framework Agreement (including the annual caps thereto) and the transaction contemplated thereunder being approved by the Independent Shareholders;
- (b) completion of the Group Reorganisation and the Distribution In Specie;
- (c) the Sale and Purchase Completion having taken place; and
- (d) obtaining the consent of the Executive under Rule 25 of the Takeovers Code.

None of the above conditions precedent can be waived. As at the date of this joint announcement, none of the above conditions precedent has been satisfied.

Pricing basis

The pricing of each of the transactions shall be determined by the parties to the Supply Framework Agreement at the time of entry into the relevant subsequent individual agreement for such transaction in accordance with the terms of the Supply Framework Agreement, with reference to any relevant rules and regulations being effective at the time.

Prices of the products to be supplied by the Privateco Group to the Remaining Group shall be determined on an arm's length basis and according to the prevailing market price for the same or substantially similar products with comparable quantities and quality supplied within the PRC which shall not be less favourable than those applicable to the purchase of the same or substantially similar type of products with comparable quantities and quality from independent third parties by the Remaining Group.

In determining whether the products supplied by the Privateco Group are at the prevailing market price, the Remaining Group will make reference to the prices from two or more independent third party suppliers which are available to supply at the relevant time the same or substantially similar type of products with comparable quantities and quality. If the above is not applicable, by reference to the average price of the same or substantially similar products previously purchased by the Remaining Group, and on normal commercial terms which are no less favourable to the Remaining Group than are available from an independent purchaser.

Annual caps

The maximum aggregate values of the transactions under the Supply Framework Agreement for each of the financial years ending 31 December 2018, 2019 and 2020 shall not exceed HK\$180,000,000.

In arriving at the annual caps above, the Directors have considered the following factors: (a) historical, current and projected market rates for products comparable to the relevant products; (b) development of the Remaining Group's business with independent suppliers.

Details of the historical transaction amounts are set out in the table below:

Financial year ended 31 December 2015	Financial year ended 31 December 2016	Financial year ended 31 December 2017
<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
(unaudited)	(unaudited)	unaudited)
19,116	23,041	27,765

Information on the Group, the Privateco Group and the Remaining Group

As at the date of this joint announcement, the Group is principally engaged in the Distributed Business and the Remaining Business. For details on the Group, please refer to the sub-section headed "Information on the Group" under the section headed "A. Sale and Purchase Agreements" of this joint announcement. For details on the Privateco Group and the Remaining Group, please refer to sub-section headed "Information on the Distributed Business and the Remaining Business" under the section headed "B. Proposed Group Reorganisation And Distribution In Specie Of The Privateco Shares" of this joint announcement.

Listing Rules implications

The transactions contemplated under the Supply Framework Agreement will, upon completion of the Distribution In Specie, constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules by virtue of the Privateco Group being an associate of Mr. Lo and thus a connected person of the

Company under the Listing Rules. The Board (including the independent non-executive Directors but excluding Mr. Lo having material interests in the Supply Framework Agreement, who had abstained from voting at the Board meeting approving the Supply Framework Agreement) considers that the terms of the Supply Framework Agreement to be on normal commercial terms, fair and reasonable and the entering into of such agreement is in the interests of the Group and the Shareholders as a whole.

Given the material interests of Mr. Lo in the Supply Framework Agreement, he had abstained from voting at the Board meeting approving the Supply Framework Agreement.

As the highest of the applicable percentage ratios in respect of the continuing connected transactions contemplated under the Supply Framework Agreement is more than 5%, the Supply Framework Agreement and the transactions contemplated thereunder shall be subject to the reporting, annual review, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Takeovers Code implications

The Supply Framework Agreement is an arrangement between the Remaining Group and the Privateco Group (which will be controlled by Mr. Lo, through his interests in Circle Brown) which is not capable of being extended to all Shareholders. Therefore, the Supply Framework Agreement constitutes a special deal under Rule 25 of the Takeovers Code and will be conditional upon obtaining the prior consent of the Executive under Rule 25 of the Takeovers Code. The Executive will normally consent to the Supply Framework Agreement provided that the independent financial adviser to the Company publicly states that in its opinion it is an arm's length transaction on normal commercial terms, the terms of the Supply Framework Agreement are fair and reasonable and it is approved by Independent Shareholders by way of poll at the SGM.

