Techcomp (Holdings) Limited
天美(控股)有限公司*

(incorporated in Bermuda with limited liability)

Stock Code: 01298

LISTING BY INTRODUCTION

Sponsor:

東英 ORIENTAL PATRON

* for identification purpose only

IMPORTANT

If you are in any doubt about any of the contents of this document, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

Techcomp (Holdings) Limited
天美(控股)有限公司*

(incorporated in Bermuda with limited liability)

LISTING ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF INTRODUCTION

Stock Code : 01298

Sponsor

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This document is published in connection with the listing by way of introduction on the Main Board of the Stock Exchange of the entire issued share capital of Techcomp (Holdings) Limited (the "**Company**") presently listed on the Singapore Exchange Securities Trading Limited. This document contains particulars given in compliance with the Rules Governing the Listing of Securities on the Stock Exchange and the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) for the purpose of giving information with regard to the Company and its subsidiaries.

This document does not constitute an offer of, nor is it calculated to invite offers for, the shares or other securities of the Company, nor have any such shares or other securities been allotted with a view to any of them being offered for sale to or subscription by members of the public. No Shares will be allotted and issued in connection with, or pursuant to, the publication of this document.

Information regarding the proposed arrangement for the listing and registration of and for dealings and settlement of dealings in the Shares following the introduction of the Shares on the Stock Exchange is set out in the section headed "Listings, registration, dealings and settlement" in this document.

* *for identification purpose only*

9 December 2011

The Company will issue an announcement in Hong Kong to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) if there is any change in the following expected timetable of the Listing.

Daily announcement released on the Stock Exchange and the SGX-ST, disclosing previous day closing price of the Shares on the SGX-ST, and development and updates, if any, with regard to the bridging arrangements described in the section headed "Listing, registration, dealings and settlement" in this document	16 December, 19 December, 20 December 2011 and not later than 8:30 a.m. on 21 December 2011
Dealings in Shares on the Stock Exchange expected to commence on	Wednesday, 21 December 2011

Note: All times and dates refer to Hong Kong local times and dates, except as otherwise stated. Details of the Listing, including its conditions, are set out in the section headed "Information about this Document and the Listing" in this document.

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You should rely only on the information contained in this document to make your investment decision.

The Company has not authorized anyone to provide you with information that is different from what is contained in this document.

Any information or representation not made nor contained in this document must not be relied on by you as having been authorized by the Company, the Sponsor, any of their respective directors or affiliates or any other persons or parties involved in the Listing.

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This summary aims at giving you an overview of the information contained in this document. Because this is a summary, it does not contain all the information that may be important to you. You should read this document in its entirety, including our financial statements and the accompanying notes, before you decide to invest in the Shares. There are risks associated with any investment. Some of the particular risks in investing in the Shares are set out in the section headed "Risk Factors". You should read that section carefully before you decide to invest in the Shares. Various expressions used in this summary are defined in the section headed "Definitions" in this document.

Prospective investors and/or Shareholders should refer to Appendix IV — "Summary of Salient Provisions of the Laws of Singapore" for details of the salient provisions of the laws of Singapore applicable to the Shareholders trading in the Hong Kong stock market.

Singapore laws and regulations differ in some respects from comparable Hong Kong laws and regulations and prospective investors and/or Shareholders should consult their own legal advisers for specific legal advice concerning their legal obligations in Singapore.

OVERVIEW

The Group is principally engaged in the manufacture and distribution of analytical instruments, life science equipment and laboratory instruments for a broad range of chemical analysis and life science applications. The Group's customers consist of direct end-customers and third party local distributors. Direct end-customers consist of universities, research institutions (including both government funded and privately funded science research institutions, medical science research institutions, petrochemical research centres and drug research centres), companies in the industrial sector (including pharmaceutical companies, food beverage companies, biotechnology chemical companies, electronic companies and mining companies) and government agencies. There are two business segments of the Group's operation, namely manufacturing and distribution.

Manufacturing Segment

The Group's manufacturing segment involves designs, developments, manufactures, distribution and services of various analytical instruments, life science equipment and laboratory instruments mainly under the brands of "Techcomp", "Dynamica" and "Froilabo", of which the Group has applied for registration of the relevant trademarks in Hong Kong and for the brand of "Techcomp", the relevant trademark has been registered by the Group in the PRC, and "Precisa" of which the Group has been granted the rights to use as well as manufacture and distribute products for other companies on an OEM and ODM basis bearing the trademark. The products manufactured by the Group are mainly sold and distributed to end-customers and third party local distributors respectively by the Group in the PRC, Hong Kong and Macau, Southeast Asia, South Asia, Middle East, Australia, Japan, the United States and Europe.

Distribution Segment

The Group's distribution segment involves the trading and services of analytical instruments, life science equipments and laboratory instruments which are manufactured by other manufacturers with their own brand names through the Group's trading subsidiaries to its end-customers and third party local distributors in the PRC, Hong Kong and Macau, Southeast Asia, South Asia and Australia. Through the Group's trading subsidiaries and its third party local distributors, the Group is able to provide installation, maintenance, application support and repair services to its end-customers for both products manufactured or distributed by the Group.

For the distribution business, the Group was appointed by Hitachi High Technologies Corporation, one of the top twenty global analytical instrument companies in terms of estimated annual sales in 2009 by SDI, as a distributor in the PRC and the Asian markets (excluding Japan, Korea and Taiwan) since 1997 and 2004 respectively. Furthermore, the Group maintains authorised distributorship agreements directly with major analytical instruments, life science equipments and laboratory instruments principals, including Hitachi Koki, Nuaire and Horiba Jobin Yvon.

The products offered by the Group under the manufacturing segment and distribution segment may have similar design, specification and configuration with each other which provide similar functions and features to serve the applications. In general, the products from the distribution segment are for more sophisticated use which require higher speed and measurement unit for the technological and analytical processes, hence the selling price of the Group's products under the distribution segment is usually higher than the products under the manufacturing segment. The Group's customers would, depending on their needs and requirements, choose the Group's products in the distribution segment or manufacturing segment. The Directors believe that those products from the manufacturing segment and distribution segment with different characteristics would serve different needs and requirements of the Group's customers.

In addition to the above, the Group can provide customized laboratory instruments in accordance with customers' specifications. Based on the Group's existing products, the Group is able to provide customized adjustment or external parts to facilitate special scientific analyzing or testing. The Group's management is not aware of any significant risk on cannibalization during the Track Record Period and such risk becoming significant in the near future.

The following table sets out the breakdown of the Group's total revenue by (i) business segment; (ii) geographical segment and their respective percentage out of the Group's total revenue during the Track Record Period:

For the year ended 31 December 2008

	Manufacturing		Distribution		Total	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*
PRC (excluding Hong Kong and Macau)	10,441	76.6	56,829	84.3	67,270	83.0
Hong Kong and Macau	1,871	13.7	572	0.8	2,443	3.0
Indonesia	212	1.6	1,125	1.7	1,337	1.7
India	797	5.9	2,955	4.4	3,752	4.6
France	—	0.0	—	0.0	—	0.0
Switzerland	—	0.0	—	0.0	—	0.0
Others[(1)]	302	2.2	5,925	8.8	6,227	7.7
Total	13,623	100.0	67,406	100.0	81,029	100.0

For the year ended 31 December 2009

	Manufacturing		Distribution		Total	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*
PRC (excluding Hong Kong and Macau)	13,382	67.3	67,817	79.9	81,199	77.6
Hong Kong and Macau	529	2.7	1,904	2.2	2,433	2.3
Indonesia	220	1.1	1,787	2.1	2,007	1.9
India	1,082	5.4	3,889	4.6	4,971	4.7
France	4,277	21.5	—	0.0	4,277	4.1
Switzerland	—	0.0	—	0.0	—	0.0
Others[(1)]	407	2.0	9,487	11.2	9,894	9.4
Total	19,897	100.0	84,884	100.0	104,781	100.0

For the year ended 31 December 2010

	Manufacturing		Distribution		Total	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*
PRC (excluding Hong Kong and Macau)	19,587	49.2	72,291	82.7	91,878	72.3
Hong Kong and Macau	269	0.7	1,627	1.9	1,896	1.5
Indonesia	983	2.5	1,986	2.3	2,969	2.3
India	2,510	6.3	3,218	3.7	5,728	4.5
France	8,655	21.8	—	0.0	8,655	6.8
Switzerland	6,075	15.3	—	0.0	6,075	4.8
Others[(1)]	1,674	4.2	8,215	9.4	9,889	7.8
Total	39,753	100.0	87,337	100.0	127,090	100.0

For the six months ended 30 June

	2010 (unaudited)						2011					
	Manufacturing		Distribution		Total		Manufacturing		Distribution		Total	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*
PRC (excluding Hong Kong and Macau)	6,588	43.6	31,975	88.5	38,563	75.2	10,108	50.2	36,645	90.1	46,753	76.8
Hong Kong and Macau	80	0.5	730	2.0	810	1.6	307	1.5	659	1.6	966	1.6
Indonesia	222	1.5	489	1.4	711	1.4	358	1.8	136	0.3	494	0.8
India	502	3.3	1,030	2.9	1,532	3.0	677	3.4	1,067	2.6	1,744	2.9
France	4,141	27.4	—	0.0	4,141	8.1	3,941	19.6	—	0.0	3,941	6.5
Switzerland	2,758	18.3	—	0.0	2,758	5.4	3,816	19.0	—	0.0	3,816	6.3
Others[(1)]	820	5.4	1,874	5.2	2,694	5.3	909	4.5	2,188	5.4	3,097	5.1
Total	15,111	100.0	36,098	100.0	51,209	100.0	20,116	100.0	40,695	100.0	60,811	100.0

Note:

(1) Other regions include: Europe (other than France and Switzerland), the United States, Japan, South Asia (other than India), Southeast Asia (other than Indonesia), Middle East and Australia.

The following table sets out the breakdown of the Group's revenue attributable to its manufacturing segment by the Group's own brands and other brand name under OEM or ODM basis and their respective percentage out of revenue attributable to the manufacturing segment during the Track Record Period:

	For the year ended 31 December						For the six months ended 30 June			
	2008		2009		2010		2010		2011	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*
							(unaudited)			
Revenue										
Company's branded products	10,614	77.9	16,455	82.7	36,065	90.7	13,963	92.4	18,946	94.2
OEM and ODM	3,009	22.1	3,442	17.3	3,688	9.3	1,148	7.6	1,170	5.8
	13,623	100.0	19,897	100.0	39,753	100.0	15,111	100.0	20,116	100.0

The following table shows the breakdown of the Group's revenue attributable to its distribution segment by brand names and their respective percentage of contribution of major brands which the Group acts as a distributor out of the revenue attributable to the distribution segment during the Track Record Period:

	For the year ended 31 December						For the six months ended 30 June			
	2008		2009		2010		2010		2011	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*
							(unaudited)			
Revenue of major brands										
Hitachi	48,989	72.7	58,576	69.0	59,498	68.1	26,132	72.4	28,893	71.0
Others[(1)]	18,417	27.3	26,308	31.0	27,839	31.9	9,966	27.6	11,802	29.0
	67,406	100.0	84,884	100.0	87,337	100.0	36,098	100.0	40,695	100.0

Note:

(1) Others include the brands of Horiba Jobin Yvon, Nuaire and brands under Bibby Scientific Limited, no brand included in others attributed to more than 5% of the Group's revenue from the distribution segment.

Products

The analytical instruments, life science equipment and laboratory instruments under the Group's manufacturing segment and distribution segment are generally used in academic, industrial, pharmaceutical, biotechnology and other research and laboratory markets, as well as the clinical laboratory and healthcare industries, agricultural and environmental industries, and government agencies. These products are used by its customers to conduct identification, quantification, material preparation and analysis of the elemental, molecular, physical, and/or biological composition and/or structure of liquids, solids, and/or gases.

The analytical instruments offered by the Group, including chromatograph for the separation of mixture, spectrophotometers for the measurement of transmittance or reflectance of solutions, electronic microscope for observing a wide range of biological and inorganic specimens, are used by i) industrial, governmental and academic research laboratories in forensic analysis, materials science and general research; and ii) semiconductor companies, food and beverage companies, mining and metallurgy, oil and gas, agriculture, pharmaceutical, and chemical companies in research and quality control.

The life science equipments offered by the Group, including centrifuges for isolating and separating suspensions, biological safety cabinet for protection from pathogens, autoclave for sterilising equipments, microplate reader for detecting biological, chemical or physical events of samples and incubator for growing and maintaining microbiological cultures or cell cultures, are used by i) hospital and universities, government and private laboratories in chemical, biological, biochemical, genome and healthcare research; ii) biotechnology and biopharmaceutical companies in studying biomolecules and the prevention, diagnosis and treatment of diseases; and iii) pharmaceutical companies in drug development, manufacturing and quality control.

The laboratory instruments offered by the Group, including oven and incubator, deep freezer and balance, are used in medical, pharmaceutical and life science laboratories.

Acquisitions during Track Record Period

During the Track Record Period, the Group has implemented a strategy to expand its business operations by offering new products and reaching new geographical territories. In July 2008, the Group acquired a 68% equity interest in Richwell, which held an 81% equity interest in Shanghai Sanco. Richwell is an investment holding company, while Shanghai Sanco principally operates the business of production and sales of diagnostic and analytical instruments and ancillary productions. In July 2009, the Group acquired a 75% equity interest in HCC Group, a French manufacturing group of companies with manufacturing sites located in Lyon, France and Romania with the brand names of "Froilabo" and "Firlabo", which specialises in temperature control and laboratory equipment, cryopreservation and blood-bank equipment. The Group further acquired a 12.5% equity interests in HCC Group each in October 2010 and December 2010 respectively. Upon completion of such equity transfers, the Group owns the entire equity interest of the HCC Group. In February 2010, the Group acquired an 80% equity interests in Precisa Gravimetrics, a Swiss manufacturer based in Zurich, Switzerland with the brand name of "Precisa", which specialises in analytical weighing and moisture analyzers. These acquisitions allow the Group to have a more sophisticated product portfolio for its customers in Asia and Europe. The Directors, based on the synergy effect by distributing the products manufactured from European factories through the Group's sales network in the PRC and Asian countries, expect the acquisition of the European factories to enhance the Group's presence in Europe, expand its sales network and to acquire the technological know-how which in turn would increase the Group's profitability in 2012.

The following table sets out the unaudited revenue and profit for each of the year/period indicated below contributed to the Group from Richwell Group during the Track Record Period:

	For the year ended 31 December			For the six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Revenue	697	1,657	4,079	2,834	1,036
Profit for the year/period	3	150	538	450	14

Note: The profit for the period decreased from approximately US$450,000 for the six months ended 30 June 2010 to approximately US$14,000 for the six months ended 30 June 2011, and the net profit margin decreased from approximately 15.9% to approximately 1.4% due to the revenue of Richwell Group decreasing from approximately US$2.8 million for the six months ended 30 June 2010 to approximately US$1.0 million for the six months ended 30 June 2011. The decrease in revenue for the six months ended 30 June 2011 was due to a significant portion of the sales orders which were received in the first half of the year being realised in the second half of the year.

The following table sets out the unaudited revenue and profit/loss for each of the year/period indicated below contributed to the Group from HCC Group during the Track Record Period:

	For the year ended 31 December			For the six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Revenue	—	4,277	8,657	4,141	4,083
Profit (Loss) for the year/period	—	471	(252)	(402)	(1,090)

Note: Revenue of HCC Group increased from approximately US$4.3 million for the year ended 31 December 2009 to approximately US$8.7 million for the year ended 31 December 2010, as HCC Group started to contribute to the Group's revenue after it was acquired in July 2009. However, the profit decreased from approximately US$0.5 million for the year ended 31 December 2009 to a loss of approximately US$0.3 million mainly due to an increase in staff costs for the year ended 31 December 2010.

Revenue of HCC Group was approximately US$4.1 million for each of the six months ended 30 June 2010 and 2011 respectively, however the net loss for the same corresponding period was approximately US$0.4 million and approximately US$1.1 million. The increase in net loss was due to the increase in number of headcount for the expansion of the sales team and production operation in France and Romania.

The following table sets out the unaudited revenue and loss for each of the year/period indicated below contributed to the Group from Precisa Gravimetrics during the Track Record Period:

	For the year ended 31 December			For the six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Revenue	—	—	8,087	2,758	5,385
Loss for the year/period	—	—	(968)	(477)	(509)

Production Plants

The Group's manufacturing sites are located in Shanghai, Lyon, Romania and Zurich which are equipped for the production of various types of products under different brand names. The Group also has 12 trading subsidiaries which are located in the PRC, Macau, Hong Kong, India, Singapore and Europe with a sales force of approximately 220 marketing and sales personnel as at 30 November 2011.

Procurement and Supplier

During the Track Record Period, the Group's major suppliers are two Japanese manufacturers, both of which are members of Hitachi, Limited (a company listed on both the Tokyo Stock Exchange and the New York Stock Exchange), which collectively accounted for approximately 63.5%, 60.0%, 48.4% and 46.2% respectively of the Group's total purchases. The Directors anticipate that sourcing from such major Japanese suppliers will continue to represent a significant portion of the Group's supply after Listing.

Japan is situated on the "Pacific Ring of Fire". The effect of tsunami and leakage of harmful radioactive substances from nuclear plants in consequence of the earthquake in March 2011 could result in material disruptions to the business of the Group's Japanese suppliers mainly companies of Hitachi, Limited, which could, in turn, materially and adversely affect the Group's business. After the earthquake, the Group experienced an average of four weeks delay in delivery from a Japanese supplier due to temporary suspension of its production. Such production and delivery had been resumed from two to six weeks after such incident. The Group did not experience any cancellation of orders placed with the Japanese suppliers by the Group and material impact on the Group's operations because of the incident.

Sales and Marketing

The Group distributes a wide range of products under both manufacturing segment and distribution segment to its worldwide customers, including but not limited to, the PRC, Hong Kong and Macau, Indonesia, India, France and Switzerland.

The sales strategies adopted by the Group are direct sales to end-customers and sales to third party local distributors. The Group shares its sales network of manufacturing segment and distribution segment and sells its products in different geographical regions through a combination of direct sales teams and third party local distributors.

The Group's marketing strategy includes leveraging on the Group's distribution network to promote manufacturing products, capturing an increased market share in the analytical instruments, life science equipment and laboratory instruments markets by introducing additional products and services, and by providing solutions and turnkey projects for customers which are setting up new laboratories. There are 4 demonstration laboratories situated in the offices of Hong Kong, Beijing, Singapore and Shanghai for demonstrating the Group's products to its customers. The Group also hosts and participates in meetings, conferences and exhibitions to conduct marketing activities for its products.

COMPETITIVE STRENGTHS

- Experienced management team
- Wide distribution presence in the PRC
- Broad range of products to provide integrated solutions to customers
- Large end-customers base covering various industries and government agencies
- Cost effective production

BUSINESS STRATEGIES

- Further strengthen distribution network in the PRC as well as Asia
- Expand the European network to increase products awareness
- Further strengthen the Group's R&D
- Achieve cost saving synergy for the production facilities in Europe leveraging on PRC cost competitive manufacturing
- Expand through selective acquisitions and joint venture

DIVIDEND POLICY

The Group paid dividends for each of the three consecutive years ended 31 December 2010 and six months ended 30 June 2011 of approximately US$1.4 million, US$1.3 million, US$1.4 million and US$1.9 million respectively.

The Group does not have a dividend policy. The dividend that the Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by the Board:

- the level of cash and retained earnings;
- the actual and projected financial performance;
- the projected levels of capital expenditure and other investment plans; and
- restrictions on payment of dividends imposed on the Group by its financing arrangement (if any).

The Company may declare annual dividends with the sanction of the Shareholders in a general meeting, and subject to Section 54 of the Companies Act, the amount of such dividend shall not exceed the amount recommended by the Directors. The Directors may also declare an interim dividend.

Dividends are paid by the Group as and when approved by the Shareholders and Directors. Any such dividend payments will be subject to the level of future earnings, cash flow, financial condition and other factors, including such legal or contractual restrictions as may apply from time to time. Past dividends paid are not necessarily indicative of future dividend payments.

As at 30 June 2011, the aggregate amount of reserves available for distribution to equity shareholders of the Company was approximately US$3.2 million.

MARKET SHARE

According to the Global Assessment Report (the "**SDI Report**") issued by SDI in 2010, the top 10 analytical instruments suppliers ("**Top Ten**") based on the sales volume of laboratory analytical instrument business in 2009 accounted for approximately of US$15.6 billion. Eight of which are based in the US and combined for approximately 86% of the total sales of Top Ten. The Group's revenue for the year ended 31 December 2009 was approximately US$104.8 million, representing approximately 0.7% of the total sales of Top Ten. The market share in terms of the Group's revenue is relatively insignificant compared to the Top Ten.

RESULTS OF OPERATION

The following table presents the consolidated statements of comprehensive income of the Group during the Track Record Period:

	For the year ended 31 December			For the six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000*
Revenue	81,029	104,781	127,090	51,209	60,811
Cost of sales	(56,847)	(74,918)	(85,762)	(36,166)	(42,251)
Gross profit	24,182	29,863	41,328	15,043	18,560
Other income, gains and losses	(1,071)	1,483	1,710	496	241
Distribution costs	(9,501)	(10,466)	(11,769)	(5,279)	(6,692)
Administrative expenses	(10,142)	(12,479)	(19,767)	(8,528)	(11,004)
Share of results of a jointly controlled entity	(55)	(69)	7	—	—
Share of results of an associate	—	—	(144)	—	(132)
Finance costs	(452)	(503)	(565)	(245)	(328)
Profit before tax	2,961	7,829	10,800	1,487	645
Income tax credit (expense)	47	(345)	(585)	(61)	(143)
Profit for the year/period	3,008	7,484	10,215	1,426	502
Other comprehensive income (expense)					
— exchange differences arising on translation of foreign operations	383	318	336	(193)	674
— share of exchange reserve of a jointly controlled entity	(6)	3	—	—	—
— share of exchange reserve of an associate	—	—	19	—	8
— exchange reserve released upon disposal of a jointly controlled entity	—	—	3	—	—
Other comprehensive income (expense) for the year/period	377	321	358	(193)	682
Total comprehensive income for the year/period	3,385	7,805	10,573	1,233	1,184
Earnings per share *(US cents)*					
— Basic	1.32	3.17	4.52	0.62	0.26
— Diluted	1.32	3.16	4.39	0.60	0.25

Gross profit and gross profit margin

The following table sets out the Group's total gross profit and gross profit margin during the Track Record Period:

	For the year ended 31 December						For the six months ended 30 June			
	2008		2009		2010		2010		2011	
							(unaudited)			
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*
Manufacturing segment	6,408	47.0	10,112	50.8	16,826	42.3	5,712	37.8	8,532	42.4
Distribution segment	17,774	26.4	19,751	23.3	24,502	28.1	9,331	25.8	10,028	24.6
Overall	24,182	29.8	29,863	28.5	41,328	32.5	15,043	29.4	18,560	30.5

Gross profit for the six months ended 30 June 2011 was approximately US$18.6 million, an increase of approximately 23.4% from approximately US$15.0 million for the six months ended 30 June 2010. Gross profit margin increased by approximately 1.1 percentage point from approximately 29.4% for the six months ended 30 June 2010 to approximately 30.5% for the six months ended 30 June 2011. The gross profit margin of distribution segment for the six months ended 30 June 2011 decreased by approximately 1.2 percentage point compared to six months ended 30 June 2010 and the gross profit margin of manufacturing segment for the six months ended 30 June 2011 increased by approximately 4.6 percentage point compared to six months ended 30 June 2010. The increase of the overall gross profit margin was primarily due to the Group higher portion of revenue as well as gross profit was generated from the Group's manufacturing business with higher gross profit margin for the six months ended 30 June 2011.