Service Agreements

The overall management and operations of the Remaining Group are currently governed by the Directors, including Mr. Lo and Mr. Chan. After the Sale and Purchase Completion and the first closing date of the Listco Offers, all the existing Directors will resign as Directors pursuant to the terms of the SPA I.

In order to achieve a smooth transition of responsibilities and support the business development of the Remaining Group following the Sale and Purchase Completion, Techcomp Scientific Limited, a Remaining Subsidiary, entered into (i) the Mr. Lo's Service Agreement with Mr. Lo and (ii) the Mr. Chan's Service Agreement with Mr. Chan, pursuant to which each of Mr. Lo and Mr. Chan will be appointed as consultant of Techcomp Scientific Limited, which will wholly own the Remaining

Subsidiaries upon completion of the Group Reorganisation. The above appointments will become effective after all the conditions precedent set out below have been satisfied.

Particulars of the terms for each of the Service Agreements are set out below.

Date: 18 April 2018

Parties: (i) Techcomp Scientific Limited (one of the Remaining Subsidiaries)

(ii) Mr. Lo (pursuant to Mr. Lo's Service Agreement), or Mr. Chan (pursuant to Mr. Chan's Service Agreement)

Scope of services

Pursuant to Mr. Lo's Service Agreement, Mr. Lo will be appointed as a consultant and be responsible for the overall management and operations of the Remaining Subsidiaries, including but not limited to the selection and appointment of senior management to assist the management and operation of the Remaining Subsidiaries after obtaining approval from the board of directors of Techcomp Scientific Limited and (if required) the Board (such approvals shall not be unreasonably withheld or delayed), and charting and reviewing of the corporate directions and strategies and such other responsibilities in relation to the Remaining Subsidiaries as agreed between the board of directors of Techcomp Scientific Limited and Mr. Lo.

Pursuant to Mr. Chan's Service Agreement, Mr. Chan will be appointed as consultant and be responsible for formulating and monitoring the Remaining Subsidiaries' overall strategic plan, the Remaining Subsidiaries' sales and overall operations in the PRC and Macau.

Term

Each of the Service Agreements will be effective upon the fulfilment of the conditions mentioned below, and end on the second anniversary of the last day of the calendar month in which the Sale and Purchase Completion took place (both days inclusive).

Conditions Precedent

Each of the Service Agreements is conditional upon:

(a) the passing by the Shareholders or, where applicable, the Independent Shareholders, at the SGM all resolutions as may be required under the Listing Rules, the Takeovers Code and/or the relevant laws and regulations, including without limitation, the relevant resolutions approving the relevant Service Agreements;

- (b) the completion of the Group Reorganisation and the Distribution In Specie having taken place;
- (c) obtaining the consent of the Executive under Rule 25 of the Takeovers Code; and
- (d) the Sale and Purchase Completion having taken place.

None of the above conditions precedent can be waived. As at the date of this joint announcement, none of the above conditions precedent has been satisfied.

Remuneration

Each of Mr. Lo and Mr. Chan shall be entitled to an annual salary of HK\$2,400,000 and HK\$960,000 respectively, payable monthly, and an annual discretionary bonus to be determined by the board of directors of Techcomp Scientific Limited from time to time. The remuneration under each of the Service Agreements was determined with reference to the duties and responsibilities of each of Mr. Lo and Mr. Chan as set out in each of the Service Agreements, individual performance incentives, and comparable salaries in the market.

Termination

Each of the Service Agreements is terminable by either party to the relevant Service Agreements by giving one months' notice.

Information on the Group, the Remaining Group, Mr. Lo and Mr. Chan

As at the date of this joint announcement, the Group is principally engaged in the Distributed Business and the Remaining Business. For details on the Group, please refer to the sub-section headed "Information on the Group" under the section headed "A. Sale and Purchase Agreements" of this joint announcement.

As at the date of this joint announcement, Techcomp Scientific Limited is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. Upon completion of the Group Reorganisation and the Distribution In Specie, Techcomp Scientific Limited is one of the Remaining Subsidiaries. For details on the Remaining Group, please refer to sub-section headed "Information on the Distributed Business and the Remaining Business" under the section headed "B. Proposed Group Reorganisation And Distribution In Specie Of The Privateco Shares" of this joint announcement.

As at the date of this joint announcement, each of Mr. Lo and Mr. Chan is the executive Director of the Company.

Listing Rules implications

The Service Agreements will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules by virtue of the fact that each of Mr. Lo and Mr. Chan is a Director and thus a connected person of the Company under the Listing Rules. The Board (including the independent non-executive Directors but excluding (i) Mr. Lo having material interests in the Mr. Lo's Service Agreement, who had abstained from voting at the Board meeting approving the Mr. Lo's Service Agreement, and (ii) Mr. Chan having material interests in the Mr. Chan's Service Agreement, who had abstained from voting at the Board meeting approving the Mr. Chan's Service Agreement) considers that the terms of the Service Agreements to be on normal commercial terms, fair and reasonable and the entering into of each of such agreement is in the interests of the Group and the Shareholders as a whole.

As the highest of the applicable percentage ratios in respect of the continuing connected transactions contemplated under each of the Service Agreements is more than 0.1% but less than 5%, each of the Service Agreements is subject to the reporting, annual review, and announcement requirements under Chapter 14A of the Listing Rules.

Takeovers Code implications

As at the date of this joint announcement, each of Mr. Lo and Mr. Chan is a director of the Company and is interested in 104,956,500 Shares, representing approximately 38.1% of the issued share capital of the Company, and 9,720,000 Shares, representing approximately 3.5% of the issued share capital of the Company, respectively. Each of the Service Agreements constitutes a special deal under the Takeovers Code and will be conditional upon obtaining the prior consent of the Executive under Rule 25 of the Takeovers Code. The Executive will normally consent to the Service Agreements provided that the independent financial adviser to the Company publicly states that in its opinion it is an arm's length transaction on normal commercial terms, the terms of the Service Agreements are fair and reasonable and it is approved by Independent Shareholders by way of poll at the SGM.

H. GENERAL

SGM

The SGM will be held for the purpose of considering and, if thought fit, approving the resolutions in respect of 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 of the terms of the 2011 Share Option Scheme and the respective transactions contemplated thereunder, by way of poll at the SGM. The Purchaser, the Vendors, Mr. Guo, their

respective associates and parties acting in concert with any of them, the 2004 Optionholders who are Shareholders and the 2011 Optionholders who are Shareholders will abstain from voting on the relevant resolutions at the SGM.

Save for the interests in the Sale and Purchase Agreements, none of the Purchaser, its associates and parties acting in concert with any of them held any Shares as at the date of this joint announcement.

Independent Board Committee

The Independent Board Committee comprising all the independent non-executive Directors has been formed in order to make a recommendation to (i) the Independent Shareholders regarding the Distribution In Specie, the Supply Framework Agreement, the Service Agreements, the CB Subscription Agreement, the Listco Share Offer and the respective transactions contemplated thereunder and (ii) the Optionholders regarding the Listco Option Offer.

The Circular

The Circular, which will contain, among other things, details of 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 and financial information on each of the Group and the Privateco Group, pro forma financial information on 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 will be despatched to the Shareholders. As additional time is required to prepare the information to be contained in the Circular, it is expected to be despatched to the Shareholders on or no later than 15 June 2018.