Gross profit for the year ended 31 December 2010 was approximately US$41.3 million, an increase of approximately 38.4% from approximately US$29.9 million for the year ended 31 December 2009. The increase in gross profit was attributed to the growth in revenue of the Group. The overall gross profit margin increased by approximately 4.0 percentage point from approximately 28.5% for the year ended 31 December 2009 to approximately 32.5% for the year ended 31 December 2010. The gross profit margin of distribution segment for the year ended 31 December 2010 increased by approximately 4.8 percentage point compared to year ended 31 December 2009 and the gross profit margin of manufacturing segment for the year ended 31 December 2010 decreased by approximately 8.5 percentage point compared to year ended 31 December 2009 mainly due to the acquisition of Precisa Gravimetrics with lower gross profit margin for the year ended 31 December 2010.

The Group has gained a higher portion of revenue as well as gross profit from the manufacturing business with higher gross profit margin for the year ended 31 December 2010 and the Group was able to transfer part of the cost arising from the foreign exchange differences to the customers by adjusting the price and discounts offered to the customers. This resulted in increase in overall gross profit margin of the Group for the year ended 31 December 2010 of approximately 4.0 percentage point.

Gross profit for the year ended 31 December 2009 was approximately US$29.9 million, an increase of approximately 23.5% from approximately US$24.2 million for the year ended 31 December 2008. The overall gross profit margin decreased by approximately 1.3 percentage point from approximately 29.8% for the year ended 31 December 2008 to approximately 28.5% for the year ended 31 December 2009. The gross profit margin of the distribution segment for the year ended 31 December 2009 decreased by approximately 3.1 percentage point compared to year ended 31 December 2008 and the gross profit margin of manufacturing segment for the year ended 31 December 2009 increased by approximately 3.8 percentage point as compared to year ended 31 December 2008. The decrease of the overall gross profit margin was primarily due to the appreciation of JPY and RMB where a significant portion of the Group's purchases are denominated in these currencies. For the distribution segment, the purchases made from the Japanese suppliers were denominated in JPY and the payments received by the Group in sales were denominated in mainly USD and other currencies such as RMB and HKD. For the manufacturing segment, a majority of the purchases were made from suppliers in the PRC, which were denominated in RMB. The payment of sales of product of manufacturing segment outside the PRC received by the Group were denominated in mainly USD and other currencies except RMB. The appreciation of JPY and RMB against USD for the year ended 31 December 2009 increased the cost of the products sold. Hence, the gross profit margin decreased for the period.

The following table presents the consolidated statements of financial position of the Group during the Track Record Period:

	As at 31 December			As at 30 June
	2008	2009	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*
Non-current assets				
Property, plant and equipment	7,301	7,135	12,666	13,092
Goodwill	512	512	512	512
Intangible assets	1,673	3,869	6,043	6,305
Available-for-sale investments	40	534	534	534
Derivative financial instruments	221	285	—	—
Interest in a jointly controlled entity	196	130	—	—
Interest in an associate	—	—	654	530
	9,943	12,465	20,409	20,973
Current assets				
Inventories	14,410	18,580	24,419	29,377
Trade and other receivables	30,061	33,807	42,762	44,480
Income tax recoverable	14	18	17	14
Investments carried at fair value through profit or loss	668	648	675	683
Amount due from an associate	—	—	718	1,755
Amount due from a jointly controlled entity	252	1,280	—	—
Amount due from a non-controlling interest	—	—	640	—
Derivative financial instruments	—	83	—	—
Bank balances and cash	17,215	14,937	17,768	10,652
	62,620	69,353	86,999	86,961
Current liabilities				
Trade and other payables	16,103	19,003	23,919	22,249
Liabilities for trade bills discounted with recourse	1,132	113	807	509
Taxation payable	201	672	575	626
Amount due to a jointly controlled entity	152	—	—	—
Amount due to a non-controlling interest	—	—	1,191	1,380
Derivative financial instruments	5	30	—	—
Bank borrowings — due within one year	16,061	15,008	17,624	20,447
Bank overdrafts	34	238	955	699
	33,688	35,064	45,071	45,910
Net current assets	28,932	34,289	41,928	41,051
Total assets less current liabilities	38,875	46,754	62,337	62,024

	As at 31 December			As at 30 June
	2008	2009	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*
Non-current liabilities				
Bank borrowings — due over one year	416	651	4,487	4,787
Deferred tax liabilities	64	171	319	243
Derivative financial instruments	115	45	—	—
	595	867	4,806	5,030
	38,280	45,887	57,531	56,994
Capital and reserves				
Share capital	7,750	7,750	11,625	11,625
Reserves	30,332	36,816	42,954	42,752
Equity attributable to owners of the Company	38,082	44,566	54,579	54,377
Non-controlling interests	198	1,321	2,952	2,617
	38,280	45,887	57,531	56,994

Intangible assets

The Group's intangible assets comprise development costs incurred for the manufacture of analytical instruments and payments made to acquire technical know-how. The development costs and technical know-how have finite useful lives and are amortised on a straight line basis over their estimated useful lives of five years and three years and nine months respectively. As at each year 31 December 2008, 2009, 2010 and 30 June 2011, the net book value of the intangible assets were approximately US$1.7 million, US$3.9 million, US$6.0 million and US$6.3 million respectively.

Inventory

The Group's inventory balance increased by approximately 28.9% from approximately US$14.4 million as at 31 December 2008 to approximately US$18.6 million as at 31 December 2009, which was mainly due to the increase in inventory of raw materials value of approximately US$1.8 million. This increase was mainly due to the acquisition of HCC Group in July 2009. The Group's inventory balance increased by approximately 31.4% from approximately US$18.6 million as at 31 December 2009 to approximately US$24.4 million as at 31 December 2010, which was due to the increase in raw materials purchased for production as well as inventory of work-in-progress value. Inventory of work-in-progress value increased from approximately US$2.0 million as at 31 December 2009 to approximately US$5.8 million as at 31 December 2010 was mainly due to material amount of the inventory of raw materials has been converted and processed into inventory of work-

in-progress and the acquisition of Precisa Gravimetrics in February 2010. The overall increase was in line with the Group's intention to diversify the product line and build up the manufacturing business. Also the increase in inventory was the result from the manufacturing business expansion in Switzerland and the PRC for the year ended 31 December 2010. Inventory balance of the Group increased by approximately 20.3% from approximately US$24.4 million as at 31 December 2010 to approximately US$29.4 million as at 30 June 2011, which was mainly due to the increase in level of inventory of raw materials and finished products in order to meet the expected increase in manufacturing and distribution activities respectively.

Trade and other receivables

As at the respective statement of financial position dates of the Track Record Period, trade and bills receivables balance was approximately US$26.8 million, US$31.1 million, US$39.5 million and US$40.5 million respectively. Included in the Group's trade receivables balance were debtors with carrying amount of approximately US$3.2 million, US$2.8 million, US$3.8 million and US$3.9 million as at 31 December 2008, 2009, 2010 and 30 June 2011 respectively, which were past due at the end of the reporting period for which the Group had not provided for any impairment loss as there had not been a significant change in credit quality of the customers and the amounts were still considered recoverable. The Group did not hold any collateral over these balances.

As at the respective statement of financial position dates of the Track Record Period, deposits and other receivables balance was approximately US$1.9 million, US$2.2 million, US$3.4 million and US$3.7 million respectively.

Bank balances and cash

As at the respective statement of financial position dates of the Track Record Period, bank balances and cash was approximately US$17.2 million, US$14.9 million, US$17.8 million and US$10.7 million respectively. Bank balances and cash decreased from approximately US$17.8 million as at 31 December 2010 to approximately US$10.7 million as at 30 June 2011 mainly due to the increase in inventory level for the expected sales of approximately US$4.1 million and decrease in trade and other payables of approximately US$2.3 million.

Bank borrowings — due over one year

The amount of bank borrowings due over one year as at 31 December 2010 increased by approximately US$3.8 million from approximately US$0.7 million as at 31 December 2009 to approximately US$4.5 million as at 31 December 2010. The increase was mainly due to the increase in mortgage loan of approximately US$3.7 million for the acquisition of the production facilities in Switzerland.

THE ISSUE OF SHARE OPTIONS

As at the Latest Practicable Date, the Company has granted 22,130,000 options under the Existing Share Option Scheme, of which none has been exercised, 295,000 options have lapsed and 21,835,000 options remain outstanding. The number of new Shares to be issued upon exercise of all such options in full represent approximately 9.39% of the existing issued share capital of the Company and approximately 8.59% of the enlarged issued share capital of the Company after the issue of new Shares upon the exercise of such options in full (without taking into account any new Shares which may be allotted and issued upon exercise of the options which may be granted under the Shares Option Scheme). Such issuance of Shares will result in the dilution of the percentage of ownership of the Shareholders, and may affect the earnings per Share and the net asset value per Share. The Group has recognised total expenses of US$36,000, US$95,000, US$458,000 and US$374,000 related to equity-settled share-based payment during the year ended 31 December 2008, 2009 and 2010 and six months ended 30 June 2011 respectively. As at the Latest Practicable Date, none of the options under the Existing Share Option Scheme had been exercised by the grantees. Details of the Existing Share Option Scheme are set out in Appendix VI to this document.

LISTING BY WAY OF INTRODUCTION

The Company was incorporated on 26 January 2004 in Bermuda as an exempted company and has been listed on the SGX-ST since 12 July 2004. As at the Latest Practicable Date, the closing price of the Shares on the SGX-ST was S$0.395. The Directors consider that it is desirable and beneficial for the Company to have dual primary listing status in both Singapore and Hong Kong so that the Company can have ready access to these different equity markets in the Asia Pacific region when the opportunity arises. The Directors believe the two markets attract investors with different profiles and thereby widen the investor base of the Company and increase the liquidity of the Shares. In particular, it enables the Company to benefit from the exposure to a wider range of private and institutional investors. The Directors believe that a listing in Hong Kong is in line with the Company's focus on its operations in the PRC, which is important for its growth and long-term development.

Removal of Shares

Currently, all the Shares are registered on the Bermuda Principal Share Register. For the purpose of trading on the Stock Exchange, the Shares must be registered on the Hong Kong Branch Share Register. Shares may be transferred between the Bermuda Principal Share Register and the Hong Kong Branch Share Register. An investor who wishes to trade on the SGX-ST must have his/her Shares registered on the Bermuda Principal Share Register and an investor who wishes to trade on the Stock Exchange must have his/her Shares registered on the Hong Kong Branch Share Register by removing them from the Bermuda Principal Share Register to the Hong Kong Branch Share Register. A resolution has been passed by the Directors authorizing the removal of Shares between the Bermuda Principal Share Register and the Hong Kong Branch Share Register as may from time to time be requested by the members of the Company.

BRIDGING ARRANGEMENTS

In connection with the Listing, the Bridging Dealer has been appointed as bridging dealer and intends to implement the bridging arrangements described in the section headed "Listings, Registration, Dealings and Settlement — Bridging Arrangements" of this document. The bridging arrangements are intended to facilitate the migration of Shares to the Hong Kong Branch Share Register in order for an open market in Shares to develop in Hong Kong following the Listing.

In connection with the bridging arrangements, on 5 December 2011, the Bridging Dealer, entered into: (i) the Sale and Repurchase Agreement with Mr. Chan (as vendor) under which the Bridging Dealer shall purchase from Mr. Chan a total of 9,300,000 Shares which are legally and beneficially owned by him, representing approximately 4% of the Shares in issue as at the Latest Practicable Date, and Mr. Chan shall repurchase and the Bridging Dealer shall sell the equivalent number of Shares Mr. Chan initially sold at the same price as such Shares were sold, shortly after the expiry of the Bridging Period (being the 30-day period from and including the Listing Date); and (ii) the Stock Borrowing Agreement with Mr. Lo under which Mr. Lo will, upon request from time to time by the Bridging Dealer, make available to the Bridging Dealer Share lending facilities for a period commencing from the Listing Date and ending on the 30th day from and including the Listing Date up to a maximum of 58,125,000 Shares, which are legally and beneficially owned by him, representing 25% of Shares in issue in aggregate to the Bridging Dealer, on one or more occasions, subject to the applicable laws, rules and regulations in both Singapore and Hong Kong and certain terms and conditions, including without limitation that the lending and the subsequent acceptance of redelivery of any Shares by Mr. Lo, and the borrowing and the subsequent redelivery of any Shares by the Bridging Dealer, will not lead to either party being obliged to make a mandatory general offer under the Takeovers Code and/or the Singapore Code. Such Shares will be used for settlement in connection with the arbitrage trades carried out by the Bridging Dealer in Hong Kong. Prospective investors should refer to the section headed "Listings, Registration, Dealings and Settlement — Bridging Arrangements" of this document for further details.

INVESTOR EDUCATION

Prior to the Listing, the Company and the Sponsor will cooperate to inform the investor community in Hong Kong of general information about the Company, as well as the developments and/or changes to the bridging arrangements as disclosed in this document. After the Listing has taken place, the Company and the Sponsor may continue to take measures to educate the public. The following measures will be taken to enhance transparency of the Company and the bridging arrangements:

— there will be media briefings and press interviews to inform investors of the arrangements;

— briefings in relation to the bridging arrangements will be conducted for, amongst others, private bank divisions, a syndicate of brokerage houses and other institutional investors;

— Information factsheets on the Company generally, and on the Share transfer procedures as summarised in paragraph headed "Special arrangements to facilitate transfers prior to the Listing" in this section above will be posted on the website of the Company;

— Information, including the Company's previous day closing price, trading volume and other relevant historical data, will be posted on the website of the Company.

The Bridging Dealer will apply to the Stock Exchange for 2 broker identification numbers (one for normal usage and the other for back up use in case of emergency) to be used solely for executing arbitrage trades for the Company during the Bridging Period. The Bridging Dealer will not use these broker identification numbers to execute non-arbitrage trades in the Shares or any other trades in any other securities. The Bridging Dealer will deploy measures to ensure such exclusivity including that a trading system template be set up for trading in the Shares to maximise execution automation thus minimising propensity for human error.

Furthermore, during a period of 3 business days prior to the commencement of dealings in the Shares on the Stock Exchange, a daily announcement disclosing the Company's then trading day closing price on the SGX-ST, as well as any relevant developments and updates with regard to the bridging arrangements, will be published or available for collection in the following locations:

— Electronic copies of this document will be disseminated through the website of the Company and the websites of the Stock Exchange and the SGX-ST.

— Physical copies of this document will be made available for collection at the following locations:

(1) Office of the Company in Hong Kong at 6th Floor, Mita Center, 552–566 Castle Peak Road, Kwai Chung, Hong Kong; and

(2) Office of the Sponsor at 27th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong.

RISK FACTORS

Risks relating to the manufacturing business of the Group

- The Group does not have long-term supply arrangement with suppliers for its manufacturing segment

- The Group is reliant on third party local distributors for the sales of its manufactured products

- The Group may face potential liability for defects, flaws or errors in its manufactured products

Risk relating to the distribution business of the Group

- The Group is reliant on the distributorship arrangements with suppliers for its distribution segment

Risks relating to both the Group's manufacturing and distribution business

- The Group is reliant on Japanese manufacturers, in particular members of Hitachi, Limited, as its major suppliers
- Transfer pricing risk
- The fluctuations of foreign exchange rate may affect the Group's gross profit margins
- The Group faces intense competition from well-established competitors in the industry and new entrants to the industry
- A significant portion of the Group's sales depends on customers' capital expenditure policies that may be subject to significant and unexpected decreases
- The significant decline in profit before tax margin as a result of the Group's overseas growth strategies
- The Group is exposed to the credit risk of its customers
- The Group is subject to the risk relating to accumulation of trade receivables
- The Group is reliant on certain key personnel
- Rapid technological changes could adversely affect the Group's business
- If the Group fails to maintain its quality control system, its product quality and thus its business may be materially and adversely affected
- The Group may face inventory carrying costs
- They may not be able to adequately protect intellectual property owned or used by the Group
- The Group may be subject to third party claims for infringement of intellectual property rights
- Exposure to risk of foreign exchange fluctuations
- There is no assurance that the Group's subsidiaries will continue to receive preferential tax treatment currently enjoyed
- The Group's future expansion plans may not be implemented successfully

- The Group may require additional financing in the future and shareholders' interest may be diluted in the future

- The Group may be subject to acts of God, acts of war and epidemics or pandemics which are beyond its control and which may cause damage, loss or disruption to its business

- The costs of share options which may be granted under the Share Option Scheme will adversely affect the Group's earnings and any exercise of the options granted under the Existing Share Option Scheme or options which may be granted under the Share Option Scheme may result in dilution to the Shareholders

Risks relating to conducting business in the PRC

- The Group may be adversely affected by changes in the laws and regulations of the PRC and the interpretation and implementation

- Political, economic and social considerations

- Restriction on currency conversion

- Payment of dividends is subject to restriction under the PRC laws

- The implementation of the new labour contract law and increase in labour costs in the PRC may adversely affect the Group's business and profitability

- The Group is subject to social insurance contributions under the PRC national and local labour laws and regulations

- Fluctuation of Renminbi could affect the Group's financial condition and results of operations

- Failure to obtain or maintain requisite permits and licences for the Group's business will adversely affect its profitability

Risks relating to conducting business in the countries that the Group operates

- The Group is dependent on the political, economic, regulatory and social conditions in the countries that it operates in or in which it intends to expand its business

Risks relating to statements made in this document

- Forward-looking information included in this document may not be accurate

- Facts and statistics included in this document may not be accurate and precise

Risks relating to the dual primary listing of the Company

- Different characteristics between the Singapore stock market and Hong Kong stock market

- There may be limited liquidity in the Shares and volatility in the price of the Shares on the Stock Exchange

- The Company, being listed on the SGX-ST, is concurrently subject to, amongst others, the Listing Manual and the Singapore Code

- Certain provisions of the Singapore laws apply to the Shareholders even though their Shares are only registered with the share register in Hong Kong

- Shareholders should note the possible taxation to be levied on disposal of the Shares under the Singapore laws

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

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Aura"	Aura Scientific Limited, a company established in England and Wales on 17 June 2010 and an indirect wholly-owned subsidiary of the Company
"Bestwit"	Bestwit Consultants Ltd., a company established in BVI on 19 April 2004 and an indirect wholly-owned subsidiary of the Company
"Bibby"	Bibby Scientific Limited, a company incorporated in England and Wales, an Independent Third Party
"Bibby Asia"	Bibby Scientific (Asia) Limited (formerly known as Ever Crown Limited (冠恆有限公司)), a company established in Hong Kong on 9 May 2008 and an indirect wholly-owned subsidiary of the Company
"Bibby HK"	Bibby Scientific (Hong Kong) Company Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of Bibby and an Independent Third Party
"Board"	the board of Directors
"Bridging Dealer"	BOCI Securities Limited (and/or its affiliates authorized to carry out arbitrage activities)
"Bridging Period"	the 30-day period from and including the Listing Date
"business day(s)"	any day (other than a Saturday or a Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for business
"Bye-laws"	the bye-laws of the Company adopted on 9 June 2011, a summary of which is set out in Appendix III to this document
"BVI"	the British Virgin Islands
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant

"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"CDP"	The Central Depository (Pte) Limited
"CEO"	chief executive officer
"Cheetah Scientific"	Cheetah Scientific Limited, a company established in Hong Kong on 17 December 2009 and an indirect wholly owned subsidiary of the Company
"chief executive(s)"	has the meaning ascribed to it under the Listing Rules
"China" or "PRC"	the People's Republic of China, but for the purpose of this document and for geographical reference only (unless otherwise indicated), excluding Taiwan, Macau and Hong Kong
"Companies Act"	the Companies Act 1981 of Bermuda, as amended from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company"	Techcomp (Holdings) Limited, a company incorporated in Bermuda with limited liability on 26 January 2004 and its Shares have been listed on SGX-ST since 12 July 2004
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, refers to Mr. Lo
"Craponne"	Société Craponne Tolerie S.A.R.L., a company established in Lyon, France on 6 January 1993 and an indirect wholly-owned subsidiary of the Company
"Director(s)"	the director(s) of the Company
"Dynamica Asia"	Dynamica (Asia) Limited, a company established in Hong Kong on 10 February 2011 and an indirect wholly-owned subsidiary of the Company

"Dynamica GmbH"	Dynamica GmbH, a company established in Austria on 25 February 2008 and an indirect wholly-owned subsidiary of the Company
"Existing Share Option Scheme"	the employee share option scheme known as "Techcomp Employee Share Option Scheme" approved and adopted by the then Shareholders at an extraordinary general meeting of the Company held on 28 May 2004
"Frilabor"	Frilabor S.R.L., a company established in Romania on 17 May 2005 and an indirect wholly-owned subsidiary of the Company
"Froilabo"	Froilabo S.A.S., a company established in Lyon, France on 23 November 1998 and an indirect wholly-owned subsidiary of the Company
"Glory Union"	Glory Union Investments Limited (榮滙投資有限公司), a company established in Hong Kong on 10 December 2009 and a direct wholly-owned subsidiary of the Company
"Graceful Sky"	Graceful Sky Investments Limited (輝天投資有限公司), a company established in Hong Kong on 26 November 2009 and a direct wholly-owned subsidiary of the Company
"Group"	the Company and its subsidiaries
"HCC"	HCC S.A.S, a company established in Lyon, France on 27 April 2005 and an indirect wholly-owned subsidiary of the Company
"HCC Group"	HCC and its subsidiaries
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	the International Financial Reporting Standards
"Independent Third Party(ies)"	a person(s) or company(ies) who or which is/are independent of and not connected with the Directors, chief executives or substantial shareholders of the Company, its subsidiaries or any of their respective associates

"Jingke Scientific"	Techcomp Jingke Scientific Instruments (Shanghai) Co., Ltd. (上海精科天美科學儀器有限公司), a company established in the PRC on 1 September 2010 and which is 51% owned by Glory Union and 49% owned by SPSIC
"Jingke Trading"	Techcomp Jingke Trading (Shanghai) Co., Ltd. (上海精科天美貿易有限公司), a company established in the PRC on 23 June 2010 and which is 49% owned by Glory Union and 51% owned by SPSIC
"Latest Practicable Date"	5 December 2011, being the latest practicable date prior to the printing of this document for the purpose of ascertaining certain information contained in this document
"Listing"	listing of the Shares on the Main Board by way of introduction
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Date"	the date on which dealings of the Shares first commence on Main Board, which is expected to be on 21 December 2011
"Listing Manual"	listing rules of the SGX-ST which set out the requirements applicable to issuers relating to, inter alia: (i) the manner in which securities are to be offered; and (ii) the continuing obligations of issuers
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
"Macau" or "MSAR"	the Macau Special Administrative Region of the PRC
"Macau government"	the local government of the MSAR, established on 20 December 1999 and the local administration before this date
"Macau Legal Advisers"	Artur dos Santos Robarts
"Main Board"	the stock market operated by the Stock Exchange (excluding the options market) which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"Memorandum" or "Memorandum of Association"	the memorandum of association of the Company adopted on 21 January 2004, a summary of which is set out in Appendix III to this document, and as amended from time to time
"Mr. Chan"	Mr. Chan Wai Shing, an executive Director