The appointment of the independent financial adviser is subject to the approval of the Independent Board Committee. The independent financial adviser will be appointed to advise the Independent Board Committee, the Independent Shareholders and/or the Optionholders in relation to the Distribution In Specie, the Supply Framework Agreement, the Service Agreements, the CB Subscription Agreement, the Listco Offers and the respective transactions contemplated thereunder (where appropriate). A further announcement will be made by the Company as soon as practicable after the independent financial adviser has been appointed. The advice and recommendations of the independent financial adviser and the recommendation of the Independent Board Committee in respect of the Listco Offers, in particular, as to whether the Listco Offers are, or are not, fair and reasonable and as to their acceptance, will be included in the Listco Offer Document.

As at the date of this joint announcement, since Privateco does not have any non-executive directors or any independent non-executive directors, no independent committee of the board of directors of Privateco can be formed to give a recommendation to the Privateco Shareholders (other than the Vendors and parties acting in concert with it) in connection with the Privateco Offer. An independent financial adviser will be appointed to advise the independent Privateco Shareholders, in particular, as to whether the Privateco Offer is, or is not, fair and reasonable and as to its acceptance. The advice and recommendations of the independent financial adviser in respect of the Privateco Offer will be included in the Privateco Offer Document.

Waiver of Rule 8.2 of the Takeovers Code

In accordance with Rule 8.2 of the Takeovers Code, both the Listco Offer Document and the Privateco Offer Document are required to be posted by or on behalf of the Offeror and Circle Brown respectively within 21 days of the date of this joint announcement. However, as there are pre-conditions, i.e. the Sale and Purchase Completion and the completion of the Distribution In Specie, to the making of the Listco Offers and the Privateco Offer respectively, an application will be made by each of the Offeror and Circle Brown respectively for the Executive's consent under Note 2 to Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of the Listco Offer Document and the Privateco Offer Document respectively to within seven days of the fulfilment of such pre-conditions (i.e. the Sale and Purchase Completion and the completion of the Distribution In Specie). The Listco Offer Document and the Privateco Offer Document are expected to be despatched on the same day.

Dealing disclosure

In accordance with Rule 3.8 of the Takeovers Code, the associates (as defined under the Takeovers Code and including a person who owns or controls 5% or more of any class of relevant securities) of the Company and the Offeror (within the meaning of the Takeovers Code) are hereby reminded to disclose their dealings in the securities of the Company pursuant to the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does

not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7-day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

I. RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Hong Kong Stock Exchange and on the SGX-ST was halted with effect from 9:00 a.m. on 19 April 2018 pending the publication of this joint announcement. An application has been made by the Company for resumption of trading in its Shares on the Hong Kong Stock Exchange and the SGX-ST with effect from 9:00 a.m. on 25 April 2018.

WARNING: THE PRIVATECO OFFER AND THE LISTCO OFFERS ARE A POSSIBILITY ONLY. AS THE PRIVATECO OFFER AND THE LISTCO OFFERS WILL ONLY BE MADE AFTER COMPLETION OF THE DISTRIBUTION IN SPECIE AND THE SALE AND PURCHASE COMPLETION RESPECTIVELY, WHICH ARE SUBJECT TO A NUMBER OF CONDITIONS, EACH OF THE PRIVATECO OFFER AND THE LISTCO OFFERS MAY OR MAY NOT PROCEED. SHAREHOLDERS AND POTENTIAL INVESTORS ARE THEREFORE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY.

DEFINITIONS

In this joint announcement, unless the context otherwise requires, the following terms have the meanings set out below:

“2004 Optionholder(s)”	holder(s) of the 2004 Share Option(s)
“2004 Scheme Shares”	the Shares to be issued pursuant to the exercise of 2004 Share Options granted under the 2004 Share Option Scheme
“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 Scheme Shares”	the Shares to be issued pursuant to the exercise of 2011 Share Options granted under the 2011 Share Option Scheme
“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
“associate”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day on which licensed banks in Hong Kong are open for business throughout their normal business hours, other than (i) a Saturday, a Sunday or a public holiday in Hong Kong; 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
“CB Subscription Completion”	the completion of the subscription of the Convertible Bonds by the Offeror pursuant to the CB Subscription Agreement

“CB Subscription Completion Date”	the date of CB Subscription Completion, which shall take place on the fifth Business Day after fulfilment (or, where applicable, waiver) of the last of the conditions to the CB Subscription Agreement (or such other date as agreed by the Company and the Offeror in writing)
“CB Subscription Longstop Date”	18 October 2018, or such later date as may be agreed between the Offeror and the Company in writing
“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 to be published by the Company which will contain, among other things, details of 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, the amendment to the terms of the 2011 Option Scheme and financial information on each of the Group and the Privateco Group, 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 Hong Kong Stock Exchange and secondary listed on the Main Board of the SGX-ST
“Completion Balance Sheet”	the balance sheet of the Remaining Group as at the end of the calendar month in which Sale and Purchase Completion took place prepared in accordance with the terms of the SPA I
“connected person”	has the meaning ascribed to it pursuant to the Listing Rules
“Continuing Connected Transactions”	all continuing connected transactions which would require approval from the Independent Shareholders, as set out in the sub-section headed “G. Special Deals And Continuing Connected Transactions” of this joint announcement
“Conversion Date”	the date on which a conversion notice is served to the Company

“Conversion Share(s)”	the new Share(s) to be allotted and issued by the Company upon exercise by a holder of the Convertible Bonds of its conversion rights
“Convertible Bonds”	the convertible bonds in the aggregate principal amount of up to US\$25,985,846 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
“Director(s)”	the director(s) of the Company
“Distributed Business”	all business of the Group, other than the Remaining Business, to be carried on by the Privateco Group upon completion of the Group Reorganisation and the Distribution In Specie
“Distribution Agreements”	the exclusive distribution agreements between a member of the Privateco Group and suppliers of certain scientific instruments
“Distribution In Specie”	a distribution in specie of the Privateco Shares by the Company to the Shareholders as described in the section headed “B. Proposed Group Reorganisation And Distribution In Specie Of The Privateco Shares” of this joint announcement
“Earnest Money”	the earnest money of HK\$15,000,000 paid by Yunnan Energy Investment Overseas Finance Company Ltd. to the Escrow Agent pursuant to the MOU

“Encumbrances”	<p>(a) any mortgage, charge, pledge, lien, hypothecation, encumbrance or other security arrangement of any kind;</p> <p>(b) any option, equity, claim, adverse interest or other third party right of any kind;</p> <p>(c) any arrangement by which any right is subordinated to any right of such third party; or</p> <p>(d) any contractual right of set-off,</p> <p>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</p>
“Escrow Agent”	Leung & Associates or such other escrow agent jointly appointed by Mr. Lo and Yunnan Energy Investment Overseas Finance Company Ltd.
“Executive”	Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Group”	the Company and its subsidiaries
“Group Reorganisation”	the proposed group restructuring of the Group, details of which are set out in the section headed “B. Proposed Group Reorganisation And Distribution In Specie Of The Privateco Shares” in this joint announcement
“Guarantor”	Yunnan Energy Investment (H K) Co. Limited, a company incorporated under the laws of Hong Kong
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

“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 Distribution In Specie, the Supply Framework Agreement, the Service Agreements, the CB Subscription Agreement, the Listco Offers and the respective transactions contemplated thereunder and (ii) the Optionholders regarding the Listco Option Offer
“Independent Shareholder(s)”	Shareholder(s) other than (i) the Vendors, Mr. Guo, their respective associates and parties acting in concert with any of them; and (ii) the Offeror, its associates and parties acting in concert with any of them
“Initial Principal Amount”	US\$80,756,350, being the initial principal amount of the Convertible Bonds before deducting the total consideration payable by the Offeror to the Independent Shareholders who have validly accepted the Listco Share Offer at the close of the Listco Offers
“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 date of this joint announcement
“Last Trading Day”	18 April 2018, being the last trading day for the Shares prior to the suspension of trading in the Shares pending for the publication of this joint announcement
“Listco Offer Document”	the offer and response document (in either composite or separate form) together with the form of acceptance and transfer to be despatched to the Shareholders pursuant to the Listco Offers
“Listco Offers”	the Listco Share Offer and the Listco Option Offer
“Listco Option Offer”	the possible unconditional mandatory cash general offer to be made by Deloitte Corporate Finance on behalf of the Offeror to cancel all the outstanding Share Options
“Listco Option Offer Price(s)”	the respective offer prices for cancellation of each outstanding Share Option as stated in the sub-section headed “The Listco Option Offer” under the section headed “E. Possible Unconditional Mandatory Cash General Offers To Acquire The Offer Shares And To Cancel All The Outstanding Share Options” of this joint announcement