"Mr. Lo"	Mr. Lo Yat Keung, the President, an executive Director and a Controlling Shareholder of the Company
"Mr. Xu"	Mr. Xu Guoping, an executive Director
"Mrs. Lo"	Ms. Yung Yat, the spouse of Mr. Lo
"Oriental Patron" or "Sponsor"	Oriental Patron Asia Limited, a company incorporated in Hong Kong holding a licence to conduct Type 1 (dealing in securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and acting as the sponsor to the Company in relation to the Listing
"PRC government"	the central government of the PRC including all government subdivisions, including provincial, municipal and other regional or local government entities
"PRC Legal Advisers"	Shu Jin Law Firm
"Precisa Gravimetrics"	Precisa Gravimetrics AG, a company established in Dietikon, Switzerland on 16 February 2006 and which is 80% owned by Graceful Sky and 20% owned by Mr. Jürg Strub, CEO of Precisa Gravimetrics
"Precisa Real Estate"	Precisa Real Estate AG, a company established in Zug, Switzerland on 13 September 2010 and an indirect wholly-owned subsidiary of the Company
"Regent Lite"	Regent Lite Pte. Ltd., a company established in Singapore on 29 June 2009 and a direct wholly-owned subsidiary of the Company
"Richwell"	Richwell Hightech Systems Inc., a company established in BVI on 21 November 2002 and which is 68% owned by the Company and 32% owned by Shanghai Bing Yin Electric Co., Ltd., an Independent Third Party
"Richwell Group"	Richwell and its subsidiaries
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局), the PRC governmental agency responsible for matters relating to foreign exchange administration
"Sale and Repurchase Agreement"	the sale and repurchase agreement dated 5 December 2011 entered into between Mr. Chan and the Bridging Dealer, as specifically described in the section headed "Listing, Registration, Dealings and Settlement — Bridging Arrangements — Intended Arbitrage Activities during the Bridging Period" in this document

"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"SGX-ST"	the Singapore Exchange Securities Trading Limited
"Shanghai Sanco"	Shanghai Sanco Instrument Co., Ltd. (上海三科儀器有限公司), a company established in the PRC on 15 December 1992 and which is 81% owned by Richwell and 19% owned by SPSIC
"Shanghai Techcomp Bio-Equipment"	Shanghai Techcomp Bio-Equipment Co., Ltd. (上海天美生化儀器設備工程有限公司), a company established in the PRC on 9 October 2005 and an indirect wholly-owned subsidiary of the Company
"Shanghai Techcomp Instrument"	Shanghai Techcomp Instrument Co., Ltd. (上海天美科學儀器有限公司), a company established in the PRC on 10 June 1994 and an indirect wholly-owned subsidiary of the Company
"Shanghai Techcomp Trading"	Techcomp (Shanghai) Co., Ltd. (天肯(上海)貿易有限公司), a company established in the PRC on 13 August 2001 and an indirect wholly-owned subsidiary of the Company
"Share Option Scheme"	the share option scheme conditionally adopted by the Company on 9 June 2011 which will take effect upon the Listing, the principal terms of which are summarised in the section headed "Statutory and General Information — Share Option Scheme" in Appendix VI to this document
"Share(s)"	ordinary share(s) with a par value of US$0.05 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the issued Share(s)
"Singapore"	The Republic of Singapore
"Singapore Code"	Singapore Code on Takeovers and Mergers
"Singapore Companies Act"	The Companies Act, Chapter 50 of Laws of Singapore, as amended, supplemented or otherwise modified from time to time
"SPSIC"	Shanghai Precision & Scientific Instrument Co., Ltd. (上海精密科學儀器有限公司), a company established in the PRC which held 49% equity interest in Jingke Scientific, a non-wholly owned subsidiary of the Group, and held 51% equity interest in Jingke Trading and 19% equity interest in Shanghai Sanco

"Stock Borrowing Agreement"	the stock borrowing agreement dated 5 December 2011 entered into between Mr. Lo and the Bridging Dealer as specifically described in the section headed "Listing, Registration, Dealings and Settlement — Bridging Arrangements — Intended Arbitrage Activities during the Bridging Period" in this document
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under section 2 of the Companies Ordinance
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Sunny Time"	Sunny Time Investments Limited (日泰投資有限公司), a company established in Hong Kong on 19 August 2010 and a direct wholly-owned subsidiary of the Company
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Techcomp China"	Techcomp (China) Co., Ltd. (天美(中國)科學儀器有限公司), a company established in the PRC on 2 April 2008 and an indirect wholly-owned subsidiary of the Company
"Techcomp Guangzhou"	Techcomp (Guangzhou) Limited (天美(廣州保稅區)科技有限公司), a company established in the PRC on 5 April 2002 and an indirect wholly-owned subsidiary of the Company
"Techcomp Hong Kong"	Techcomp Limited (天美科技有限公司), a company established in Hong Kong on 22 January 1991 and an indirect wholly-owned subsidiary of the Company
"Techcomp India"	Techcomp India Private Limited, a company established in India on 7 August 2009 and an indirect wholly-owned subsidiary of the Company
"Techcomp Instrument"	Techcomp Instrument Limited, a company established in BVI on 4 February 2004 and a direct wholly-owned subsidiary of the Company
"Techcomp Macau"	Techcomp (Macao Commercial Offshore) Limited, a company established in Macau on 12 September 2006 and an indirect wholly-owned subsidiary of the Company
"Techcomp Scientific"	Techcomp Scientific Limited, a company established in BVI on 4 February 2004 and a direct wholly-owned subsidiary of the Company

"Techcomp Singapore"	Techcomp (Singapore) Pte. Ltd. (formerly known as Techcomp (Singapore) Trading Pte. Ltd.), a company incorporated in Singapore on 8 March 2004 and an indirect wholly-owned subsidiary of the Company
"Techcomp Tianjin"	Techcomp (Tianjin) Co., Ltd. (天美(天津)國際貿易有限公司), a company established in the PRC on 10 April 2002 and an indirect wholly-owned subsidiary of the Company
"Tiande Tianjin"	Tiande (Tianjin) Co., Ltd. (天德國際貿易(天津)有限公司), a company established in the PRC on 16 May 2005 and an indirect wholly-owned subsidiary of the Company
"Track Record Period"	the period comprising three financial years ended 31 December 2010 and six months ended 30 June 2011
"United States" or "US"	the United States of America
"Well All"	Well All Consultants Ltd., a company established in BVI on 19 July 2004 and an indirect wholly-owned subsidiary of the Company
"HK$" or "Hong Kong Dollar(s)"	Hong Kong dollars, the lawful currency of Hong Kong
"Japanese Yen" or "JPY"	Japanese Yen, the lawful currency of Japan
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Singapore Dollars" or "S$"	Singapore dollars, the lawful currency of Singapore
"US$" or "US Dollar(s)"	US dollars, the lawful currency of US
"£" or "British pound sterling"	British pound sterling, the lawful currency of the United Kingdom
"CHF"	Swiss Franc, the lawful currency of Switzerland
"€" or "Euro"	Euro, the lawful currency of the member states of the European Union that adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992)
"sq.ft."	square feet

"sq.m."	square metre
"%"	per cent.

Unless otherwise specified in this document, the following exchange rates, which are for the purpose of illustration only, have been used in this document:

US$1.00 = RMB6.54

No representation is made that any amount in US dollars and RMB could have been or could be converted at the above rate or at any other rate.

Unless otherwise stated, all the numerical figures are rounded to one decimal place. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

If there is any inconsistency between this document and the Chinese translation of this document, this document shall prevail. Translated English names of Chinese laws and regulations, governmental authorities, departments, entities institutions, natural persons, facilities, certificates, titles and the like included in this document and for which no official English translation exists are unofficial translations for identification purposes only. In the event of any inconsistency, the Chinese name prevails.

Unless otherwise specified, all references to any shareholdings in the Company assume no exercise of any options which have been granted under the Existing Share Option Scheme or which may be granted under the Share Option Scheme.

This glossary contains explanations of certain terms used in this document in connection with the Group and its business. These terminologies and their given meanings may not correspond to those standard meanings and usage adopted in the industry.

"ERP system"	enterprise resource planning system
"GDP"	gross domestic product (all references to GDP growth rates are to real as opposed to nominal rates of GDP growth)
"ISO"	a series of international standards, including quality management and quality assurance standards published by the International Organisation for Standardisation, a non-government organisation based in Geneva, Switzerland, for assessing the quality systems of business organisations
"ODM"	original design manufacturer
"OEM"	original equipment manufacturer, whose products are used as components or branded as products by another company. An OEM generally works closely with its clients and customises its products based on client's needs.
"PCB"	printed circuit board, used to mechanically support and electrically connect electronic components
"R&D"	research and development
"VAT"	value added tax

Prospective investors should carefully consider all of the information set out in this document and, in particular, should evaluate the following risks associated with an investment in the Company before making any investment decision in relation to the Company.

RISKS RELATING TO THE MANUFACTURING BUSINESS OF THE GROUP

The Group does not have long-term supply arrangements with suppliers for its manufacturing segment

The Group purchases various components and parts including electronic components, liquid crystal display panels and valves for the manufacture of its products. In order to ensure that the Group is able to deliver to its customers quality products at competitive prices, it needs to obtain from suppliers in a timely manner sufficient quantities of these components and parts of good quality at acceptable prices. The Group has not entered into any long-term purchase contracts with its suppliers. There is no assurance that the Group will continue to be able to obtain sufficient quantities of these components and parts from its suppliers at acceptable prices or seek alternative sources of supply in a timely manner. In addition, the Group cannot assure that the suppliers can meet all of its specified quality standard and technical specifications. The Group is therefore vulnerable to the risk of shortage of supply and rising prices of components and parts. During the Track Record Period, the Group has not encountered any shortage of supply of components and parts. However, if the Group cannot obtain sufficient quantities of components and parts at reasonable prices or if the Group is unable to pass on any significant increase in the price of components and parts to its customers on a timely basis, the Group's financial performance may be adversely affected. In addition, shortage of supply of components and parts or delay or disruption in delivery of components and parts will adversely affect the Group's ability to fulfill the customers' orders in an efficient and timely manner and may consequently affect its reputation, business and financial performance.

The Group is reliant on third-party local distributors for the sales of its manufactured products

The sales of the Group's manufacturing products in certain South East Asia countries are dependent on the third-party local distributors. The Group entered into distribution agreements with the third-party local distributors pursuant to which they are granted the right to sell the Group's manufactured products in the territories assigned to them. If any of them terminates or does not renew its distribution agreement with the Group, the Group may not be able to locate a replacement distributor in a timely manner. In addition, the replacement distributor may not be able to manage a sales network of similar scale and quality. In either case, the Group's business and financial performance may be adversely affected.

The Group may face potential liability for defects, flaws or errors in its manufactured products

The Group's manufactured products may contain latent defects or flaws. Although the Group tests the products prior to delivery and commissioning, the products may contain flaws that are not detected prior to delivery to the customers. Some flaws may only be

discovered after a product has been installed and used by customers. Any defects or errors caused in its manufactured products could result in delay or loss of revenues, additional expenditure to correct the problems, adversely affect customer relationships and liability claims against the Group. The Group does not maintain any product liability insurance. If the products do not meet the specifications and requirements agreed with or requested by the customers, or if any of the products are defective, or result in the customers' financial losses or personal injuries, the Group may be subject to product liability claims and other claims for compensation. The Group may be subject to product liability claims and litigation and may incur significant legal costs regardless of the outcome of any claim of alleged defect. Products failure or defects, and any complaints or negative publicity resulting therefrom, could result in decreased sales or supply of theses or other products. Moreover, the Group has not obtained insurance coverage for product liability or third party insurance for all of its business operations and products unless it is a mandatory requirement of the law and regulations of the respective countries where the Group has operations. As a result, the Group may face product liability claims or litigations. Lawsuits are inherently expensive to defend and will divert management and other resources from the Group's business operations and its business, financial condition and result of operations may be materially and adversely affected.

RISK RELATING TO THE DISTRIBUTION BUSINESS OF THE GROUP

The Group is reliant on the distributorship arrangements with suppliers for its distribution segment

The Group's business relationships with suppliers of its distribution products comprise formal distributorship arrangements. As such, any major disruption or termination in the Group's current distributorship arrangements with the suppliers will have an adverse impact on the Group's financial results. During the Track Record Period, the Group has not encountered any disruption or termination of the distribution arrangements. As at 31 December 2010, the Group had 5 unexpired exclusive distribution agreements with major suppliers of its distribution products, and all of which were entered before commencement of the Track Record Period. The duration of such distribution agreements is automatic renewal unless the agreements are terminated by either party with six months' prior written notice. There is no assurance that these relationships will continue. If there is any loss of distributorship arrangements with suppliers or appointment of additional distributors by suppliers for products that the Group distributes, the Group's distribution business and financial results may be adversely affected.

RISKS RELATING TO BOTH THE GROUP'S MANUFACTURING AND DISTRIBUTION BUSINESS

The Group is reliant on Japanese manufacturers, in particular members of Hitachi, Limited, as its major suppliers

During the Track Record Period, the Group's major suppliers were two Japanese manufacturers, both of which are members of Hitachi, Limited (a company listed on both the Tokyo Stock Exchange and the New York Stock Exchange) which collectively

accounted for approximately 63.5%, 60.0%, 48.4% and 46.2% respectively of the Group's total purchases. The Directors anticipate that sourcing from such major Japanese suppliers will continue to represent a significant portion of the Group's supply after the Listing.

Japan is situated on the "Pacific Ring of Fire". The effect of tsunami and leakage of harmful radioactive substances from nuclear plants in consequence of the earthquake in March 2011 could result in material disruptions to the business of the Group's Japanese suppliers, mainly companies of Hitachi, Limited, which could, in turn, materially and adversely affect the Group's business. Some of the Japanese suppliers are situated within the affected area of the incident and there were only minor damages reported from those Japanese suppliers due to the incident. After the earthquake, the Group experienced an average of four weeks delay in delivery from a Japanese supplier due to temporary suspension of its production. Such production and delivery had been resumed from two to six weeks after such incident. The Group did not experience any cancellation of orders placed with the Japanese suppliers by the Group and material impact on the Group's operations because of the incident. Although the Directors consider that the aforesaid delay has no significant impact on the Group's operations, any potential earthquakes and tsunami may cause uncertainty to the Group's business which may suffer in ways that cannot be predicted. If the Group is unable to find replacement suppliers for products and/or raw materials, its business as well as its financial reference may be materially and adversely affected.

Transfer pricing risk

The Group has adopted transfer pricing arrangements among its group companies located in Hong Kong, Macau, the PRC, Singapore, India, Switzerland and France to regulate intra-group trades. The Group's tax position may be subject to review and possible challenge by the relevant authorities and any possible change or challenge in laws. As advised by the Macau Legal Advisers, there are no applicable Macau rules and regulations in relation to transfer pricing in Macau.

Pursuant to the current Enterprise Income Tax Law (中華人民共和國企業所得税法) and the Implementation Rules (中華人民共和國企業所得税法實施條例), as well as GuoShuiFa (國税發)【2009】No. 2 (embracing the provisional measures for special tax adjustments), transactions in respect of the purchase, sale and transfer of products between enterprises under direct or indirect control by the same third party shall be regarded as related parties transactions. Related parties transactions shall comply with the arm's length principle (獨立交易原則); and if the failure of compliance with this principle would result in reducing the income or taxable income of the enterprise or its related parties, the tax authority should be empowered to make an adjustment in accordance with reasonable methods.

Pursuant to such laws and regulations, any company entering into related party transactions with another company shall submit an annual related party transactions reporting form (年度關聯業務往來報告表) to the supervising tax authority. In the event

where the related party transactions exceed a certain threshold, the PRC entities shall be required to submit a Contemporaneous Transfer Pricing Documentation Report ("TP report") to the in-charge tax bureau.

In the event that the Group's tax position is subject to review and possible challenge by the tax authorities in the relevant jurisdictions or there is a change in the tax policy and relevant tax laws in Hong Kong, Macau, the PRC, Singapore, India, Switzerland or France, it may adversely affect the Group's financial position and results of operation. In preparing the Group's financial information, the Directors have reviewed and assessed the Group's transfer pricing risk as it is possible that the relevant tax authority may challenge the Group's transfer pricing policy, although the Directors believe that the Group has grounds to defend against such possible challenge. However, there can be no assurance that the Group will continue to be found to be operating in compliance with relevant transfer pricing laws, or that such laws will not be modified, which, as a result, may require changes to the Group's transfer pricing practices or operating procedures. Any determination of income reallocations or modification of transfer pricing laws could result in an income tax assessment and other relevant charges on the portion of income deemed to be derived from the taxing jurisdiction that so reallocates the income or modifies its transfer pricing laws.

The fluctuations of foreign exchange rate may affect the Group's gross profit margins

During the Track Record Period, the Group's gross profit margin was approximately 29.8%, 28.5%, 32.5% and 30.5% respectively. These fluctuations were led by the changes in foreign exchange rates of the currencies that the Group's operations denominated in and the ability of the Group in transferring the purchasing costs of distribution segment and production costs of manufacturing segment to the customers. There is no certainty that suitable hedging instruments are readily available and, if available, at a reasonable cost. In addition, the entering into such hedging instruments could not ensure the Group to fully eliminate its foreign exchange exposure. When the currency market is volatile, the appreciations of the currencies of the Group's procurement and the decrease in demand of the Group's products may result in the Group's financial performance being adversely affected.

The Group faces intense competition from well-established competitors in the industry and new entrants to the industry

Competition in the life science research and analytical instruments industries is mainly based on factors such as quality, price and customer service. The Group's competitors may improve the performance of their products or introduce new products with improved price and performance characteristics. The competitors may also be able to devote greater resources to R&D technology, and design innovation and adapt more quickly to new or emerging technology and changes in customer demand and requirements. Furthermore, the competitors may be able to offer more flexible payment options and attractive purchasing terms than that of the Group. Therefore new products introduced by the Group's competitors or by new market entrants could adversely affect the Group's sales. In addition, the Group may have to lower its prices in response to price cuts by its competitors. Some of the Group's existing and potential competitors may have greater

financial, technical, manufacturing and marketing resources than that of the Group. If the Group's existing and potential competitors are able to provide comparable products or services at more comparable prices than that of the Group, the Group's business and financial results may be adversely affected.

Accordingly, there is no assurance that the Group will be able to compete effectively against existing competitors or new competitors or that the level of competition will not adversely affect the Group's business, financial performance and prospects.

A significant portion of the Group's sales depends on customers' capital expenditure policies that may be subject to significant and unexpected decreases

A significant portion of the Group's sales are capital purchases by its customers. The Group's customers include universities, research institutions (including both government funded and privately funded science research institutions, medical science research institutions, petrochemical research centres and drug research centres), companies in the industrial sector (including pharmaceutical companies, food beverage companies, biotechnology chemical companies, electronic companies and mining companies) and government agencies. The capital spending policies (including the timing and amount of funding) of these institutions, companies and government agencies can have a significant effect on the demand for the Group's products, and these policies are based on a wide variety of factors, including the resources available to make purchases, the spending priorities among various types of research equipment, and policies regarding capital expenditures during recessionary periods. Any decrease in capital spending or change in expenditure policies of these institutions, companies, government agencies could significantly reduce the demand for the Group's products, resulting in a material adverse effect on the Group's business, financial performance and prospects.

The significant decline in profit before tax margin as a result of the Group's overseas growth strategies

The segment profit margin of manufacturing segment and distribution segment was approximately 15.3% and 1.3%, 18.3% and 4.6%, 8.8% and 7.8% respectively for each of the three years ended 31 December 2010. The segment profit margin of manufacturing segment and distribution segment for the six months ended 30 June 2010 and for the six months ended 30 June 2011 was approximately 1.9% and 3.6% and 2.2% and 2.7% respectively. The decrease in the Group's profit before tax margin for the year ended 31 December 2010 was mainly due to the decrease in segment profit margin of the manufacturing segment and it was due to an increase in selling and administrative expenses incurred after the Group's acquisition of HCC Group and Precisa Gravimetrics for the expansion of their sales team and production operation for the year ended 31 December 2010.

Although the Directors expect that the acquisition of the European factories can enhance the Group's presence in Europe, expand its sales network and acquire the technology know-how which in turn increase the profit of the Group in long term and that these two European subsidiaries will turn profitable in 2012, there is no assurance that the Group's overseas growth strategies will be implemented successfully. Its global business

expansion, being pursued through acquisition of overseas companies, may be hindered by risks such as low demand for the Group's products, lack of a track record in these markets, possible difficulties in the management of overseas personnel and business operations including a potential increase in labour costs due to overseas expansion, volatility in currency exchange rates, potentially more stringent product liability requirements, changes in political, regulatory or economic environments in the foreign countries or regions and lack of understanding of the local business environment. It shall be noted that due to the recent European debt crisis, the demand for the Group's products may be adversely affected. If the Group fails to manage the above risks effectively, it may in turn result in a material and adverse effect on its business prospects, results of operations and financial condition.

The Group is exposed to the credit risk of its customers

The Group faces uncertainties over the timeliness of the Group's customers payments and their ability to pay. Although the Group regularly reviews its credit exposure to customers, credit risk will nevertheless arise from events or circumstances that are difficult to anticipate or detect such as an economic downturn or significant fluctuations in foreign exchange that have an impact on the Group's customers' ability to make timely payments. There is no assurance that the customers will be able to make payments to the Group on a timely basis or at all. In addition, the Group could not assure that risks of default by the customers would not increase in the future, or that the Group will not experience cash flow problems as a result of such defaults. As a result of customers defaulting on their payments to the Group, the Group would have to make provisions for doubtful debts, or incur debt write-offs, which may have an adverse impact on the financial performance of the Group. The Group made allowances for doubtful debts of approximately US$74,000, US$425,000 and US$486,000 for each of the three years ended 31 December 2010 and written back of bad debts allowance approximately US$5,000 for the six months ended 30 June 2011 respectively, representing approximately 0.1%, 0.4% and 0.4% of the Group's revenue for the three years ended 31 December 2010 respectively and less than 0.1% of the Group's revenue for the six months ended 30 June 2011 respectively.

The Group is subject to the risk relating to accumulation of trade receivables

As at 30 June 2011, the Group's consolidated trade receivables amounted to approximately US$38.9 million, representing approximately 44.8% of the current assets and approximately 36.1% of the Group's total assets. The Group's trade receivables were within the Group's normal credit terms of 30 days to 90 days that it usually grants to its customers. The age of the trade receivables was essentially within one year. With the expansion of sales, the level of trade receivables will increase. If the Group cannot recover its trade receivables, bad debts may occur. This may affect the Group's future profitability.

The Group is reliant on certain key personnel

The Group's past success was attributable to, among other things, the significant experience and expertise, and the continued efforts of its senior management team, comprising the Directors and senior management. Each of Mr. Lo, the President and an executive Director, Mr. Chan and Mr. Xu, the executive Directors, has more than 20 years of experience in operation and management of the life science research and analytical instruments production, while the Group's senior management has an average of 10 years' experience and expertise in various areas in the industry which the Group operates, such as sales and marketing, distribution, production, and R&D. For more information about the Directors and senior management, please refer to the section headed "Directors, Senior management and Staff" in this document. The continued success of the Group's business and ability to execute its business strategy in the future would depend to a large extent on the efforts of these key personnel. They are responsible for formulating and implementing the Group's business growth, corporate development and overall business strategy and have been instrumental in the Group's growth and expansion.

The Group may not be able to either retain its present personnel or attract qualified personnel as and when needed. In addition, the Group may need to increase employee compensation levels in order to attract and retain its existing select personnel, as well as any additional personnel that it requires in the future. The Group has not obtained any insurance to cover losses arising from any loss of key personnel. The loss of any of the Group's present personnel without timely and suitable replacements and any inability to attract and retain qualified and experienced personnel could have a material adverse effect on the Group's business, financial performance and prospects.

Rapid technological changes could adversely affect the Group's business

The analytical instrument, life science equipment and laboratory instruments industries are characterized by rapid and significant changes in technology. The Group may face increasing competition from technologies currently under development or which may be developed in the future. Future development or application of new or alternative technologies, services or standards could require significant changes to the Group's business model, the development of new products, the provision of additional services and substantial new investments by the Group. New products and services may be expensive to develop and may result in the introduction of additional competitors into the marketplace. Some of the competitors may develop and use more advanced technology and produce higher quality equipment. The Group cannot accurately predict how emerging and future

technological changes will affect its operations or the competitiveness of its services. There is no assurance that the Group's technologies will not become obsolete, or be subject to competition from new technologies in the future, or that the Group will be able to acquire new technologies on reasonable terms necessary to compete in changed circumstances.

If the Group fails to maintain its quality control system, its product quality and thus its business may be materially and adversely affected

The performance, quality and safety of the Group's products are critical to its customers, its reputation and ultimately its success. Accordingly, the Group focuses strongly on its quality controls and has stringent quality assurance tests and procedures for both of its manufacturing and distribution business, including quality control of components and parts purchased from external suppliers. The Group was awarded the ISO9001:2000 for the Shanghai, ISO9001:2008 for Switzerland and Romania production facilities, ISO140001 for the Shanghai production facility and ISO13485 for certain medical products manufactured by the Shanghai production facility. Please see section headed "Business — Quality Control" in this document for further details. If the Group fails to maintain an effective quality control system, it may produce defective products that expose it to product liabilities and warranty claims. As a result, the Group's reputation and relationships with its existing customers may be undermined and its business may be materially and adversely affected.

The Group may face inventory carrying costs

The nature of the manufacture and distribution business requires the Group to invest in and keep a certain level and varied inventory of manufacture and distribution products in order to meet the demand from customers on short notice. The Group's customers' requirements are difficult to predict and are not made in accordance with any fixed or long-term contracts. As at 30 June 2011, inventory of approximately US$29.4 million accounted for approximately 33.8% of the current assets of the Group. The longer that the inventory is not sold to customers or if sold but remains unpaid, the higher the costs of financing the Group's business. There is no assurance that this will not occur in the future. In the event the Group is unable to maintain its revenue or profit margins or if financing costs for inventory increases, the Group's financial performance will be adversely affected.

They may not be able to adequately protect the intellectual property owned or used by the Group

The Group's principal intellectual property rights cover its proprietary technology, product designs, and technical know-how and the Group have patents, trademarks and copyright. The Group is susceptible to infringement by third parties of its intellectual property rights and there is no assurance that third parties will not copy or otherwise obtain and use its intellectual property without authorisation. The Group has obtained patents for certain aspects of the proprietary technology and registered certain aspects of its trademarks as referred to "Further information about the business — intellectual property rights" in Appendix VI to this document. However, it is not possible for the Group to comply with, and seek every clearance under, the relevant laws of all possible jurisdictions for the protection and enforceability of the Group's intellectual property rights

and there is no assurance that such registrations can completely protect the Group against any infringement or keep the Group away from any challenge by its competitors or other third parties. When necessary, the Group may have to expend a significant amount of financial resources to assert, safeguard and/or maintain its intellectual property rights. In the event that the Group's intellectual property rights cannot be enforced as against an infringement by the competitors or other third parties, the Group's business, marketing plan and profitability could be adversely affected.

In addition, analytical weighing and moisture analyzers which are manufactured by Precisa Gravimetrics are marketed under the brand name of "Precisa". For the year ended 31 December 2010, revenue generated from Precisa Gravimetrics is approximately US$8.1 million, representing approximately 6.4% of the Group's revenue. Belosca Participations SA ("Belosca") is the registered owner of the trademark "Precisa" and has granted a right to Precisa Gravimetrics to use the trademark of "Precisa" for a term of 10 years from 16 February 2006. Belosca also uses this trademark in the course of their business. In the event that there is any negative publicity or customer confusion arising from their use of these trademarks or any litigation claims that may be brought against them that are not related to the Group's operations, the image and reputation of the Group may be adversely affected. Also, if Belosca decides not to renew the licence to the Group to use the trademark of "Precisa", the Group will no longer have the right to use "Precisa" for its products. As a result, the Group's business and financial performance will be adversely affected.

SPSIC, which is the joint venture partner, also agreed to grant the licence to Jingke Scientific and Jingke Trading the right to use "Shangping" in the PRC at nil consideration until the expiry of the operation period of Jingke Scientific and Jingke Trading. For the year ended 31 December 2010, revenue generated from Jingke Scientific is approximately US$1.3 million, representing approximately 1% of the Group's total revenue. Jingke Trading is an associate of the Company. There is an insignificant impact on share of result of associate for the year ended 31 December 2010. There is no separate trademark agreement entered into between SPSIC and the Group in respect of the use of the trademark "Shangping". Therefore, if SPSIC revokes such licence, the Group will no longer be able to use "Shangping" for its products which in turn will affect the Group's financial results and business.

The Group may be subject to third party claims for infringement of intellectual property rights

The Group may be unaware of third party intellectual property rights such as trademarks and patents that may cover some of the technology, products and services originally belonging to other third parties who may assert intellectual property infringement claims against the Group. Any litigation regarding trademarks, patents or other intellectual property could be costly and time consuming. It could also divert the management and key personnel from the business operations. The complexity of the technology involved and uncertainty of intellectual property litigation increase these risks. During the Track Record Period, the Group had not been involved in any legal proceedings or subject to any third party claims in relation to the infringement of intellectual property rights. In the event of a successful claim by such third parties, the Group may be subject to payment of significant

damages. The Group may further be subject to injunctions against the development and sale of certain of its products. These consequences may adversely affect the Group's business and financial results.

Exposure to risk of foreign exchange fluctuations

During the Track Record Period, the Group's sales transactions were substantially conducted in US Dollars and RMB and to a lesser extent, Japanese Yen, Euro, Hong Kong Dollars, Swiss Franc and Singapore Dollars. The purchases were substantially conducted in Japanese Yen, RMB and US Dollars. Expenses are generally denominated in Hong Kong Dollars, RMB, Euro, Swiss Franc and Singapore Dollars which are the functional currencies of the Group entities operating in Hong Kong, the PRC, Europe and Singapore, respectively.

As foreign currency sales, purchases and expenses fluctuate, the Group is exposed to foreign currency exchange risks arising from any mismatch between the currencies of sales and the currencies of purchases and expenses. To the extent that sales and purchases and expenses are not matched in the same currency, the Group may be exposed to significant fluctuations in exchange rates, which may materially and adversely affect its operating results.

If the relevant foreign currency weakens by 5% against the functional currency of each Group entity, profit for the year/period will increase (decrease) by:

		At 31 December						At 30 June	
		2008		2009		2010		2011	
	Notes	*US$'000*	*% of total net profit*	*US$'000*	*% of total net profit*	*US$'000*	*% of total net profit*	*US$'000*	*% of total net profit*
THE GROUP									
JPY	(i)	633	21.0%	409	5.5%	595	5.8%	763	152.0%
USD	(ii)	(1,034)	34.4%	(875)	11.7%	(929)	9.1%	(1,311)	261.1%

There would be an equal and opposite impact on the profit for the year/period if the relevant foreign currency strengthens by 5% against the functional currency of each Group entity.

Notes:

(i) This is mainly attributable to the exposure on trade payables and bank borrowings denominated in JPY at the end of the reporting period.

(ii) This is mainly attributable to the exposure on bank balances and trade receivables denominated in USD at the end of the reporting period.

The measurement currencies or the predominant currencies of transactions of the Company's subsidiaries in the PRC, Hong Kong, France and Switzerland are RMB, US Dollars, Euro and Swiss Franc, respectively. The Group's statutory financial statements are presented in respective local currencies. Movements in exchange rates between each of the measurement currencies and other foreign currencies may adversely affect its operating results.

The Group's consolidated financial statements are presented in US Dollars using the financial statements of its subsidiaries, translated or re-measured to US Dollars. Foreign currency translation differences are recorded in the currency translation reserve account in the balance sheet. Such translation can result in foreign currency translation losses which may adversely affect the Group's financial position.

There is no assurance that the Group's subsidiaries will continue to receive preferential tax treatment currently enjoyed

Some of the Group's subsidiaries are enjoying preferential tax treatment from the respective governments. Under general rules established in the Macau Commercial Code, namely the rules established for private limited liability companies, and the specific rules established in the Macau Offshore Law, Macau offshore institutions may be exempted from income tax, industrial tax and stamp duty. Techcomp Macau currently enjoys tax exemption provided by Decree-Law no. 58/99/M, pursuant to which a Macau company incorporated under that law duly authorised to operate as an offshore institution is exempted from Macau income tax when the income is generated through the engagement in offshore business that target only overseas residents as customers and use only non-Macau currency in their activities. A portion of the Group's sales during the Track Record Period was attributable to sales by Techcomp Macau to customers outside of Macau, which was exempted from Macau income tax. There is no assurance that the tax exemption Techcomp Macau currently enjoys will continue to be available. If the Macau government was to revoke the relevant tax exemption regulations or such current tax benefits become unavailable to Techcomp Macau for any reason, the effective tax rate of the Group may materially increase, and the Group's financial performance and financial position may be materially and adversely affected.

Pursuant to the tax document regarding the preferential tax treatment granted to Shanghai Techcomp Bio-Equipment issued by the relevant tax authority on 27 May 2008, Shanghai Techcomp Bio-Equipment is entitled to preferential tax treatment with full tax exemption from PRC enterprise income tax for the first two profit-making years, commencing from 1 January 2007, and thereafter is entitled to a 50% deduction in PRC enterprise income tax for the subsequent three years ("**Tax Holiday**"). The Tax Holiday enjoyed by such subsidiary will expire by the end of 2011. As the PRC tax authorities granted such preferential tax rates pursuant to their discretionary authority, such preferential tax rates could be modified or cancelled. In the event the preferential tax treatments are modified or cancelled, the Group's effective tax rate may materially increase, and the profit after taxation and financial position may be materially and adversely affected.

The Group's future expansion plans may not be implemented successfully

While most of the Group's sales revenue is generated from the PRC, the Group is actively developing its overseas business. This involves acquiring production facilities, setting up sales offices and promoting marketing activities overseas. Some of the Group's recent efforts abroad include acquiring companies including their production facilities in France and Switzerland. A representative office was also set up in UK to promote the

Group's business in Europe. There is no assurance that the Group's overseas growth strategies will be implemented successfully. Its global business expansion, being pursued through acquisition of overseas companies, may be hindered by risks such as low demand for the Group's products, lack of a track record in these markets, possible difficulties in the management of overseas personnel and business operations including a potential increase in labour costs due to overseas expansion, volatility in currency exchange rates, potentially more stringent product liability requirements, changes in political, regulatory or economic environments in the foreign countries or regions and lack of understanding of the local business environment. If the Group fails to manage the above risks effectively, it may in turn result in a material and adverse effect on its business prospects, results of operations and financial condition.

Moreover, substantial capital is necessary for acquiring property, plant and equipment; developing products and expanding the Group's international operations by acquiring suitable companies overseas. During the Track Record Period, the Group's capital expenditures were approximately US$0.9 million, US$3.4 million, US$9.8 million and US$1.1 million respectively. The increase of approximately US$2.5 million for the year ended 31 December 2009 compared to the year ended 31 December 2008 was due to the acquisition of HCC Group in July 2009. The increase of approximately US$6.4 million for the year ended 31 December 2010 compared to the year ended 31 December 2009 was due to the acquisition of the production facilities after the acquisition of Precisa Gravimetrics in February 2010. These capital expenditures were funded by bank borrowings and funds generated internally from operating activities. If the Group fails to obtain adequate financing on acceptable terms, it may not be able to sufficiently fund its operations or implement its expansion strategy. As a result, the Group may be forced to adopt alternative strategies that may include delaying capital expenditures, refinancing of its indebtedness or seeking equity capital. These may subject the Group to loss of market competitiveness and future revenues, and thus materially and adversely affect its results of operations and financial conditions.

The Group may require additional financing in the future and shareholders' interests may be diluted in the future

The Group may need to obtain additional debt or equity financing to fund acquisitions or capital expenditures and investments in projects that the Group intends to undertake. As at 30 June 2011, the Group has approximately US$10.6 million in cash and cash equivalents and approximately US$41.1 million of net current assets. As at 30 June 2011, the Group had outstanding bank loans of approximately US$25.9 million. Based on the Group's current operating plans, the Directors believe that its existing resources together with the anticipated cash flow from operations to be sufficient to fund its planned operations for at least the next 12 months from the date of this document. In the future, however, the Group may need to raise additional funds if its expenditures exceed its current budget. This could occur for a number of reasons, including devoting significant amount of financial resources to expand its product capacity to meet any unexpected increase in market demand or strategic acquisitions. There is no assurance that such additional funding, if needed, will be available or available on acceptable terms. Failure to secure adequate funds or on acceptable terms will affect the Group's business operations adversely.

Furthermore, any debt financing, if available, may involve restrictive covenants, which may limit the Group's operating flexibility in planning for, or reacting to, changes in business and industry. If additional funds are raised through the issuance of equity or equity-linked instruments, the Shareholders may experience a reduction in their percentage shareholdings and a dilution in earnings per share. In addition, such equity or equity-linked instruments may have rights, preferences or privileges senior to those of the existing Shares.

The Group may be subject to acts of God, acts of war and epidemics or pandemics which are beyond its control and which may cause damage, loss or disruption to its business

The Group's business is subject to general economic and social conditions globally. Natural disasters, epidemics or pandemics and other acts of God which are beyond its control may affect the economy, infrastructure and livelihood of the people globally. In April 2009, H1N1 swine influenza broke out in Mexico and spread globally, resulting in the loss of lives and widespread fear. The Group's business, results of operations and financial position may be adversely affected in a material respect if such natural disasters occur. Certain areas of China, including the Guangdong province, are susceptible to epidemics, such as SARS or swine or avian influenza. A recurrence of SARS, an outbreak of swine or avian influenza, or any epidemic, in the Guangdong province or other areas of China, could result in material disruptions to the Group's operations or a slowdown in China's economy, which could materially and adversely affect its business, financial position and results of operations. Acts of war and terrorism may also injure the Group's employees, cause loss of lives, damage its facility, disrupt its distribution channels and destroy its markets, any of which could materially impact the sales, costs, overall financial position and results of operations of the Group. The potential for war or terrorist attacks may also cause uncertainty and cause the Group's business to suffer in ways that it cannot predict. The Group's business, financial position and results of operations may be materially and adversely affected as a result.

The costs of share options which may be granted under the Share Option Scheme will adversely affect the Group's earnings and any exercise of the options granted under the Existing Share Option Scheme or options which may be granted under the Share Option Scheme may result in dilution to the Shareholders

As of the Latest Practicable Date, the Company has granted 22,130,000 options under the Existing Share Option Scheme, of which none has been exercised, 295,000 options have lapsed and 21,835,000 options remain outstanding. Such outstanding options, if exercised in full, represent approximately 9.39% of the existing issued share capital of the Company and approximately 8.59% of the enlarged issued share capital of the Company after the issue of Shares upon the exercise of such options (without taking into account any Shares which may be allotted and issued upon exercise of the options which may be granted under the Shares Option Scheme). The value of the options granted under the Existing Share Option Scheme will be recognized as an expense and amortized on a straight line basis over the vesting period and hence may materially and adversely affect out results of operations. The Group has recognised total expenses of US$36,000, US$95,000, US$458,000 and US$374,000 related to equity-settled share-based payment during the year ended 31 December 2008, 2009 and 2010 and six months ended 30 June 2011 respectively.

In addition, the Company has adopted the Share Option Scheme in order to grant to the employees and directors of the Group options to subscribe for Shares. After the Listing, such options under the Share Option Scheme if granted and exercised in full will represent up to 10% of the existing issued share capital of the Company. The fair value of the options at the date on which they are granted with reference to the valuer's valuation is charged as share-based compensation which may have a negative effect on the Group's results of operations. Issuance of Shares for the purpose of satisfying awards under the Existing Share Option Scheme or the Share Option Scheme will increase the number of Shares in issue after such issuance, and may thus result in the dilution to the percentage of ownership of the Shareholders, the earnings per Share and the net asset value per Share. Details of the Existing Share Option Scheme and the Share Option Scheme are set out in the sections headed "Existing Share Option Scheme" and "Share Option Scheme" in Appendix VI to this document.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

The Group may be adversely affected by changes in the laws and regulations of the PRC and the interpretation and implementation

As the PRC economy is developing at a rapid pace, there may be some ambiguity in the application of existing laws and regulations to new situations, and the interpretation adopted by the Group may be different from that adopted by the relevant PRC authorities. Further, some PRC laws and regulations and the interpretation, implementation and enforcement thereof are still subject to further clarifications and may, therefore, be subject to policy changes. In the event of changes in the PRC central or provincial laws, provincial regulations or policies which are unfavourable to its business, the Group's business operations and financial performance maybe adversely affected. From time to time, changes in the law and regulations or the implementation thereof may also require the Group to obtain additional approvals and licences from the PRC authorities for the conduct of its operations in the PRC. In such event, the Group may need to incur additional expenses in order to comply with such requirements. This will in turn affect the Group's financial performance as its business cost will increase. Furthermore, there can be no assurance that such approvals or licences will be granted to the Group promptly or at all. If the Group experiences delay in obtaining or are unable to obtain such required approvals or licences, the operations and business in the PRC, and hence the overall financial performance and condition, will be adversely affected.

The Group's manufacturing operations in the PRC are subject to certain laws and regulations of the PRC, such as Environmental Protection Law of the PRC. Any breach or non-compliance with these laws and regulations of the PRC may result in the imposition of penalties by the relevant authorities, including the amendment, suspension, withdrawal or termination of its Group's manufacturing licences. In addition, there is no assurance that the licences will be renewed or not be revoked or amended in the future. Should there be any amendment, withdrawal, suspension or termination of the Group's licences or permits, or the imposition of any penalties, as a result of any infringement of any regulatory requirements, the Group's manufacturing operations in the PRC and its business and results of operations could be adversely affected.

Political, economic and social considerations

The Group conducts its manufacturing activities principally in the PRC and its manufactured and distribution products are also sold to the PRC customers. As such, its operations, financial results and future prospects are subject to the economic, social and political developments of the PRC.

Since late 1970s, the PRC government has undertaken economic reform measures in order to transform the PRC economy into a socialist market-oriented economy. These reforms have resulted in rapid economic growth in the PRC and an increased emphasis on the utilization of market forces. Although economic growth in the PRC is generally expected to continue, there is no assurance that all economic reform measures will be or will continue to be effective. The Group's overall and long-term development, the Group cannot predict whether changes in the PRC's political, economic and social conditions will have any adverse effect on the Group's current or future business, operations or financial condition.

Restriction on currency conversion

Renminbi currently is not a freely convertible currency. Existing restrictions on the conversion of Renminbi into foreign currencies may affect the Group's ability to convert Renminbi into foreign currencies (and thus restrict the subsequent repatriation of those funds). Such restriction includes, among other things, the approval from SAFE or its local branches for the conversion of Renminbi into foreign currency and remittance out of the PRC thereafter. In addition, any tightening of such restrictions, including but not limited to the future imposition of restrictions on foreign exchange transactions for current-account items such as the payment of dividends, may limit the Group's ability to use resources generated in Renminbi to fund its business activities outside the PRC. As some of the Group's sales transactions, purchases and expenses are denominated in Renminbi, the Group's business and operating results may be materially and adversely affected in the event of a severe increase or decrease in the value of Renminbi against other currencies.

Payment of dividends is subject to restriction under the PRC laws

The Company is a holding company incorporated in Bermuda and operates its core business through its subsidiaries and associated companies in the PRC. Therefore the availability of funds to pay dividends to the Shareholders and to service the Group's indebtedness depends upon dividends received from these subsidiaries and associated companies. If subsidiaries and associated companies of the Group incur any debts or losses, such indebtedness or loss may impair their ability to distribute dividends to the Group. As a result, the Group's ability to pay dividends and to service its indebtedness will be restricted.

The PRC laws require that dividends be paid out of the net profit calculated according to PRC accounting principles, which differ from generally accepted accounting principles in other jurisdictions, including IFRS. The PRC laws also require foreign-invested enterprises, such as the subsidiaries of the Group in China, to set aside part of their net profit as statutory reserves. These statutory reserves are not available for distribution as cash dividends.

In addition, restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that the Group may enter into in the future may also restrict the ability of the PRC subsidiaries and associated companies of the Group to make distributions to the Company. Such restrictions may impact the Group's ability to pay dividends to its Shareholders.

The implementation of the new labour contract law and increase in labour costs in the PRC may adversely affect the Group's business and profitability

A new labour contract law became effective on 1 January 2008 in China. It imposes more stringent requirements on employers in relation to entry into fixed term employment contracts and dismissal of employees. In addition, under the newly promulgated "Regulations on Paid Annual Leave for Employees" (職工帶薪年休假期), which became effective on 1 January 2008, employees who have worked continuously for more than one year are entitled to a paid vacation ranging from 5 to 15 days, depending on the length of the employees' work time. Employees who consent to waive such vacation at the request of employers shall be compensated an amount equal to three times their normal daily salaries for each vacation day being waived. As a result of the new law and regulations, the Group's labour costs may increase. There is no assurance that any disputes, work stoppages or strikes will not arise in the future. Increase in the Group's labour costs and future disputes with its employees could adversely affect its business, financial condition or results of operations.

The Group is subject to social insurance contributions under the PRC national and local labour laws and regulations

In accordance with relevant PRC national labour laws and regulations, the Group is required to contribute to a number of employee social insurance schemes such as pension insurance. The Group provides social insurance to its employees in accordance with local government authorities' implementation policies. Such policies could be less stringent than the requirements under the PRC labour laws and regulations. The Group received confirmation letters from the local government authorities indicating that its social insurance contribution is in compliance with the policies implemented by the relevant government authorities. If the PRC government or the relevant local authorities implement more stringent laws and regulations, or interpret the existing laws and regulations more strictly, the Group may be required to incur additional expenses to comply with such laws and regulations, which in turn may affect its results of operations.

Fluctuation of Renminbi could affect the Group's financial condition and results of operations

One of the Group's functional currencies is the Renminbi. The value of the Renminbi is subject to changes in the PRC government's policies and depends to a large extent on China's domestic and international economic and political developments, as well as supply and demand in the local market. Since 1994, the official exchange rate for the conversion of Renminbi to US dollars has generally been stable, and the Renminbi has appreciated slightly against the US dollar. However, given the economic instability and currency fluctuations in Asia in recent years, there is no assurance that the value of the Renminbi will continue to remain stable against the US dollar or any other foreign currency. Any

revaluation of the Renminbi may adversely affect the results of the Group's operations or the value of any dividends payable on the Shares in Hong Kong dollars which are pegged to the US dollars since the Group receives most of its revenue and expresses its profits in Renminbi.

Failure to obtain or maintain requisite permits and licences for the Group's business will adversely affect its profitability

The Group is subject to various government rules and regulations in the PRC, including the requirement to procure production licences for manufacturing of its products. The Group is also subject to periodic audits by the relevant PRC authorities for the renewal of these licences and certifications. The relevant PRC authorities may suspend or refuse to renew the Group's existing licences or certifications if they determine that the Group or its products or services do not meet the required standards. Such PRC authorities may also impose fines or issue public warnings or censures. There is no assurance that the Group will be able to maintain or renew its existing permits, licences and certifications in the future. If the Group fails to maintain or renew any of these licences, permits and certifications, its business and operating results will be adversely affected.