“Listco Share Offer”	the possible unconditional mandatory cash general offer to be made by Deloitte Corporate Finance on behalf of the Offeror to acquire all the Offer Shares (other than those owned or agreed to be acquired by the Offeror and parties acting in concert with it)
“Listco Share Offer Price”	the price at which the Listco Share Offer will be made, being HK\$3.267 per Share
“Listing Committee”	the Listing Committee of the Hong Kong Stock Exchange
“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 Hong Kong Stock Exchange
“Maturity Date”	the fifth anniversary of the date of issue of the Convertible Bonds
“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, who is beneficially interested in 9,720,000 Shares (representing approximately 3.5% of the issued share capital of the Company as at the date of this joint announcement)
“Mr. Chan’s Service Agreement”	the service agreement between Mr. Chan and Techcomp Scientific Limited dated 18 April 2018
“Mr. Guo”	Guo Bing, an individual who is indirectly and beneficially interested in 47,364,648 Shares (representing approximately 17.2% of the issued share capital of the Company as at the date of this joint announcement)

“Mr. Lo”	Lo Yat Keung, the president, an executive Director and the controlling shareholder of the Company, who is beneficially interested in 104,956,500 Shares (representing approximately 38.1% of the issued share capital of the Company as at the date of this joint announcement)
“Mr. Lo’s Service Agreement”	the service agreement between Mr. Lo and Techcomp Scientific Limited dated 18 April 2018
“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 records of CDP (as the case may be), are outside Hong Kong or Singapore (as the case may be)
“PRC”	the People’s Republic of China and for the purpose of this joint announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Privateco”	Techcomp Instrument Limited, a company incorporated in the BVI with limited liability, a direct wholly-owned subsidiary of the Company as at the date of this joint announcement, which will hold the Distributed Business
“Privateco Group”	Privateco and its subsidiaries upon completion of the Group Reorganisation
“Privateco Offer”	the possible unconditional voluntary cash offer to be made by Somerley Capital 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 Offer Document”	the offer and response document (in either composite or separate form) and the form of acceptance and transfer to be despatched to the Privateco Shareholders pursuant to the Privateco Offer
“Privateco Share(s)”	the ordinary share(s) in the share capital of the Privateco

“Privateco Shareholder(s)”	holder(s) of the Privateco Shares
“Purchaser” or “Offeror”	Baodi International Investment Company Ltd, a company incorporated in British Virgin Islands with limited liability, which is beneficially and wholly owned by the Guarantor
“Record Date”	a date to be fixed for determining entitlements of the Shareholders to the Distribution In Specie, which shall be a date falling before the Sale and Purchase Completion Date
“Remaining Business”	as set out in the sub-section headed “Information on the Distributed Business and the Remaining Business” under the section headed “B. Proposed Group Reorganisation And Distribution In Specie Of The Privateco Shares”
“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\$”	Singapore dollar, the lawful currency of Singapore
“Sale and Purchase Agreements”	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 and Purchase Completion Date”	the date of the Sale and Purchase Completion, which is the fifth Business Day after the date on which all of the conditions precedent under each of the SPA I and the SPA II are satisfied or, where applicable, waived by the Purchaser and the Vendors or such other date as the Vendors, Mr. Guo and the Purchaser (as the case may be) may agree in writing
“Sale and Purchase Long Stop Date”	18 October 2018, being the day on which the period of six months commencing from the date of the Sale and Purchase Agreements expire or such later date to be agreed between the Purchaser and the Vendors or Mr. Guo (as the case may be) in writing

“Sale Shares”	any Shares referred to under the Sale Shares I and the Sale Shares II
“Sale Shares I”	an aggregate of 122,176,500 Shares, beneficially owned by the Vendors and Mr. Lo’s spouse (representing approximately 44.4% of the issued share capital of the Company as at the date of this joint announcement)
“Sale Shares II”	an aggregate of 47,364,648 Shares, beneficially owned by KCH Investment Co. Limited, the entire share capital of which is owned by Mr. Guo (representing approximately 17.2% of the issued share capital of the Company as at the date of this joint announcement)
“Service Agreements”	collectively, Mr. Chan’s Service Agreement and Mr. Lo’s Service Agreement, both of which constitute a special deal under the Takeovers Code
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“SGM”	a special general meeting of the Company to be convened for the purpose of, among other things, considering the resolutions in respect of 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
“SGX-ST”	The Singapore Exchange Securities Trading Limited
“Share(s)”	ordinary shares of a par value of US\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Share Option(s)”	the 2004 Share Option(s) and the 2011 Share Option(s)
“Sommerley Capital”	Sommerley Capital Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to Circle Brown in respect of the Privateco Offer

“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
“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
“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
“Techcomp Scientific Limited”	Techcomp Scientific Limited, a company incorporated in the BVI with limited liability, which is a direct wholly-owned subsidiary of the Company as at the date of this joint announcement and will become one of the Remaining Subsidiaries upon completion of the Group Reorganisation and the Distribution In Specie
“Trading Day”	a day when the Hong Kong Stock Exchange is open for trading in Hong Kong
“US\$”	United States dollar, the lawful currency of the United States of America
“Vendors”	Mr. Lo and Mr. Chan
“Warrantors”	the Purchaser and the Guarantor or any one of them
“%”	per cent

By the sole director of
**Baodi International
Investment Company Limited**
Zhang Jincan
Director

By Order of the board of
**Techcomp (Holdings)
Limited**
Lo Yat Keung
President

By the sole director of
Circle Brown Limited
Lo Yat Keung
Director

Hong Kong, 24 April 2018

As of the date of this joint announcement, the executive directors of the Company are Mr. Lo Yat Keung (President), Mr. Chan Wai Shing and Mr. Christopher James O’Connor and the independent non-executive directors of the Company are Mr. Ho Yew Yuen, Mr. Seah Kok Khong, Manfred and Mr. Teng Cheong Kwee.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Offeror, Circle Brown, their respective associates and parties acting in concert with them), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Offeror and Circle Brown) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement contained in this joint announcement misleading.

As at the date of this joint announcement, the sole director of the Offeror is Zhang Jincan and the directors of YEIG are Duan Wenquan, Qiu Lujin, Liu Wenxian, Yang Wanhua, Li Xiang, Geng Shulun and Wang Yongqiang.

The sole director of the Offeror and the directors of YEIG jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Group, Circle Brown, the Vendors, their respective associates and parties acting in concert with them), and confirms, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than the information relating to the Group, Privateco, Circle Brown, the Vendors, their respective associates and parties acting in concert with them) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement contained in this joint announcement misleading.

As at the date of this joint announcement, the sole director of Circle Brown is Mr. Lo Yat Keung.

The director of Circle Brown accepts full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Group, the Offeror, their respective associates and parties acting in concert with them), and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this joint announcement (other than those expressed by the Group, the Directors and the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement contained in this joint announcement misleading.

The English text of this announcement shall prevail over its Chinese text.

For the purpose of this announcement, the US\$:HK\$ currency conversion rate used is 1:7.8.

** For identification purposes only*