In addition, the PRC government rules and regulations pertaining to the procurement of permits, licences and certifications in the waste gas treatment solutions industry may change and such changes could require the Group to incur addition costs to comply with such amended rules and regulations which may adversely affect its profitability. If the Group is unable or fails to meet the standards required under such amended rules and regulations, it may not be able to continue with its business operations and its operating results will be adversely affected.

RISKS RELATING TO CONDUCTING BUSINESS IN THE COUNTRIES THAT THE GROUP OPERATES

The Group is dependent on the political, economic, regulatory and social conditions in the countries that it operates in or in which it intends to expand its business

The Group sells its manufactured and distribution products to customers located in various markets, including the PRC, Hong Kong, Macau, Indonesia, India, France and Switzerland. As a result, the business and future growth are dependent on the political, economic, regulatory and social conditions of these countries. Any changes in the policies implemented by the governments of these countries, currency and interest rate fluctuations, capital restrictions, and changes in duties and tax that are detrimental to the Group's business could materially and adversely affect its operations, financial performance and future growth. The Company anticipates that revenue from sales in the PRC, Hong Kong, Macau, Indonesia, India, France and Switzerland may increasingly represent a substantial portion of the Group's revenue. Accordingly, the Group's future results could be adversely affected by a variety of factors, including:

- interruption to transportation flows for delivery of parts to us and finished goods to our customers;

- changes in foreign currency exchange rates and interest rates;
- changes in a specific country's or region's political or economic conditions;
- trade protection measures and import or export licensing requirements;
- negative consequences from changes in tax laws;
- difficulty in staffing and managing widespread operations;
- differing protection of intellectual property; and
- unexpected changes in regulatory requirements.

RISKS RELATING TO STATEMENTS MADE IN THIS DOCUMENT

Forward-looking information included in this document may not be accurate

This document contains certain forward-looking statements and information relating to the Group that are based on the beliefs of the management as well as assumptions made by and information currently available to the management. When used in this document, the words "anticipate", "believe", "consider", "could", "estimate", "expect", "going forward", "intend", "may", "should", "plan", "seek", "will", "would", and similar expressions, as they relate to the Group or its management, are intended to identify forward-looking statements. Such statements reflect the current views of the management with respect to future events and are subject to certain risks, uncertainties and assumptions, including the other risk factors described in this document. The risks and uncertainties which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- the Group's business prospects;
- the Group's strategy, plans, objectives and goals;
- general economic conditions;
- changes in regulatory and operating conditions of the markets in which we operate;
- our ability to reduce costs;
- capital market developments;
- the actions and developments of the Group's competitors;
- certain statements in the section headed "Financial Information" in this document with respect to trends in prices, volumes, operations, overall market trends, risk management and exchange rates; and

- other statements in this document that are not historical fact.

Investors should note that one or more of these risks or uncertainties may materialise, or one or more of the underlying assumptions may prove incorrect.

Facts and statistics included in this document may not be accurate and precise

This document contains information and statistics, including but not limited to information and statistics relating to the economy and industry. The information and statistics related to the economy and industry are derived from various official government publications and research report. The Directors believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. The Group has no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. Since the information is not independently verified by the Group, or any of its affiliates or advisers, or by the Sponsor or any other party involved in the Listing, or their respective affiliates or advisers, the Group makes no representation as to the accuracy of such information.

RISKS RELATING TO THE DUAL PRIMARY LISTING OF THE COMPANY

Different characteristics between the Singapore stock market and Hong Kong stock market

The Shares have been listed and have commenced dealing on the SGX-ST since 12 July 2004 (the "**Singapore Shares**"). Following the Listing, it is the Company's current intention that the Singapore Shares will continue to be traded on the SGX-ST, and the Shares subject to the Listing to be registered by the Hong Kong Branch Share Registrar (the "**Hong Kong Shares**") will be traded on the Stock Exchange. As there is no direct trading or settlement between the stock markets of Singapore and Hong Kong, the required time to transfer shares between the CDP and Hong Kong branch share register may vary and there is no certainty of when such transferred shares will be available for trading or settlement.

The SGX-ST and the Stock Exchange have different trading hours, trading characteristics (including trading volume and liquidity), trading and listing rules and investor bases (including different levels of retail and institutional participation). As a result of these differences, the trading price of the Singapore Shares and the Hong Kong Shares may not be the same. Furthermore, fluctuations in the Singapore Share price could materially and adversely affect the Hong Kong Share price and vice versa. Moreover, fluctuations in the exchange rate between Singapore dollars and Hong Kong dollars could materially and adversely affect the prices of Singapore Shares and Hong Kong Shares. Due to the different characteristics of the stock markets of Singapore and Hong Kong, the historical prices of Singapore Shares may not be indicative of the performance of Hong Kong Shares after the Listing. Investors should therefore not place undue reliance on the prior trading history of the Singapore Shares when evaluating an investment in the Company.

There may be limited liquidity in the Shares and volatility in the price of the Shares on the Stock Exchange

There was no public market for the Shares in Hong Kong before the Listing and there may be limited liquidity in the Shares on the Stock Exchange. There is no certainty as to the number of Shareholders who are willing to remove their holdings in the Company from the Bermuda Principal Share Register to the Hong Kong branch share register. Further, even if Shareholders will be able to transfer their shares from Singapore to Hong Kong before and after the Listing (and vice versa following the Listing), there is no certainty as to the number of Shares that Shareholders may elect to transfer to Hong Kong. In either event, this may adversely affect investors' ability to purchase or liquidate Shares quickly or at prices attractive to them on the Stock Exchange. Accordingly, there is no guarantee that the price at which Shares are traded on the Stock Exchange will be substantially the same as or similar to the price at which Shares are traded on the SGX-ST or that any particular volume of Shares will trade on the Stock Exchange.

The Company, being listed on the SGX-ST, is concurrently subject to, amongst others, the Listing Manual and the Singapore Code

Being a company listed on the SGX-ST, the Company is required to comply with, amongst others, the Listing Manual in addition to the Listing Rules. In the event of any conflict between the Listing Manual and the Listing Rules, the Company shall comply with the more onerous rules. Accordingly, the Company may incur additional costs and resources to comply with both sets of rules. In addition to the Takeovers Code, being a listed company on the SGX-ST, the Company is subject to the Singapore Code which contains certain provisions, under which any person who would like to conduct a future takeover or change in control of the Company will have to observe for so long as the Shares are listed on the SGX-ST.

Certain provisions of the Singapore laws apply to the Shareholders even though their Shares are only registered with the share register in Hong Kong

According to Singapore laws, a person has a substantial shareholding in a company if the total number of votes attached to the shares interested by him is not less than 5% of the total votes attached to all the shares in the company. A substantial shareholder is required under the Bye-Laws and Singapore laws to notify both the Company and the SGX-ST in writing of his becoming a substantial shareholder, change in the percentage level of his shareholding or his ceasing to be a substantial shareholder within two business days of the relevant event as opposed to three business days under Hong Kong laws. Change in "percentage level" means increase or decrease to the next discrete 1% threshold. Shareholders failing to comply with the aforesaid reporting requirements shall be guilty of offences under Singapore laws and be liable a fine on conviction and further daily fines for continuing non-compliance after conviction. Details of the aforesaid reporting obligations and method of compliance are set out in Appendix V to this document.

Shareholders should note the possible taxation to be levied on disposal of the Shares under the Singapore laws

Singapore laws do not impose tax on capital gains. However, gains arising from the disposal of ordinary shares of the Company that are construed to be of an income nature will be subject to Singapore tax if the gains arise from activities which the Controller of Income Tax of Singapore considers as the carrying on of a trade or business in Singapore. Potential holders of the Shares are recommended to consult their professional advisers if they are in any doubt about the taxation implications of the subscription, holding or disposal of, dealing in, or the exercise of any rights in relation to, the Shares. It is emphasized that none of the Company, the Sponsor, any of their respective directors, agents, employees, advisers or affiliates or any other person involved in the Listing accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, holding or disposal of, dealing in, or the exercise of any rights in relation to, the Shares.

In preparation for the Listing, the Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

NO DEALINGS IN THE SECURITIES

According to Rule 9.09(b) of the Listing Rules, there must be no dealing in the securities for which listing is sought by any connected person of the issuer from four clear business days before the expected date of the listing committee hearing of the Company's listing application until Listing is granted (the "**Relevant Period**").

The directors of the issuer for whose securities listing is being sought shall forthwith notify the Stock Exchange of any such dealing or suspected dealing of which they become aware. If any of the directors or their associates are found to have engaged in such dealing, the application may be rejected.

As at 30 November 2011, the Directors and/or their associates and the substantial shareholder have the following interests in the Shares:

Name	Capacity/nature of interest	Number of Shares	Approximate percentage of shareholding
Mr. Lo	Beneficial owner	104,956,500	45.14%
	Deemed interest, interest of his spouse *(Note 1)*	7,500,000	3.23%
Mrs. Lo	Beneficial owner	7,500,000	3.23%
	Deemed interest, interest of her spouse *(Note 1)*	104,956,500	45.14%
Mr. Chan	Beneficial owner	9,720,000	4.18%
Mr. Xu	Beneficial owner	9,870,000	4.25%
Mr. Ho Yew Yuen	Beneficial owner	300,000	0.13%
Kabouter Management, LLC *(Note 2)*	Beneficial owner	25,384,000	10.92%

Note:

1. Mr. Lo, being the President and an executive Director, is deemed to be interested in the Shares held by his spouse, Mrs. Lo, who has an interest in 7,500,000 Shares; while Mrs. Lo is deemed to be interested in the Shares held by Mr. Lo, who has an interest in 104,956,500 Shares.

2. To the best knowledge of the Directors, Kabouter Management, LLC is a passive investor and does not have any role or board representation in the Company.

Save as disclosed above, none of the Directors is interested or deemed to be interested, directly or indirectly, in any Shares.

In the context of a widely held, publicly traded company, the Company is unable to control the investment and divestment decisions of the Shareholders, including Kabouter Management, LLC. The Company has applied for, and the Stock Exchange has granted, a partial waiver from strict compliance with Rule 9.09(b) of the Listing Rules, subject to the following conditions:

(a) save for the Directors and the Controlling Shareholder, any existing and potential substantial Shareholders (including Kabouter Management, LLC) and their respective associates have not been and will not be involved in the Group's management and administration nor in the floatation exercise for the Listing;

(b) the Company and its management does not have control over the investment decisions of any Shareholder and their respective associates (other than the Controlling Shareholder and the Directors) and the investing public;

(c) other than pursuant to the Sale and Repurchase Agreement and Stock Borrowing Agreement, each of the Controlling Shareholder, the Directors and their respective associates have not dealt and will not deal in the Shares during the Relevant Period;

(d) the Company will notify the Stock Exchange of any dealing or suspected dealing in the Shares by any connected persons of the Company during the Relevant Period of which it becomes aware;

(e) the Company will release all price sensitive information to the public required by the relevant laws and regulations so that anyone who may deal in the Shares under this waiver will not possess any price sensitive information which has not been released to the public; and

(f) the Company and the Sponsor have undertaken that no non-public information will be disclosed to any Shareholders.

SHARE DISPOSAL RESTRICTION

Pursuant to Rule 10.07(1)(a) of the Listing Rules, Mr. Lo, being the Controlling Shareholder, shall not in the period commencing on the date of this document and ending on the date which is six months from the Listing Date ("**Lock-Up Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those securities of the Company in respect of which he is shown by this document to be the beneficial owner.

For the purpose of the Listing and to facilitate the Shareholders to transfer their Shares from the Bermuda Principal Share Register to the Hong Kong Branch Share Register and to expedite such transfer, the Company and Mr. Lo have made the following arrangements with the Bridging Dealer:

Mr. Lo and the Bridging Dealer have entered into the Stock Borrowing Agreement, pursuant to which, subject to the terms and conditions thereof, Mr. Lo shall, from time to time upon request by the Bridging Dealer, lend up to a maximum of 58,125,000 Shares, representing in aggregate 25% of the Shares in issue, to the Bridging Dealer, on one or more occasions, and an equivalent number of Shares shall be returned to Mr. Lo not later than 13 business days after the expiry of the Bridging Period, subject to compliance with applicable laws, rules and regulations in Singapore and Hong Kong, including without limitation that the lending and the subsequent acceptance of redelivery any Shares by Mr. Lo, and the borrowing and the subsequent redelivery of any Shares by the Bridging Dealer, will not lead to either party being obliged to make a mandatory general offer under the Takeovers Code and/or the Singapore Code.

The Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 10.07(1)(a) of the Listing Rules to allow Mr. Lo to dispose of his interests in the Company during the Lock-Up Period pursuant to the Stock Borrowing Agreement and the Stock Exchange has granted such a waiver on conditions that:

(a) the arrangements under the Stock Borrowing Agreement is solely for facilitating the Bridging Dealer's arbitrage trades in circumstances as described in the paragraph headed "Listings, Registration, Dealings and Settlement — Bridging arrangements — Intended arbitrage activities during the Bridging Period" in this document;

(b) the same number of Shares borrowed by the Bridging Dealer from Mr. Lo shall be returned to Mr. Lo not later than 13 business days after the expiry of the Bridging Period;

(c) the Stock Borrowing Agreement is compliant with all applicable laws, rules and regulation;

(d) no payment will be made to Mr. Lo by the Bridging Dealer in relation to the stock borrowing arrangements; and

(e) other than under the Stock Borrowing Agreement, Mr. Lo will comply with the restrictions on disposal of Shares under Rule 10.07(1)(a) and Rule 10.08 of the Listing Rules.

SHARE ISSUE RESTRICTION

The Company has applied to the Stock Exchange for a waiver from strict compliance with the restrictions on further issue of securities within the first six months from the Listing Date under Rule 10.08 of the Listing Rules, and a consequential waiver from Rule 10.07(1)(a) of the Listing Rules in respect of the deemed disposal of Shares by the controlling shareholder upon any issue of securities by the Company within the first six months from the Listing Date, and the Stock Exchange has granted such a waiver on conditions that:

(a) any issue of Shares (or convertible securities) by the Company during the first six months after the Listing Date must be either for cash to fund a specific acquisition or as part or full consideration for the acquisitions;

(b) the acquisitions as mentioned in (a) above must be for asset or business that will contribute to the growth of the Group's operation; and

(c) Mr. Lo, being the Controlling Shareholder, will not cease to be the Controlling Shareholder upon the issue of any Shares within the first 12 months from the Listing.

The reasons for the application for a waiver from strict compliance with Rule 10.08 and the consequential waiver from strict compliance with Rule 10.07(1)(a) of the Listing Rules by the Company are, inter alias, as follows:

(1) the Company is deemed to be a new listing applicant only by reason of the Listing whereas the Shareholders remain the same and there is no change to their shareholdings, save that the Shares will be listed on the Main Board of the Stock Exchange as well as on the SGX-ST. The existing Shareholders should have already gained awareness and knowledge in the Company;

(2) the Company does not have current plans to raise funds in the short-term, but it is essential for the Company to have the flexibility to raise funds by way of further issue of Shares in either Hong Kong or Singapore equity markets or enter into further acquisitions for share consideration should an appropriate opportunity arise. Any issue of new Shares by the Company will enhance the Shareholder base and increase the trading liquidity of the Shares, and the interests of the existing Shareholders and prospective Hong Kong investors would be prejudiced if the Company could not raise funds for their expansion due to the restrictions under Rule 10.08 of the Listing Rules;

(3) as the Company will not issue new Shares or raise new funds, the Listing will not result in any dilution of the interests of the existing Shareholders;

(4) the interests of the Shareholders are well protected since any further issue of Shares by the Company would be subject to Shareholders' approval as required under Rule 13.36 of the Listing Rules, or the general mandate granted to the Directors by the then Shareholders on 29 April 2011; and

(5) since the listing of our Company on the SGX-ST in July 2004, Mr. Lo has at all times maintained more than 30% interest in the Company. He remains strongly committed to the Company and save for the disposal of Shares by Mr. Lo as contemplated under the Stock Borrowing Agreement, he does not intend to dispose of any Shares owned by him within six months from the Listing Date.

QUALIFICATION OF JOINT COMPANY SECRETARIES

According to Rule 8.17 of the Listing Rules, the secretary of an issuer must be a person who is ordinarily resident in Hong Kong and has the requisite knowledge and experience to discharge the functions of the company secretary and who is either (a) an ordinary member of The Hong Kong Institute of Chartered Secretaries, a solicitor or barrister as defined in the Legal Practitioners Ordinance (Cap. 159 of the Laws of Hong Kong) or a professional accountant, or (b) an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging those functions. Having considered the rationale of Rule 8.17 of the Listing Rules, the Directors acknowledge the importance of having a company secretary residing in Hong Kong with the appropriate qualifications.

The Company appointed Ms. Chan Chow Pheng ("**Ms. Grace Chan**") as one of the joint company secretaries since 19 March 2004, and appointed Mr. Sin Sheung Nam Gilbert ("**Mr. Gilbert Sin**") as the other joint company secretary since 12 August 2004. The Directors are of the view that (a) based on the qualifications and experience of Mr. Gilbert Sin, he is suitable to act as company secretary of the Company. Mr. Sin is ordinarily resident in Hong Kong and is an ordinary member of the Hong Kong Institute of Certified Public Accountants, and therefore meets the qualification requirements under Rule 8.17 of the Listing Rules. In addition, Mr. Gilbert Sin has been responsible for handling accounting and corporate governance matters, as well as the secretarial matters, of the Group in the past years and assisted in the preparation of the Company's listing application to the Stock Exchange; and (b) although Ms. Grace Chan is not ordinarily resident in Hong Kong and does not possess the qualification required under Rule 8.17 of the Listing Rules, Ms. Grace Chan has been acting as one of the joint company secretaries immediately before the Company's listing on the SGX-ST due to her professional qualifications and experience and is responsible for handling the secretarial matters of the Company in Singapore. Ms. Chan is an associate member of the Institute of Chartered Secretaries and Administrators.

Accordingly, the Company has applied to the Stock Exchange for a waiver from strict compliance with the requirements of Rule 8.17 of the Listing Rules, and the Stock Exchange has granted such waiver on conditions that:

(a) for the three years from the Listing Date during which Mr. Gilbert Sin will continue to work closely with and provide assistance to Ms. Chan in discharge of her duties as joint company secretaries of the Company; and

(b) at the end of the three-year period, an evaluation of the qualifications and experience of Ms. Chan, and in turn the need for ongoing assistance would be made, to determine if the requirements under Rule 8.17 as would normally apply would then be satisfied.

EXISTING SHARE OPTION SCHEME

The Company has applied to the Stock Exchange for a waiver from full compliance with the disclosure requirements of Rule 17.02(1)(b) and paragraph 27 of Appendix 1A of the Listing Rules, in respect of the names and addresses of the employees of the Group to whom options have been granted under the Existing Share Option Scheme on the ground that full compliance with these requirements would be unduly burdensome for the following reasons:

(a) The options have been granted to the executive Directors, certain senior management and employees of the Group by taking account of his or her performance, contribution to the Group and personal merit as assessed by the Directors. There are different views regarding the performance and merit of any particular employee from the perspectives of other employees. Disclosure of full particulars of the entitlements of all employees on an individual basis would likely have an adverse effect on the morale of the employees of the Group whether or not he or she has been granted any options under the Existing Share Option Scheme.

(b) The grant and exercise in full of the options granted under the Existing Share Option Scheme will not cause any material adverse change in the financial position of the Company.

(c) Under the Existing Share Option Scheme, there are a total of 193 grantees comprising of 2 Directors, 7 senior managerial staff and 184 employees of the Group. Full disclosure of the required particulars of the entitlements of employees of the Group under the Existing Share Option Scheme on an individual basis would be costly and unduly burdensome for the Company to comply with.

(d) The Company considers that disclosure of the information under the sub-paragraph headed "Outstanding Options" under the paragraph headed "E. Existing Share Option Scheme" in Appendix VI to this document has already provided potential investors with necessary and sufficient information for them to make an informed assessment of the potential dilution effect and impact on earnings per share of the options granted under the Existing Share Option Scheme.

The Stock Exchange has granted the waiver on the conditions that:

(a) the following information and particulars shall be disclosed in this document:

  (i) on an individual basis, the details of all options granted by the Company under the Existing Share Option Scheme to all senior managerial staff (including the Directors) and connected persons of the Group (as defined in the Listing Rules), and such details shall include all information and particulars required under Rule 17.02(1)(b) and paragraph 27 of Appendix 1A of the Listing Rules;

(ii) on an aggregated basis, other than those grantees as referred to in the above (i), the number of grantees and the number of Shares to be subscribed for under the options, the consideration paid for the grant of the options, the period during which the options are exercisable, and the subscription price to be paid for the Shares upon exercise of the options;

(iii) the dilution effect and impact on earnings per share upon full exercise of the option granted under the Existing Share Option Scheme; and

(iv) the aggregate number of Shares subject to the outstanding options granted by the Company under the Existing Share Option Scheme and the percentage of the Company's issued share capital of which such number represents; and

(b) a list of all grantees (including both the senior managerial staff and the employees of the Group) of the options granted by the Company under the Existing Share Option Scheme with information required under the Listing Rules will be available for public inspection in accordance with the paragraph headed "Documents available for inspection" in Appendix VII to this document.

Further details of the Existing Share Option Scheme and the waiver are set out in "Appendix VI — Statutory and General Information — Existing Share Option Scheme".

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT

This document, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information about the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

This document is published in connection with the Listing. It may not be used for any other purpose and, in particular, no person is authorised to use or reproduce this document or any part thereof in connection with any offering, or invitation to the offer, of the Shares or other securities of the Company. Accordingly, there is no, and will not be any, offer of or solicitation, or an invitation by or on behalf of the Company and the Sponsor to subscribe for or purchase any of the Shares. Neither this document nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Listing may be used for the purpose of making, and the delivery, distribution and availability of this document or such other document or information (or any part thereof) does not constitute, any offer of or solicitation or an invitation by or on behalf of the Company and the Sponsor to subscribe for or purchase any of the Shares.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Application has been made to the Listing Committee for listing of, and permission to deal in, on the Main Board of the Stock Exchange, the Shares in issue on the SGX-ST and any Shares to be issued upon the exercise of options which have been granted under the Existing Share Option Scheme or which may be granted under the Share Option Scheme. The Company's listings on both the Stock Exchange and SGX-ST will be dual primary listings. Consequently, unless otherwise agreed by the SGX-ST or, as the case may be, the Stock Exchange, the Company must comply with the Listing Rules and the Listing Manual and any other relevant regulations and guidelines in Hong Kong and Singapore which are applicable to the Company. In the event where there is a conflict or inconsistency between the requirements of the listing rules of the two stock exchanges, the listing rules with the more onerous requirements shall prevail. The Directors will use their best endeavours to ensure that no release of information will be made in Singapore unless a simultaneous release is made in Hong Kong and vice versa. The Directors confirmed that the Company has been in compliance with relevant applicable laws and listing rules of Singapore since the listing of the Company on the SGX-ST.

As Shareholders' approval is required for the proposed amendments to the Bye-laws and the adoption of the Share Option Scheme to, amongst other things, comply with the requirements of the Listing Rules and the Listing Manual, a circular in relation to such matters was despatched by the Company on 16 May 2011 to its Shareholders. The SGM was held on 9 June 2011 at which resolutions for, inter alia, the approval of the proposed amendments to the Bye-laws and the adoption of the Share Option Scheme were passed by

the Shareholders. Save as disclosed aforesaid, no approval from Shareholders or the SGX-ST or other relevant regulatory authorities in Singapore is required for the proposed Listing.

Details of the arrangement for the removal of Shares from the Bermuda Principal Share Register to Hong Kong branch share register or from the Hong Kong branch share register to Bermuda Principal Share Register are set out in the section headed "Listings, Registration, Dealings and Settlement" in this document.

INFORMATION ON THE LISTING

The Company has not authorised anyone to provide any information or to make any representation not contained in this document. You should not rely on any information or representation not contained in this document as having been authorised by the Company or the Sponsor, or any of its or their respective directors, or any other person involved in the Listing. Neither the delivery of this document nor any offering, sale or delivery made in connection with the Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the Company's affairs since the date of this document or imply that the information contained in this document is correct as of any date subsequent to the date of this document. In making an investment decision, investors must reply on their own examination of the Group and the merits and risks involved.

CONSEQUENCES OF HOLDING AN INTEREST IN SHARES

Holders and beneficial owners of the Shares should be aware that they may be subject to certain legal requirements under Hong Kong laws and the Listing Rules, including, for example, reporting obligations upon reaching certain specified ownership thresholds. You should consult your own legal adviser as to the Hong Kong legal consequences of investing in the Shares. As the Company is also listed on the SGX-ST, Shareholders will also be subject to the requirements of Singapore laws and the Listing Manual.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Main Board are expected to commence on 21 December 2011. The Shares will be traded on the Main Board in board lots of 1,000 Shares each.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the Shares on the Stock Exchange and the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or on any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS. If you are unsure about the details of CCASS settlement arrangements and how such arrangements will affect your rights and interests, you should seek the advice of your stockbrokers or other professional advisors.

NO CHANGE IN THE NATURE OF BUSINESS

No change in the nature of business of the Group is contemplated following the Listing.

HONG KONG STAMP DUTY

Dealings in Shares registered in the Hong Kong branch share register kept by the Company are subject to Hong Kong stamp duty.

PROFESSIONAL TAX ADVICE RECOMMENDED

If you are unsure about the taxation implications of the purchasing, holding or disposal of, dealing in, or the exercise of any rights in relation to, the Shares, you should consult an expert. It is emphasised that none of the Company, the Sponsor, any of their respective directors, agents, employees, advisors or affiliates or any other person or party involved in the Listing accepts responsibility for any tax effects on, or liabilities of, any person resulting from the purchasing, holding or disposal of, dealing in, or the exercise of any rights in relation to, the Shares.

CONDITIONS OF THE LISTING

The Listing is subject to the fulfillment of the conditions that, amongst other things, the Listing Committee grants the listing of, and permission to deal in, on the Main Board, the Shares presently in issue and listed on the SGX-ST and any Shares to be issued upon the exercise of options which have been granted under the Existing Share Option Scheme or which may be granted under the Share Option Scheme as well as the approval of the Shareholders of the adoption of the amendments to the Bye-laws and the adoption of the Share Option Scheme which was obtained at the SGM held on 9 June 2011.

REASONS FOR THE LISTING

The Shares have been traded on the SGX-ST since 12 July 2004. The Directors consider that it is desirable and beneficial for the Company to have dual primary listing status in both Singapore and Hong Kong so that the Company can have ready access to these different equity markets in Asia Pacific region when the opportunity arises. The two markets also attract different investor profiles thereby widening the investor base of the Company and increasing the liquidity of the Shares. Further, listing on the Stock Exchange may enhance the Company's profile in Hong Kong and the PRC, facilitates investment by Hong Kong investors, enable the Company to gain access to Hong Kong's capital markets and benefit the Company by exposing it to a wide range of private and institutional

investors. The Directors consider that this is important for the Group's potential future growth and long term development, since in particular, the Group's operations are principally located in the PRC.

REGISTERS OF MEMBERS

The Company's principal register of members in Bermuda is maintained by Appleby Management (Bermuda) Ltd., the principal share registrar in Bermuda and the Company's branch register of members in Hong Kong will be maintained by Tricor Investor Services Limited, the branch share registrar in Hong Kong.

RELEASE OF PRICE SENSITIVE INFORMATION

The Company will inform the SGX-ST and the Stock Exchange simultaneously of any information released to either of them and the Company will ensure any price sensitive information released to either the market in Hong Kong or Singapore will be simultaneously released to the other in order to comply with the requirements under Rule 13.09(2) of the Listing Rules.

Name	Address	Nationality
Executive Directors		
Mr. Lo Yat Keung	Flat B, 2nd Floor Harrison Court V No. 8 Man Wan Road Kowloon, Hong Kong	British
Mr. Chan Wai Shing	5H, Block 38 Laguna City, Kwun Tong Kowloon, Hong Kong	Chinese
Mr. Xu Guoping	Room 701, No. 23, Lane 88 Ping Ji Road Shanghai, the PRC, 201102	Chinese
Independent non-executive Directors		
Mr. Seah Kok Khong, Manfred	961 Bukit Timah Road #08-19 The Nexus Singapore, 589655	Singaporean
Mr. Ho Yew Yuen	99 Meyer Road #12-02 The Sovereign Singapore, 437920	Singaporean
Mr. Teng Cheong Kwee	16B Margoliouth Road #06-03, Singapore, 258542	Singaporean

Sponsor	Oriental Patron Asia Limited 27/F., Two Exchange Square 8 Connaught Place, Central Hong Kong
Legal advisers to the Company	*As to Hong Kong laws* Li & Partners 22/F., World-Wide House 19 Des Voeux Road Central Central Hong Kong *As to Singapore laws* Allen & Overy LLP 50 Collyer Quay #09–01 OUE Bayfront Singapore 049321 *As to Macau laws* Artur dos Santos Robarts Lawyer & Notary Alameda Dr. Carlos D' Assumpcão No. 263, Edf. "China Civil Plaza", 6º andar, "A", Macau *As to PRC laws* Shu Jin Law Firm 24/F., Aerospace Skyscraper 4019 Shennan Road Futian District, 518048, Shenzhen The PRC *As to Bermuda laws* Appleby 2206–19, Jardine House 1 Connaught Place Central Hong Kong *As to Austria laws* Intercons Revisions-, Treuhand-Und Beratungs-Gesellschaft Mbh. Neutorstraße 13, A-5016 Salzburg Austria

	As to Romania laws Bacioiu Adrian Florin 6A Fintinii Street Pitesti Romania
	As to France laws Jurilex 45, quai Charles de Gaulle 69006 LYON France
	As to Switzerland laws Schweiger Advokatur/Notariat Dammstrasse 19 6300 Zug Switzerland
	As to UK laws Tees Solicitors High Street Bishop's Stortford Herts CM23 2LU United Kingdom
	As to India laws DSK Legal 1203, One Indiabulls Centre Tower 2, Floor 12B 841, Senapati Bapat Marg Elphinstone Road Mumbai India
Legal advisers to the Sponsor	Robertsons 57/F, The Center 99 Queen's Road Central Hong Kong
Auditors and reporting accountants	Deloitte Touche Tohmatsu 35/F., One Pacific Place 88 Queensway Hong Kong
Property valuer	BMI Appraisals Limited 33/F., Shui On Centre Nos. 6–8 Harbour Road Wanchai, Hong Kong

Registered office	Canon's Court 22 Victoria Street Hamilton HM 12 Bermuda
Head office and principal place of business in Hong Kong	6/F, Mita Center 552–566 Castle Peak Road Kwai Chung Kowloon Hong Kong
Company website	www.techcomp.com.hk *(information on the website does not form part of this document)*
Joint company secretaries	Ms. Chan Chow Pheng (LLB (Hons) (UK), ACIS (UK)) Mr. Sin Sheung Nam, Gilbert
Authorised representatives	Mr. Lo Yat Keung Mr. Sin Sheung Nam, Gilbert
Compliance adviser	Oriental Patron Asia Limited 27/F., Two Exchange Square 8 Connaught Place, Central Hong Kong
Members of the audit committee	Mr. Ho Yew Yuen *(Chairman)* Mr. Seah Kok Khong, Manfred Mr. Teng Cheong Kwee
Members of the remuneration committee	Mr. Teng Cheong Kwee *(Chairman)* Mr. Ho Yew Yuen Mr. Seah Kok Khong, Manfred
Members of the nomination committee	Mr. Seah Kok Khong, Manfred *(Chairman)* Mr. Ho Yew Yuen Mr. Teng Cheong Kwee
Principal share registrar and transfer office	Appleby Management (Bermuda) Ltd. Argyle House, 41A Cedar Avenue, PO Box HM 1179 Hamilton HM 12, Bermuda
Singapore share transfer agent	M&C Services Private Limited 138 Robinson Road #17-00 The Corporate Office Singapore 068906

Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited 26th Floor, Tesbury Centre 28 Queen's Road East Wanchai, Hong Kong
Principal bankers	DBS Bank (Hong Kong) Limited 16/F, The Center, 99 Queen's Road, Central, Hong Kong Hang Seng Bank Limited 20/F, 83 Des Voeux Road, Central, Hong Kong Standard Chartered Bank (Hong Kong) Limited 13/F, Standard Chartered Bank Building, 4–4A Des Voeux Road, Central, Hong Kong

This section contains certain statistics, industry data or information relating to the economy in the PRC as well as global and PRC analytical and life science instrumentation industry that are derived, in part, from various official and independent third party sources, which was not commissioned by the Group nor its connected persons nor the Sponsor.

The Directors believe that the sources of such information are appropriate sources and the Directors have taken reasonable care in extracting and reproducing such information. The Directors have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by the Group, or any of its respective directors, officers, affiliates, advisers or representatives, the Sponsor or any other party involved in the Listing and, therefore, the Directors make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information.

SOURCES OF INFORMATION

Strategic Directions International, Inc.

Strategic Directions International, Inc. is an independent business intelligence provider that publishes periodic professional research reports on the analytical instrument industry. Strategic Directions International, Inc. is an independent third party of the Company. The information derived from the Global Assessment Report, disclosed in this document, is publicly available by subscription. The Company has paid a fee of US$6,695 to subscribe for such publication. The Global Assessment Report was neither commissioned by the Group nor its connected persons nor the Sponsor.

National Bureau of Statistics of China

The National Bureau of Statistics is an agency directly under the State Council in charge of statistics and economic accounting in the PRC. The National Bureau of Statistics is an independent third party of the Company. The information derived from the China Statistical Yearbook, as disclosed in this document, is official public information published on the official website of the National Bureau of Statistics of China (www.stats.gov.cn), and was prepared in the ordinary course of the National Bureau of Statistics' activities.

Analytical and Life Science Instrumentation

Analytical instruments have revolutionized chemical analysis. At one time, chemical analyses were performed using only wet chemistry methods that refer to chemistry generally done in the liquid phase. Such methods required a good deal of skill on the part of the user and yielded only limited sensitivity and specificity. Modern analytical instruments accomplish these determination using spectroscopic, chromatographic, electrochemical, and other sophisticated instrumental methods which provide significantly higher sensitivity, higher levels of automation and user-friendliness, and can incorporate advanced computing capabilities to interpret the data, tabulate the results, and track the samples. It is reasonable to suggest that modern industry could not function in its current form without the use of analytical instrumentation.

During the 1980s, the number of companies manufacturing and selling analytical instruments, accessories, and consumable grew significantly in number as new technologies became accepted and as specialty niches developed. However, the decade of the 1990s was more characterized by industry consolidation as the business matured and this trend continues to this day. Nevertheless, new instrument companies are constantly surfacing and looking to carve out a slice of a customer base totalling about 250,000 laboratories around the world.

Modern analytical instruments have made laboratory life far easier for analysts, although a reasonable degree of competence remains necessary. Samples still must be prepared and rendered into a form suitable for introduction into a specific instrument, instruments still must be calibrated against standards, and the analyst must still understand interferences, sample limitations, and detection limits. However, laboratories can now speed up procedures and analyze samples to an extent that would have been unimaginable only a decade or two ago.

Software and information technology has certainly impacted the analytical instrumentation market by advancing data analysis, data management, and instrument control that are more intuitive and significantly easier to use. As much progress as the instrument companies have already made in this area, it still seems the industry has only scratched the surface.

OVERVIEW OF THE GLOBAL ANALYTICAL AND LIFE SCIENCE INSTRUMENTATION MARKET

Industry Structure

The analytical and life science instrument industry is comprised of a large and diverse group of organizations that manufacture and distribute their products worldwide. SDI has divided the largest instrument companies into three basic categories: board-based, multi-product, and single-product.

Board-based instrument companies manufacture and sell instruments across several instrument categories, such as separations, atomic spectroscopy, or life science. Board-based instrument companies generate revenues from selling a wide range of analytical instruments.

Multi-product instrument companies focus their activities more narrowly with their product lines centered around two to four categories of instrumentation.

Single-product instrument companies limit their significant activities to one instrument category and usually to a single technology or a limited cluster of technologies within a given category.

Demand for analytical and life science instrumentation

The global analytical and life science instrumentation market has expanded rapidly, in terms of demand, in recent years. According to the SDI Report, values of the worldwide demand for analytical and life science instrumentation increased from approximately US$29,970 million in 2004 to approximately US$37,219 million in 2009, representing a CAGR of approximately 4.4% from 2004 to 2009. According to the SDI Report, the worldwide demand for analytical and life science instrumentation is estimated to increase at a CAGR of 5.4% to US$48,347 million in 2014. Such increase is mainly attributable to considerable increase in life science instrument segment.

Demand by Region — Retrospective: 2004–2009

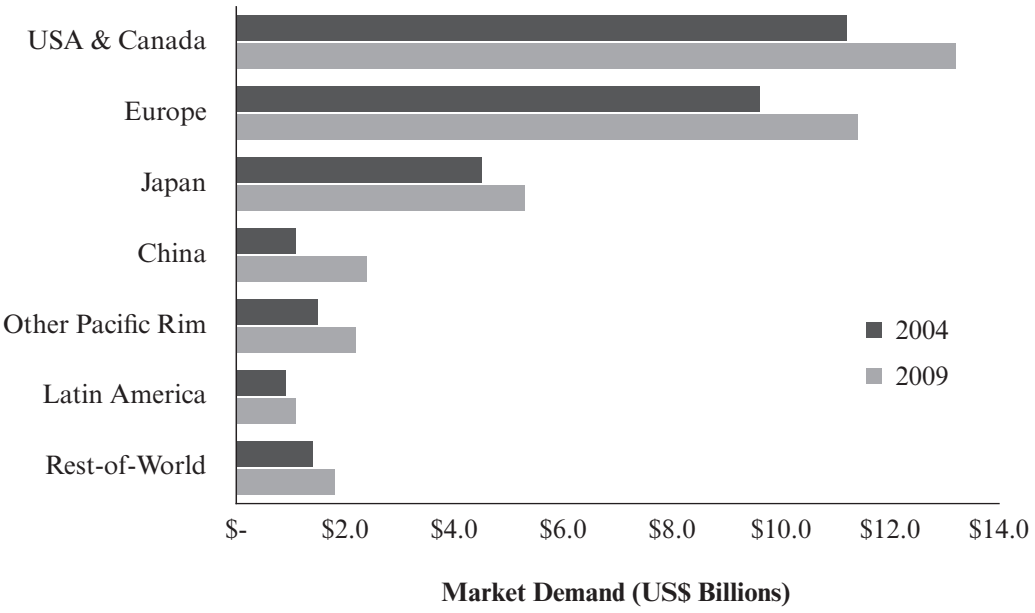
The following table and graph illustrate the geographical evolution of regional market demand for analytical and life science instrumentation from 2004 through 2009. Despite falling from 37% to 35%, the USA & Canada continues to be the largest regional market for laboratory analytical instrumentation.

The continued growth in the US & Canada, Europe and Japan has been supported by the continued demand from pharmaceutical, biotechnology, government and academic institutions, which are heavily involved in advanced life science research activities. These regions therefore account for nearly all of the demand for the latest, most advanced, and most expensive instruments, which are used in the development of medical diagnostic tools, disease analysis, and drug development. Regions such as China and other Pacific Rim countries have become increasingly involved in the manufacture of pharmaceuticals and electronic products, in addition to developing home grown scientific industries of their own, though none are yet close to the scale of research industries in the major economies. Still, the Chinese market more than doubled in size over the last five years, while the other Pacific Rim nations averaged more than 9% annual growth.

Table 1: Historical Analytical Instruments Demand by Region, 2004–2009

	2004		**2009**		**'04–09**
	$Mil	*%*	*$Mil*	*%*	*CAGR%*
USA & Canada	11,153	37	13,211	35	3.4
Europe	9,566	32	11,378	31	3.5
Japan	4,487	15	5,273	14	3.3
China	1,052	4	2,338	6	17.3
Other Pacific Rim	1,407	5	2,179	6	9.1
Latin America	974	3	1,090	3	2.3
Rest-of-World	1,331	4	1,750	5	6.6
Total	29,970	100	37,219	100	4.4

Figure 1: Historical Analytical Instruments Demand by Region, 2004&2009



Source: SDI Report

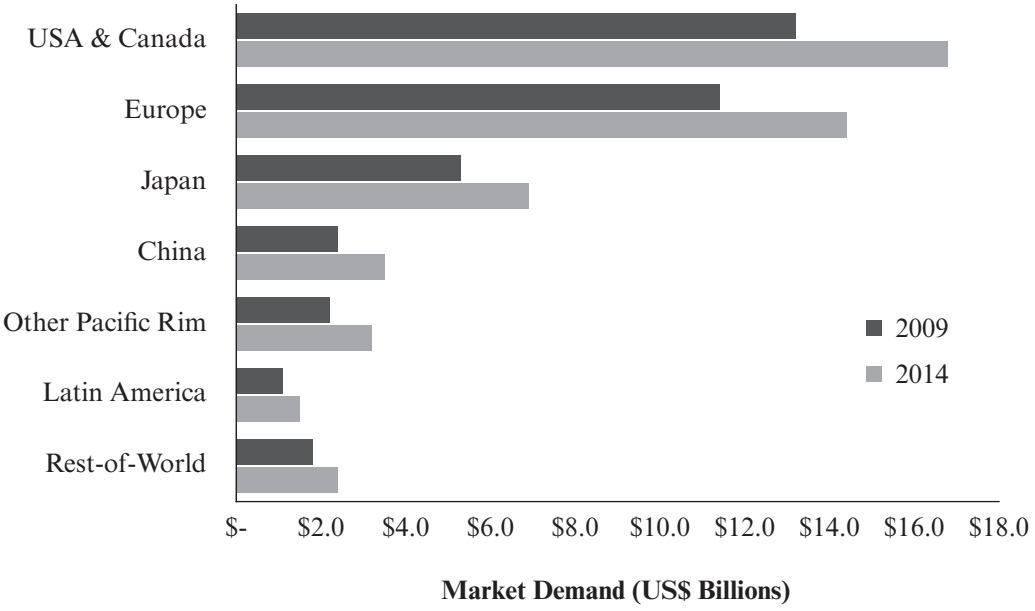
Demand by Region — Forecast: 2009–2014

The table and graph below spell out how SDI expects regional demand for laboratory analytical instrumentation to develop from 2009 through 2014. The continued pace of economic and industrial development across the spectrum in China will help it to continue to lead all regions with average annual growth in the high single-digits, although this is down significantly from the mid-to-high teens, which was an unsustainable mid-to-long term pace. The other Pacific Rim region will see fairly strong growth as well due in large part to the rise of India. Demand from the developed regions, including the USA and Canada, Europe and Japan will remain solid throughout the forecast period as these regions tend to account for the vast majority of research and development activities which generally drive demand for the latest, highest performing and most expensive instruments and are typically the first-adopters of any new advancements in analytical technologies. The USA, Canada and Japan are expected to significantly outpace Europe in the early part of the forecast period due to stronger government stimulus spending initiatives in the former, and weaker Eastern European economies limiting the latter.

Table 2: Analytical Instruments forecast by Region, 2009–2014

	2009		2010		2011		2014		'09–14
	$Mil	*%*	*$Mil*	*%*	*$Mil*	*%*	*$Mil*	*%*	*CAGR%*
USA & Canada	13,211	35	14,092	35	14,758	35	16,756	35	4.9
Europe	11,378	31	11,976	30	12,508	30	14,326	30	4.7
Japan	5,273	14	5,670	14	5,990	14	6,873	14	5.4
China	2,338	6	2,566	6	2,800	7	3,476	7	8.3
Other Pacific Rim	2,179	6	2,376	6	2,559	6	3,110	6	7.4
Latin America	1,090	3	1,159	3	1,230	3	1,454	3	5.9
Rest-of-World	1,750	5	1,863	5	1,977	5	2,352	5	6.1
Total	37,219	100	39,701	100	41,824	100	48,347	100	5.4

Figure 2: Historical Analytical Instruments Forecast by Region, 2009&2014



Source: SDI Report

OVERVIEW OF THE ANALYTICAL AND LIFE SCIENCE INSTRUMENTATION MARKET IN THE PRC

Demand for analytical and life science instrumentation

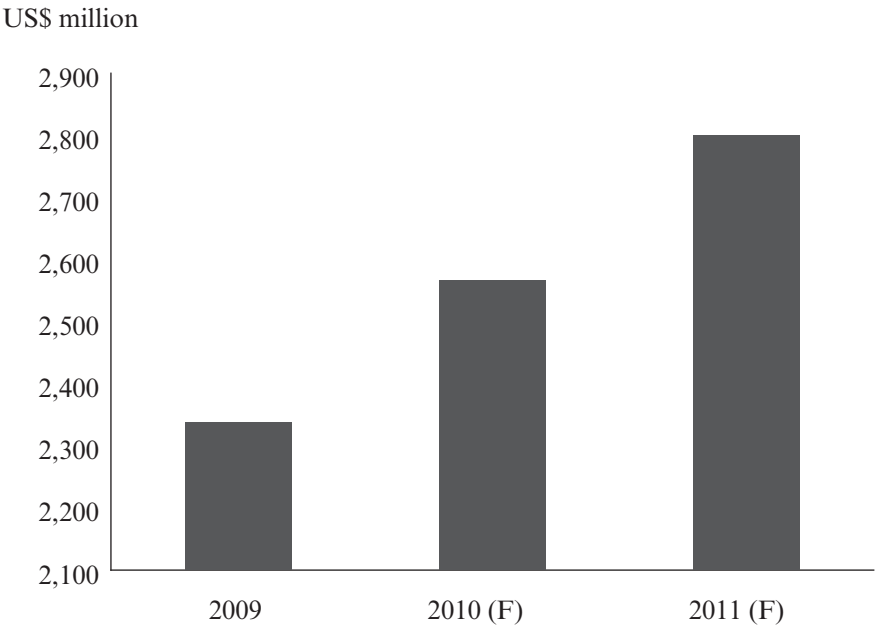
Over the past decade, China has gradually been reducing impediments to international trade, reaching a major milestone in 2001 with its accession to the World Trade Organization (WTO). In addition, the PRC government has begun undertaking massive investments in education, industry and infrastructure, which have largely contributed to the phenomenal economic growth of the country as a whole. Demand for analytical instruments has soared.

At the same time, China has become an important manufacturing hub for large multinational instrument vendors, as well as a source of domestically-produced instruments. From both domestic and international vendors, Chinese-made instruments are becoming important outside of the domestic Chinese market. Major investment in science and technology is creating a major boom in Chinese demand for all types of life science and analytical instrumentation.

The growth of the PRC's analytical and life science instrumentation market is one of the key factors affecting the growth of the Group's business. As set out in Table 2, values of the demand for analytical and life science instrumentation in the PRC increased from approximately US$2,338 million in 2009 to approximately US$2,566 million in 2010, and is estimated to increase to US$3,476 million in 2014. Such increase is mainly attributable to the continued pace of economic and industrial development across the spectrum in the

PRC. China's investment in education, industry and infrastructure, as a result of economic growth of China, is creating a boom in demands in all types of life science and analytical instrumentation in China.

The following chart illustrates the values of demand for analytical and life science instrumentation in the PRC from 2009 to 2011(F):



Source: SDI Report

COMPETITIVE LANDSCAPE

Industry structure

The analytical and life science instrument industry is comprised of a large and diverse group of organisations that manufacture and distribute their products worldwide. However, overall industry sales are concentrated among a fairly small set of companies. According to the SDI Report estimate, there are well over 1,000 firms included in the industry, yet only about 60 companies have sales of US$100 million or more in analytical instrumentation. During the last decade, larger companies have absorbed many smaller specialised instrument companies. These acquisitions often allowed those larger firms to develop wider range of products, rather than acquired for important technologies typically.

Top ten suppliers of analytical instruments

According to the Global Assessment Report (the "**SDI Report**") issued by SDI in 2010, the following are the top 10 analytical instruments suppliers ("**Top Ten**"), based on the sales volume of laboratory analytical instrument business in 2009:

Name of analytical instruments suppliers	**Estimated annual sales in 2009** *(US$' million)*
Life Technologies	2,981
Thermo Fisher Scientific	2,862
Agilent Technologies	2,083
Waters	1,499
Shimadzu	1,165
PerkinElmer	1,153
Bruker Group	1,063
General Electric	973
Becton Dickinson	951
Sigma Aldrich	836

The Top Ten accounted for approximately of US$15.6 billion in annual revenues in 2009. Eight of which are based in the US and combined for approximately 86% of the total sales of Top Ten. The Group's revenue for the year ended 31 December 2009 was approximately US$104.8 million, representing approximately 0.7% of the total sales of Top Ten. The market share in terms of the Group's revenue is relatively insignificant compared to the Top Ten.

History and development

In January 1991, Techcomp Hong Kong was incorporated by Mr. Lo, being the founder and chairman, and another subscriber who is an Independent Third Party (the "**Subscriber**"). At inception, its then authorized share capital was HK$10,000 divided into 10,000 shares of HK$1 each. Each of Mr. Lo and the Subscriber subscribed for, and Techcomp Hong Kong allotted and issued to them, 95 and 5 shares of Techcomp Hong Kong respectively. In December 1991, the Subscriber transferred the 5 shares of Techcomp Hong Kong to Mrs. Lo. Techcomp Hong Kong was to facilitate the import of life science instruments into the PRC through Hong Kong and to meet the demand for life science instruments in Hong Kong.

In June 1994, Shanghai Techcomp Instrument was established as a wholly-owned foreign enterprise in the PRC with an initial registered capital of US$350,000 and was wholly-owned by Techcomp Hong Kong. Shanghai Techcomp Instrument mainly produced analytical instruments, life science equipment and laboratory instruments including UV-Vis spectrophotometers, gas chromatographs, ion chromatographs and atomic absorption spectrophotometers.

In September 2000, the authorised share capital of Techcomp Hong Kong was increased to HK$10,000,000 divided into 10,000,000 shares of HK$1 each. In October 2000, Techcomp Hong Kong allotted and issued 9,499,905 shares and 499,995 shares to Mr. Lo and Mrs. Lo respectively. In December 2000, Techcomp Hong Kong further increased its authorized capital to HK$20,000,000 divided into 20,000,000 shares of HK$1 each. Having considered the Group's expansion in June 2001, Mr. Lo transferred 700,000 shares and 700,000 shares to Mr. Xu and Mr. Chan respectively and further transferred 200,000 shares, 150,000 shares, 100,000 shares and 50,000 shares to Mr. Wang Meng, Mr. Xia Yisheng, Mr. Tse Po Wah and Mr. Leung Kai Chung respectively, being the current and past senior management of the Group. Under the leadership of Mr. Lo, who has over 20 years of experience in the design and development of analytical instruments, life science equipment and laboratory instruments, the Group expanded.

Between 1994 and 2002, the Group developed its distribution network in the PRC and established liaison offices in different provinces, such as Beijing, Shanghai, Guangzhou, Chongqing and Xian. In August 2001, Shanghai Techcomp Trading was established in the PRC with an initial registered capital of US$200,000, and in April 2002, Techcomp Guangzhou and Techcomp Tianjin were established with an initial registered capital of US$200,000 and US$200,000 respectively. All of the three companies, namely Shanghai Techcomp Trading, Techcomp Guangzhou and Techcomp Tianjin ("**Trading Companies**"), were principally engaged in the sales and distribution of analytical instruments, life science equipment and laboratory instruments in the PRC. In March 2004, Techcomp Singapore was established for expanding the Group's distribution network in Asia regions, such as Singapore and Malaysia.

The Company was incorporated on 26 January 2004 in Bermuda as an exempted company with limited liability. For the purpose of the listing on the Main Board of the SGX-ST in July 2004, it underwent the following restructuring exercises:

(a) The Company was incorporated as the ultimate holding company for the Group, with an issued share capital of US$12,000 divided into 12,000 Shares of US$1.00 each, which subsequently subdivided into 240,000 Shares of US$0.05 each.

(b) Techcomp Scientific and Techcomp Instrument were incorporated in BVI and were wholly-owned by the Company as intermediate holding companies, and each of Techcomp Scientific and Techcomp Instrument allotted and issued 1 share of US$1.00 each to the Company on 11 February 2004.

(c) Mr. Lo, Mrs. Lo, Mr. Xu, Mr. Chan and four current and past senior management transferred all their respective shares in Techcomp Hong Kong to the Company at an aggregate consideration of US$5,393,760, with reference to the audited consolidated net assets of Techcomp Hong Kong as at 31 December 2003. Such consideration was settled by the issue of 99,760,000 then new shares of US$0.05 of the Company to the individual shareholders of Techcomp Hong Kong.

(d) Techcomp Hong Kong transferred all its equity interest in the three Trading Companies to Techcomp Scientific at a consideration of US$200,000, US$200,000 and US$200,000 respectively. Such consideration was determined with reference to the then registered capital of each of the Trading Companies, which Techcomp Hong Kong assigned to the Company an outstanding amount of US$600,000 owing to Techcomp Hong Kong by Techcomp Scientific and Techcomp Scientific settled its debt with the Company by issuing 8,348 new shares of US$1.00 each of Techcomp Scientific to the Company.

(e) Techcomp Hong Kong transferred all its equity interest in Shanghai Techcomp Instrument and Beijing Techcomp Analytical Instruments Co., Ltd. (北京天美分析儀器有限公司) (collectively the "**Manufacturing Companies**") to Techcomp Instrument at a consideration of US$350,000 and US$250,000 respectively. Such consideration was determined with reference to the then registered capital of each of the Manufacturing Companies, which Techcomp Hong Kong assigned to the Company an outstanding amount of US$600,000 owing to Techcomp Hong Kong by Techcomp Instrument, and Techcomp Instrument settled its debt with the Company by issuing 49,999 new shares of US$1.00 each of Techcomp Instrument to the Company credited as fully paid.

(f) The Company transferred all its shareholding in Techcomp Hong Kong to Techcomp Scientific for a consideration of US$4,193,760 which was determined on the basis of the audited consolidated net assets of Techcomp Hong Kong of US$5,393,760 as at 31 December 2003 less the aggregate of the then registered capital in the Trading Companies of US$600,000 and the then registered capital in the Manufacturing Companies of US$600,000. Such consideration was settled by Techcomp Scientific issuing 41,651 new shares of US$1.00 each of Techcomp

Scientific to the Company credited as fully paid, and the Company then assigned to Techcomp Hong Kong the balance of US$1,200,000 owing by Techcomp Scientific to the Company.

Following the listing on the SGX-ST in 2004, the Group made certain acquisitions which it targeted to develop its operations and markets in Europe. Further details of the acquisitions and disposal since the listing of the Company on the SGX-ST are set out below.

Acquisition of Richwell in July 2008

On 2 July 2008, the Company entered into a sale and purchase agreement with Independent Third Parties pursuant to which the Company agreed to purchase and the vendors agreed to sell 55 ordinary shares in Richwell (representing approximately 68% equity interest in Richwell), which held an 81% equity interest in Shanghai Sanco. The consideration for the aforesaid acquisition was RMB4,840,000 which was arrived at after arm's length negotiation between the parties with reference to the actual audited revenue and net profit after tax of Richwell and its 81%-owned subsidiary, Shanghai Sanco, for the financial year ending 31 December 2008. The consideration was fully settled on completion of such acquisition. Richwell is an investment holding company, while Shanghai Sanco principally operates a business of production and sales of diagnostic and analytical instruments and ancillary productions. The Directors were of the view that the acquisition of Richwell which in turn held the interest in Shanghai Sanco would lead the Group to achieve operational synergies and to further enhance the product offering of the Group.

Acquisition of HCC Group in July 2009, in October 2010 and in December 2010

In July 2009, the Group entered into a sale and purchase agreement with an Independent Third Party, by which it agreed to acquire a 75% equity interest in HCC, a company incorporated in France and based in Lyon, at a consideration of €1,950,000. Such consideration was determined after arm's length negotiation between the parties with reference to the market value of the assets and liabilities of HCC Group as at 30 June 2009 as shown in the valuation report prepared by BMI Appraisals Limited, an independent third party valuer which the general guidance as stated in IFRS 3 was adopted. The consideration was fully settled on completion of such acquisition. HCC held a 100% equity interest in each of Froilabo, Frilabor and Craponne.

Pursuant to the said sale and purchase agreement, the Group was also granted an option to acquire the remaining 25% equity interest in HCC, which the Group exercised such option to acquire each of 12.5% equity interest in HCC at a consideration of €325,000 in October 2010 and December 2010 respectively. Such consideration was fully settled.

At the time of the acquisition, HCC was an investment holding company, which directly held a 100% equity interest in Froilabo and Frilabor, and indirectly held a 100% equity interest in Craponne via Froilabo. HCC Group specializes in temperature control laboratory equipment, cryopreservation and blood-bank equipment. The acquisition of HCC Group increases the footprint of the Group in the European market.

Acquisition of Precisa Gravimetrics in February 2010

In February 2010, Graceful Sky entered into a sale and purchase agreement with Swiss Scale AG, an Independent Third Party, pursuant to which Graceful Sky agreed to purchase, and Swiss Scale AG agreed to sell, 400,000 shares of Precisa Gravimetrics (representing 80% of the equity interest in Precisa Gravimetrics) and 80% of the shareholders' loans due from Precisa Gravimetrics to Swiss Scale AG at a total consideration of CHF3,510,000. Such consideration was arrived at after arm's length negotiation between the parties with reference to the net asset value and net profit of Precisa Gravimetrics for the year ended 31 December 2009, and the fair value of the assets and liabilities of Precisa Gravimetrics as at 10 February 2010 as shown in the valuation report prepared by BMI Appraisals Limited, an Independent Third Party which the general guidance as stated in IFRS 3 was adopted. The consideration was fully settled. Precisa Gravimetrics is a company incorporated in Switzerland which manufactures analytical weighing and moisture analyzers. The Directors were of the opinion that such acquisition allowed the Group to expand its business operations by offering new products and to reach new geographical territories in Europe.

Establishment of Bibby HK in May 2008 and disposal of Bibby HK in July 2010

Bibby HK was incorporated in Hong Kong on 9 May 2008 and each of the Company and Bibby subscribed for 1 share of Bibby HK of HK$1 each. On 28 May 2008, the Company and Bibby entered into a shareholders' agreement pursuant to which (i) each of Bibby and the Company agreed to subscribe for, and Bibby HK agreed to allot and issue, 1,999,999 shares of HK$1 each of Bibby HK; (ii) the Company granted a call option to Bibby pursuant to which Bibby had the right to acquire the then entire holding of equity interest in Bibby HK held by the Company and all the loans and borrowings owed by Bibby HK to the Company; and (iii) Bibby granted a put option to the Company pursuant to which the Company had the right to dispose of the then entire holding of equity interest in Bibby HK and all the loans and borrowings owed by Bibby HK to the Company. The earliest exercise dates of both call option and put option were on 30 June 2010.

Upon completion of the subscription of 1,999,999 shares in Bibby HK as mentioned in (i) above, each of the Company and Bibby held 50% of the then equity interest of Bibby HK.

Bibby, a UK based company, is (i) one of the top 5 customers of the Group for the financial year ended 31 December 2010 in which the Group produced UV-vis spectrophotometer for Bibby on an OEM basis; and (ii) one of the top 5 suppliers of the Group during the Track Record Period in which the Group distribute Bibby's products. Bibby is an Independent Third Party. Bibby HK was established to manufacture a range of Bibby's products including hot plate, stirrer and shaker at the Group's Shanghai facility.

In July 2010, Bibby exercised the call option in accordance with the said shareholders' agreement, and entered into a share acquisition agreement with the Company pursuant to which (i) Bibby agreed to pay a call option consideration of £500,000 and a share transfer consideration of HK$2,000,000 in respect of the transfer of a 50% equity interest in Bibby HK held by the Company, and (ii) Bibby HK agreed to repay to the Company all amount

outstanding to the Company, which were settled in full. Although the Group does not hold any interests in Bibby HK upon completion of the said share transfer, the Group remains as Bibby's manufacturer to produce UV-vis spectrophotometer for Bibby through Shanghai Techcomp on an OEM basis as those immediately before completion of the said share transfer.

Key Milestones

The followings are the key milestones in the development of the Group:

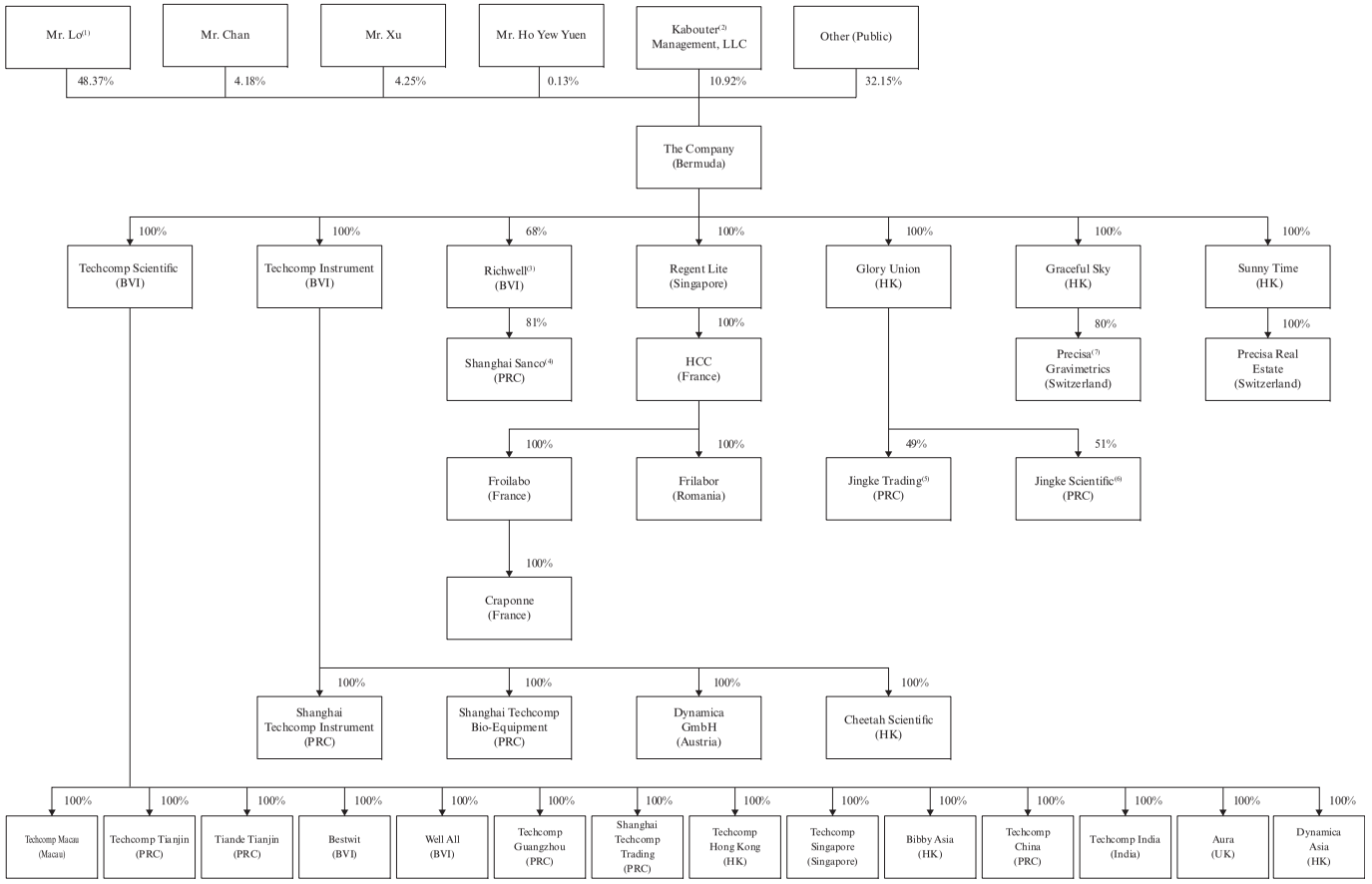
- January 1991 — Establishment of Techcomp Hong Kong
- June 1994 — Establishment of Shanghai Techcomp Instrument
- January 1997 — Shanghai Techcomp Instrument built a production plant in Shanghai with a total gross floor area of approximately 2,660 sq.m.
- August 2001 — Establishment of Shanghai Techcomp Trading
- April 2002 — Establishment of Techcomp Tianjin and Techcomp Guangzhou
- December 2002 — Techcomp Hong Kong purchased a production plant in Tianjin with a total gross floor area of approximately 1,292 sq.m..
- May 2003 — Shanghai Techcomp Instrument expanded its manufacturing operations by setting up an additional facility in Shanghai with a total gross floor area of approximately 1,700 sq.m.
- January 2004 — Incorporation of the Company in the Bermuda
- March 2004 — Incorporation of Techcomp Singapore in Singapore
- July 2004 — Listing of the Shares on the main board of the SGX-ST
- October 2005 — Establishment of a wholly owned subsidiary, Shanghai Techcomp Bio-equipment, in the PRC with the initial registered capital of US$500,000, which is principally engaging in the manufacturing of life science equipment
- July 2006 — Purchased a property located in Shanghai Caohejing Hi-Tech Park New Economic Zone, with a total gross floor area of approximately 10,257 sq.m.

- August 2006 — Disposal of the production plant in Tianjin to the Construction Development Council of Tianjin TEDA Construction Group Co., Ltd. (天津泰達建設集團有限公司) as commissioned by Tianjin Economic-Technological Development Area (天津經濟技術開發區建設發展局) for a consideration of approximately RMB2 million. The production in Tianjin production plant was then moved to Shanghai production plant
- September 2007 — Placement of 20,000,000 Shares at a placement price of S$0.6 for each placement share
- February 2008 — Establishment of a non-wholly owned subsidiary, Dynamica GmbH, which Techcomp Instrument held 70% equity interest in Dynamica GmbH while two Independent Third Parties held 30% of its equity interest
- May 2008 — Establishment of a wholly owned subsidiary, Bibby Asia, in Hong Kong with the issued share capital of HK$100,000, which is principally engaging in the distribution of scientific equipment
- May 2008 — Establishment of a jointly controlled entity, Bibby HK, with Bibby, an Independent Third Party, in Hong Kong with the issued share capital of HK$4,000,000. The Company held a 50% equity interest in Bibby HK which was principally engaged in the manufacturing of scientific equipment. Please refer to the paragraph headed "Establishment of Bibby HK in May 2008 and disposal of Bibby HK in July 2010" for in this section for details of Establishment of Bibby HK
- July 2008 — Acquisition of a 68% equity interest in Richwell. Please refer to the paragraph headed "Acquisition of Richwell in July 2008" in this section for details of such acquisition.
- July 2009 — Acquisition of a 75% equity interest in HCC Group. Please refer to the paragraph headed "Acquisition of HCC Group in July 2009, in October 2010 and in December 2010" in this section for details of such acquisition
- February 2010 — Acquisition of a 80% equity interest in Precisa Gravimetrics. Please refer to the paragraph headed "Acquisition of Precisa Gravimetrics in February 2010" in this section for details of such acquisition
- May 2010 — Issuance of bonus share of one bonus share for every two existing ordinary shares in the capital of the Company

- July 2010 — Disposal of a 50% equity interest in Bibby HK. Please refer to the paragraph headed "Establishment of Bibby HK in May 2008 and disposal of Bibby HK in July 2010" in this section for details of such disposal
- July 2010 — Two Independent Third Parties transferred all their respective shareholdings in Dynamica GmbH to Techcomp Instrument at par value. Upon completion of the aforesaid transfer, Techcomp Instrument owned the entire issued capital in Dynamica GmbH
- September 2010 — Establishment of a non-wholly owned subsidiary, namely Jingke Scientific, with SPSIC in Shanghai with the registered capital of RMB40 million. Glory Union held a 51% equity interest in Jingke Scientific, which was mainly engaged in manufacturing of analytical balance products in the PRC
- December 2010 — Acquisition of the remaining 25% equity interest in HCC Group has been completed. Please refer to the paragraph headed "Acquisition of HCC Group in July 2009, in October 2010 and in December 2010" in this section for details of such acquisition
- December 2010 — Acquisition of manufacturing plant in Switzerland, with a gross floor area of approximately 4,300 sq.m.
- February 2011 — Establishment of a wholly-owned subsidiary, Dynamica Asia, in Hong Kong with the issued share capital of HK$10,000

CORPORATE STRUCTURE

The following chart sets forth the shareholding structure of the Group immediately upon completion of the Listing (taking no account of any Shares which may be issued upon the exercise of options which have been granted under the Existing Share Option Scheme or which may be granted under the Share Option Scheme):



Notes:

(1) Mr. Lo, being the President and an executive Director, directly held 104,956,500 Shares (representing approximately 45.14% of total issued share capital of the Company) and is deemed to be interested in the Shares held by his spouse, Mrs. Lo, who has an interest in 7,500,000 Shares (representing approximately 3.23% of total issued share capital of the Company).

(2) As at the Latest Practicable Date, Kabouter Management, LLC is deemed interested in 25,384,000 Shares, held through Raffles Nominees Pte Ltd., owned by Kabouter Fund II (managed by Kabouter Management, LLC), Kabouter Fund I QP (managed by Kabouter Management, LLC) and Talon International select partners fund (managed by Kabouter Management, LLC).

(3) Richwell, a company established in BVI on 21 November 2002 and as to 68% owned by the Company and 32% owned by Shanghai Bing Yin Electric Co, Ltd., an Independent Third Party.

(4) Shanghai Sanco, a company established in the PRC on 15 December 1992 and which is 81% owned by Richwell and 19% owned by SPSIC.

(5) Jingke Trading, a company established in the PRC on 23 June 2010 and which is 49% owned by Glory Union and 51% owned by SPSIC. Jingke Trading is the associate of the Group.

(6) Jingke Scientific, a company established in the PRC on 1 September 2010 and which is 51% owned by Glory Union and 49% owned by SPSIC.

(7) Precisa Gravimetrics, a company established in Dietikon, Switzerland on 16 February 2006 and which is 80% owned by Graceful Sky and 20% owned by Mr. Jürg Strub, CEO of Precisa Gravimetrics.

The following table show (i) place of establishment/operation; and (ii) principal activities for each of the Group's subsidiaries:

Name of company	**Place of incorporation/ establishment/operation**	**Principal activities**
Directly-owned subsidiaries		
Glory Union	Hong Kong	Investment holding
Graceful Sky	Hong Kong	Investment holding
Regent Lite	Singapore	Investment holding
Richwell	BVI	Investment holding
Sunny Time	Hong Kong	Investment holding
Techcomp Instrument	BVI	Investment holding
Techcomp Scientific	BVI	Investment holding
Indirectly-owned subsidiaries		
Aura	United Kingdom	Sale of scientific instruments
Bestwit	BVI	Distributor and insurer of the Group's analytical and laboratory instruments
Bibby Asia	Hong Kong	Trading of analytical and laboratory instruments
Cheetah Scientific	Hong Kong	Inactive
Craponne	France	Manufacturing of industrial metallurgy

Name of company	Place of incorporation/ establishment/operation	Principal activities
Dynamica Asia	Hong Kong	Trading of analytical and laboratory instruments
Dynamica GmbH	Austria	Trading of analytical and laboratory instruments
Frilabor	Romania	Manufacturing and trading of analytical and laboratory instruments
Froilabo	France	Manufacturing and trading of analytical and laboratory instruments
HCC	France	Investment holding
Precisa Gravimetrics	Switzerland	Manufacturing and trading of analytical and laboratory instruments
Precisa Real Estate	Switzerland	Properties holding
Shanghai Sanco	PRC	Manufacturing and trading of analytical and laboratory instruments
Shanghai Techcomp Instrument	PRC	Manufacturing of analytical and laboratory instruments
Shanghai Techcomp Bio-Equipment	PRC	Manufacturing of analytical and laboratory instruments
Techcomp China	PRC	Trading of analytical and laboratory instruments
Techcomp Guangzhou	PRC	International extreport and commercial trade and exhibitions (within Free Trade Zone)
Techcomp Macau	Macau	Trading of analytical and laboratory instruments
Shanghai Techcomp Trading	PRC	International extreport and commercial trade and exhibitions (within Free Trade Zone)
Techcomp Singapore	Singapore	Trading of analytical and laboratory instruments
Techcomp Tianjin	PRC	International trade, consultancy of China and sales of clinical analytical instruments and basic medical testing equipment
Techcomp India	India	Trading of analytical and laboratory instruments
Jingke Scientific	PRC	Manufacturing and trading of analytical and laboratory instruments
Techcomp Hong Kong	Hong Kong	Trading of analytical and laboratory instruments
Tiande Tianjin	PRC	Trading of analytical and laboratory instruments
Well All	BVI/PRC	Provision of installation and maintenance services

This section sets out summaries of certain aspects of laws and regulations in the PRC, Macau, France, Switzerland, and India which are relevant to the Group's operation and business.

LAWS AND REGULATIONS IN THE PRC

1. Regulations relating to foreign investment and foreign enterprises

The establishment, operation and management of corporate entities in China are governed by the Company Law of the People's Republic of China (中華人民共和國公司法) which was promulgated by the Standing Committee of the National People's Congress on 29 December 1993, became effective on 1 July 1994, and subsequently amended on 25 December 1999, 28 August 2004 and 27 October 2005 (the "**Company Law**"). The Company Law shall also apply to foreign-invested companies.

The establishment procedures, approval procedures, registered capital requirement, foreign exchange, accounting practices, taxation and labor matters of a wholly foreign-owned enterprise are regulated by the Law of the People's Republic of China on Wholly Foreign Owned Enterprise (中華人民共和國外資企業法) (the "**WFOE**") which was promulgated on 12 April 1986 by the National People's Congress, amended and came into effect on 31 October 2000 and the Implementation Regulations of the Wholly Foreign-owned Enterprise Law of the PRC (中華人民共和國外資企業法實施細則) which was promulgated on 12 December 1990 by the State Council and amended on 12 April 2001(the "**WFOE Law and Regulations**").

Investment in the PRC conducted by foreign investors and foreign-owned enterprises is governed by the Guidance Catalogue of Industries for Foreign Investment (外商投資產業指導目錄) which was amended and promulgated on 31 October 2007 by the Ministry of Commerce of the PRC and the National Development and Reform Commission of the PRC and became effective on 1 December 2007 ("**The Guidance Catalogue**"). The Guidance Catalogue specifically divides foreign investment industries into three basic categories: encouraged, restricted and prohibited. Industries not listed in the Guidance Catalogue are generally open to foreign investment unless specifically barred in other PRC regulations.

The establishment procedures, approval procedures, registered capital requirement, foreign exchange, accounting practices, taxation and labor matters of a Chinese-foreign Equity Joint Venture are regulated by the Law of the People's Republic of China on Chinese-Foreign Equity Joint Ventures (中華人民共和國中外合資企業法) which was promulgated on 1 July 1979 by the National People's Congress and was amended and came into effect on both 4 April 1990 and 15 March 2001. The Implementation Regulations of the Law of the PRC on Chinese-Foreign Equity Joint Ventures (中華人民共和國外資企業法實施細則) (was promulgated on 20 September 1983 by the State Council and amended on 15 January 1986, 21 December 1986 and 22 July 2001 (the "**Laws on Chinese-Foreign Equity Joint Ventures and its Implementation Rules**").

Shanghai Techcomp Instrument, Shanghai Techcomp Bio-Equipment, Shanghai Techcomp Trading, Techcomp Tianjin, Techcomp Guangzhou, Tiande Tianjin, Techcomp China, Shanghai Sanco, Jingke Trading, SPSIC are WFOEs or Chinese-

Foreign Equity Joint Ventures incorporated in the PRC, and their incorporation, operation and management should comply with the Company Law, the Wholly Foreign-owned Enterprise Law and Regulations, the Law on Chinese-Foreign Equity Joint Ventures and its Implementation Regulations. As the industries in which Shanghai Techcomp Instrument, Shanghai Techcomp Bio-Equipment, Shanghai Techcomp Trading, Techcomp Tianjin, Techcomp Guangzhou, Tiande Tianjin, Techcomp China, Shanghai Sanco, Jingke Trading, SPSIC are engaged are not listed in the Guidance Catalogue (2007), they are therefore open to foreign investors.

According to the PRC Legal Advisers' opinion, the Company is not subject to Rules on the M&A of A Domestic Enterprise by Foreign Investors ("**No. 10 Rules**") amended and implemented on 8 September 2006.

No. 10 Rules shall be applicable to the following three kinds of situation under which foreign investors merge and acquire a domestic enterprise: (1) foreign investors purchasing the shares of a non-foreign-invested enterprise in China (domestic company) or the capital increase of a domestic company so as to convert this domestic company into a foreign-invested enterprise; (2) foreign investors establishing a foreign-invested enterprise and through this foreign-invested enterprise, purchase and operate the assets of a domestic enterprise by agreement; (3) foreign investors purchasing the assets of a domestic enterprise by agreement and using these assets to establish a foreign-invested enterprise to operate these assets.

As all the subsidiaries of the Company established in the PRC were foreign-invested enterprises as at the date of establishment; and the Company has not purchased and operated the assets of a domestic enterprise by agreement through its subsidiaries; and the Company has not purchased the assets of a domestic enterprise by agreement and used these assets to establish a foreign-invested enterprise to operate these assets, as such, the PRC Legal Adviser is of the opinion that the establishment of all these subsidiaries are not subject to No. 10 Rules.

2. Taxation

A. Income Tax

According to the newly promulgated Enterprise Income Tax Law (EIT) of the PRC (中華人民共和國企業所得税法) which was promulgated on 16 March 2007 by the National People's Congress and became effective on 1 January 2008 and the Implementation Rules of Enterprise Income Tax Law of the PRC (中華人民共和國企業所得税法實施條例) which was promulgated on 6 December 2007 by the State Council and became effective on 1 January 2008 (the "**Tax Law and its Implementation Rules**"), the income tax for both domestic and foreign-invested enterprises will be at the same rate of 25% effective from 1 January 2008. For those foreign-invested enterprises, the Tax Law and the Implementation Rules provide an interim period during which these enterprises may enjoy favourable taxes under some specific conditions.

Under the domestic EIT law, a nonresident enterprise that does not have a permanent establishment in China but earns Chinese-source dividends, interest, royalties, or capital gains is subject to withholding income tax on the dividends, interest, royalties, or capital gains at 10%. An entity will be regarded as a nonresident enterprise if it is incorporated under the laws of a foreign country or region and does not create its effective management office in China and if it has a permanent establishment in China or does not have a permanent establishment in China but derives Chinese-source income. The payer of the income is the statutory withholding agent and is liable to withhold the tax when each payment is made or due.

The current China-Hong Kong double taxation arrangement (DTA) provides for a 5 percent preferential income tax rate for some dividends and a 7% income tax rate for interest, and royalties. The 5% income tax rate for dividends will apply if the beneficial owner of the dividends is a company that holds directly at least 25 percent of the capital of the company paying the dividends.

A Hong Kong resident enterprise that derives Chinese-source dividends, interest income, or royalty income must be the beneficial owner of the income in order to qualify for the low income tax rate provided by the DTA, Under China's domestic tax rules a beneficial owner is a person who has the ownership and control rights of such income or of the rights or property arising from that income. A conduit company, which is created generally for purposes of evading or reducing taxes or shifting or sheltering profits, cannot be a beneficial owner. Such a conduit company is registered in a given country as an organization formed under applicable laws but does not carry out manufacturing, purchases and sales, management, and other actual business activities. In addition to domestic laws, treaty intent — avoidance of double taxation and prevention of tax evasion — and the substance-over-form principle must be used to determine the status of a beneficial owner on a case-by-case basis.

Under the DTA, China's tax paid by a Hong Kong resident in mainland China in accordance with the provisions of the DTA in respect of any item of income derived from sources in China will be allowed as a credit against Hong Kong tax imposed on that resident, subject to the provisions of the tax laws of Hong Kong relating to the allowance of a tax deduction and credit against the tax paid in any territory outside Hong Kong. However, the amount of the credit will not exceed the amount of Hong Kong tax in respect of that item of income computed in accordance with the tax laws and regulations of Hong Kong.

B. Value Added Tax

The Interim Value-added Tax Regulations of the PRC (中華人民共和國增值税暫行條例) was promulgated by the State Council on 13 December 1993 and became effective on 1 January 1994 and was amended on 5 November 2008. The amended Regulations, which took effect on 1 January 2009 specify that VAT is imposed at a rate of 17% on goods sold in or imported into the PRC and on processing, repair and replacement services provided within the PRC.

C. Business Tax

Under the Interim Business Tax Regulations of the PRC (中華人民共和國營業税暫行條例) which was promulgated on 13 December 1993 by the State Council and became effective on 1 January 1994 and was amended on 5 November 2008, the provision of taxable services, the assignment of intangible assets, and the sale of immovable property within China are within subject business tax at generally 3% to 5% of the taxable income. The taxable income is generally the gross income from the taxable transactions plus additional charges received by the taxpayer from the other contractual party (if any).

3. Contract Law

The Contract Law of the People's Republic of China (中華人民共和國合同法) ("**Contract Law**") was promulgated on 15 March 1999 by the National People's Congress and came into effect on 1 October 1999. In accordance with the Contract Law of the PRC, a contract is an agreement between natural persons, legal persons or other organizations with equal standing, for the purpose of establishing, altering, or discharging a relationship of civil rights and obligations.

An agreement concerning any personal relationship such as marriage, adoption, guardianship, etc. shall be governed by other applicable laws.

A lawfully formed contract is legally binding on the parties. The parties shall perform their respective obligations in accordance with the contract, and neither party may arbitrarily amend or terminate the contract. A lawfully formed contract is protected by law.

4. Environmental Protection Law

The companies in the PRC are subject to various environmental protection laws and regulations. In accordance with the Environmental Protection laws of the People's Republic of China (中華人民共和國環境保護法) promulgated on 26th December 1989 by the Standing Committee of National People's Congress, the Administration Supervisory Department of Environmental Protection of the State Council sets the national guidelines for the discharge of pollutants. The provincial and municipal governments of provinces, autonomous regions and municipalities may also set their own guidelines for the discharge of pollutants within their own provinces of districts in the event that the national guidelines are inadequate, or, if there has been national guidelines for a particular pollutant discharge, the pollutant discharge criteria set forth in the guidelines of the provinces, autonomous regions and municipalities are stricter than those in the national guidelines.

A company or enterprise which causes environmental pollution and discharge other polluting material which endangers the public should implement environmental protection methods and procedures into their business operations. This may be achieved by setting up a system of accountability within the company's business structure for environmental protection, adopting effective procedures to prevent environmental hazards such as waste gases, water and residues, dust powder, radioactive materials and noise arising from production, construction and other activities from polluting and endangering the

environment. The environmental protection system and procedures should be implemented simultaneously with the commencement of and during the operation of construction, production and other activities undertaken by the company.

Any company or enterprise discharging pollutants should report to and register with the relevant authorities. Company and enterprise discharging pollutants in excess of the prescribed national or local discharge standards should pay a fee for excessive discharge according to state provisions and shall assume responsibility for eliminating and controlling the pollution.

5. Manufacturing and selling of medical devices/appliances

According to the Regulation on the Supervision and Administration of Medical Devices (醫療器械監督管理條例) promulgated on 4 January 2000 by the State of Council and implemented on 1 April 2000, any entity or individual engaged in the research and development, production, trading, use, or supervision and administration of medical devices shall abide by this Regulation. The government has implemented a product manufacturing registration system for medical devices. The term for the registration certificate of medical devices is four years. It is also provided that medical device production enterprises should obtain product production registration certificate upon approval form drug administration authorities before production of the medical devices. Medical device enterprises should file to the drug administration authorities or issued with Medical Device Distributing Enterprise License before commencement of operation, the term of Medical Device Distributing Enterprise License is 5 years.

The establishment of medical device production enterprises is governed under the Measures for Supervision and Administration of Medical Device Production (醫療器械生產監督管理辦法) which was regulated by the State Food and Drug Administration and became effective on 20 July 2004. An enterprise which passes the inspection and examination will be issued with the Medical Device Production Enterprise License for a term of 5 years. The State Food and Drug Administration is responsible for the administration and supervision of medical device production enterprises. These Measures also provided for the administration of toll manufacturing of medical device.

Supervision and administration of medical device production refers to the administrative activities carried out by the (food) drug administration departments in accordance with the law such as examining the conditions and process of medical device production, granting permits, conducting supervision and inspections, etc.

The Measures for the Administration of Permits for Medical Device Operation Enterprises (醫療器械經營企業許可證管理辦法) which became effective on 9 August 2004 mainly regulate the issuance, replacement, modification, supervision and administration of the Permits for Medical Device Operation Enterprises.

In accordance to the Measures for the Administration of Medical Device Registration(醫療器械註冊管理辦法) which became effective on 9 August 2004, medical device registration means the process of carrying out systematic appraisal pursuant to legal procedures on the security and utility of the medical devices to be sold on the market and to

be used in order to decide whether or not to approve their sale and use. Any entity who wishes to sell or use medical devices within the territory of the PRC shall apply for registration in accordance with these Measures, and no medical device shall be sold or used without being approved for registration.

The Notice of State Food and Drug Administration on Strengthening the Administration over the Import and Use of Drugs and Medical Devices (關於加強藥品醫療器械進口和使用管理的通知) which became effective on 12 October 2010 regulates the purchase and usage of imported drugs and medical device for import medical entities.

The Provision of Administration of Medical Device Product Standard (trial)(醫療器械標準管理辦法(試行)) which became effective on 1 May 2002 governs the standards of medical device and administration and supervision.

6. Social Insurance and Housing Provident Funds

According to the Social Insurance Law of the People's Republic of China (中華人民共和國社會保險法), which was promulgated by the Standing Committee of the National People's Congress on 28 October 2010 and became effective on 1 July 2011, all citizens are entitled to enjoy five forms of insurance: endowment insurance, medical insurance, employment injury insurance, unemployment insurance and maternity insurance. The law guarantees the rights of citizens to legally obtain material assistance from the government in case of old age, illness, work-related injuries, unemployment and childbirth.

According to the Interim Regulation on the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例), which was promulgated by the State Council on 22 January 1999 and became effective on 22 January 1999, the Regulations shall be application to the collection and payment of basic pensions, basic medical insurance, premiums and unemployment insurance premiums.

According to the Regulation on the Administration of Housing Accumulation Funds (住房公積金管理條例), which was promulgated on 3 April 1999 and became effective on 3 April 1999, and amended on 24 March 2002 by the State Council, it shall apply to the deposit, withdrawal, use, management and supervision of housing accumulation funds within the PRC.

7. Foreign Exchange Control

The principal regulation governing foreign currency exchange in China is the Foreign Exchange Control Regulations of the People's Republic of China (中華人民共和國外匯管理條例) which was promulgated on 29 January 1996 by the State of Council which came into effect on 1 April 1996 and amended on 14 January 1997 and 1 August 2008.

In addition to the Foreign Exchange Control Regulations of the People's Republic of China (中華人民共和國外匯管理條例), the companies in the PRC are also subject to the Announcement on the Implementation of Sale and Purchase of Foreign Exchange for the Foreign Investment Enterprises (關於對外商投資企業實行銀行結售匯的公告) promulgated

on 20 June 1996 and the Regulations on Sale and Purchase of and Payment in Foreign Exchange (結匯、售匯及付匯管理規定) promulgated on 20 June 1996 and came into effect on 1 July 1996 in respect of their foreign exchange transaction.

As the subsidiaries of the Company with rights and interests within PRC are incorporated as foreign investment companies and their overseas shareholders are not PRC residents, Notice No. 75 are not applicable to them.

8. Regulations relating to employment issues

The Law on Employment Contracts of the People's Republic of China (中華人民共和國勞動合同法) which was promulgated on 29 June 2007 by the Standing Committee of the National People's Congress and became effective on 1 January 2008 and the implementation regulation of the Employment Contracts Law (中華人民共和國勞動合同法實施細則) ("**Employment Contracts Law and its Implementation Regulations**") govern the establishment of employment relationships and the conclusion, performance, amendment, and termination of employment contracts between organizations such as enterprises, individual economic organizations and private non-enterprise units and employees in the PRC. According to the Employment Contracts Law and its Implementation Regulations, the employment relationship between an employer and an employee is established on the date it starts using the employee and a written employment contract shall be concluded.

Pursuant to the PRC Labour Law (中華人民共和國勞動法) (the "**Labour Law**") which became effective on 1 January 1995, wages paid to employees shall not be lower than the minimum wage standard of the locality and an employer shall establish and perfect the labour safety and health care system, strictly implement the labour safety and health care regulations and standards of the State, carry out labour safety and health care education, provide the employees with labour safety and health conditions and necessary protective gear conforming to the stipulations by the State and provide regular body check-ups to employees engaging in hazardous jobs.

According to both the Employment Contracts Law and its Implementation Regulations and the Labour Law, labour contracts shall be entered into from the date on which an employer employs an employee. Enterprises must provide wages which are no lower than local minimum wage standards to our employees. Enterprises are required to establish a system for labour safety and sanitation, strictly abide by State rules and standards and provide relevant education to their employees. Enterprises are also required to provide employees with safe and sanitary labour conditions that meet State rules and standards and carry out regular health examinations of employees engaged in dangerous occupations.

9. Anti-Unfair Competition Law

The principal legal provisions government the competition among the business operators are set out in the Anti-Unfair Competition Law of the PRC (中華人民共和國反不正當競爭法), which was promulgated by the Standing Committee of the National People's Congress on 2 September 1993 and became effective on 1 December 1993. According to the Anti-Unfair Competition Law, the governments in all levels shall adopt

methods to prohibit unfair competition. The Bureau of Industrial and Commercial Management of the People's Government shall supervise unfair competition over the country level.

10. Anti-Monopoly Law

Pursuant to the Anti-Monopoly Law of the PRC (中華人民共和國反壟斷法), which was promulgated on 30 August 2007 and became effective on 1 August 2008 by the Standing Committee of the National People's Congress, it shall apply to the monopolistic conducts in economic activities within the territory of the PRC. The Anti-Monopoly Law shall also apply to the monopolistic conducts outside the territory of the PRC that has the effect of eliminating or restricting competition on the domestic market of China.

11. Intellectual Property Rights

A. Patent

The Patent Law of the PRC (中華人民共和國專利法) (the "**Patent Law**") was revised on 27 December 2008 by the Standing Committee of the National People's Congress and became effective from 1 October 2009. According to the Patent Law, "invention-creation" means inventions, utility models and designs. The Patent Office of the PRC shall accept and examine patent applications and grant patent rights for invention-creations that conform to the provisions of the Patent Law.

B. Trademark

According to the Trademark Law of the PRC (中華人民共和國商標法) (the "**Trademark Law**"), which was promulgated on 19 January 1985 and became effective on 1 April 1985, and was later amended on 22 February 1993 and 27 October 2001 by the Standing Committee of the National People's Congress, the Trademark Office of the administrative department for industry and commerce under the State Council shall be in charge of the trademark registration and administration throughout the country.

Registered trademarks are those that have been approved and registered by the Trademark Office and they include commodity trademarks, service trademarks, collective marks and certification marks. The trademark registrants shall be entitled to the right to exclusive use of their trademarks and shall be protected by law.

The Regulations for the Implementation of the Trademark Law of the PRC (中華人民共和國商標法實施條例) have been enacted on the basis of Trademark Law. The use of trademarks as mentioned in the Trademark Law and the Regulations refers to affixing trademarks to commodities, commodity packages or containers as well as commodity exchange documents or using trademarks to advertisements, exhibitions and other commercial activities.

12. Judicial System

The Law of Organization of the People's Courts (中華人民共和國人民法院組織法) was promulgated on 1 July 1979, amended on 2 September 1983 and 2 December 1986 by the National Peoples Congress. The Peoples Courts comprise the supreme peoples court, the local peoples courts, military courts and other special peoples courts. The local peoples courts are divided into three levels, namely, the basic peoples courts, intermediate peoples courts and higher peoples courts. The judicial functions of peoples courts at lower levels are subject to supervision of peoples courts at higher levels. The peoples procuratorates also have the right to exercise legal supervision over the proceedings of peoples courts of the same and lower levels. The supreme peoples court is the highest judicial organ of the PRC. It supervises the administration of justice by the peoples courts of all levels.

Civil Procedure Law of the People's Republic of China (中華人民共和國民事訴訟法) was promulgated on 28 October 2007 by the National People's Congress and came into effect on 1 April 2008. It contains regulations on the institution of a civil action, the jurisdiction of the people's courts, the procedures in conduction a civil action, trial procedures and procedures for the enforcement of a civil judgment or order.

The Arbitration Law of the People's Republic of China (中華人民共和國仲裁法) was promulgated on 31 August 1994 by and came into effect on 1 September 1995. When a dispute arises from the foreign economic, trade, transport or maritime activities of the PRC, if the parties have reached a written agreement to submit the dispute for arbitration to the arbitration agency of the PRC, they shall not bring a suit in a people's court. An arbitration award is final and binding on the parties and if a party fails to comply with an award, the other party may apply to the people's court for enforcement.

LAWS AND REGULATIONS IN MACAU

Operation of commercial offshore

Under the Decree-Law No. 58/99/M of Macao SAR effective from 1 November 1999, investors can operate offshore business in Macao and enjoy tax exemption incentives, provided that their operations are in accordance with the applicable offshore legislative provisions and local statutory requirements.

To operate offshore service business in Macao, the investors must abide by the following rules:

1. To use only non-Macao currency in their activities

2. To target only non-Macao residents as customers

3. To focus only no non-Macao markets

Pursuant to the laws and regulations of Macau, the legal regime in relation to the principal business activities of Techcomp Macau is based on Decree Law No. 58/99/M of 18 October 1999 ("**Law of Offshore Business**") and mainly regulated by the Macao Trade and Investment Promotion Institute (澳門貿易投資促進局) ("**IPIM**").

Under the Law of Offshore Business, Techcomp Macau is required to obtain authorization of registration from the Macao Trade and Investment Promotion Institute for the establishment of a commercial offshore company. Techcomp Macau has duly obtained the authorization of offshore services and has been authorized to establish and operate as a commercial offshore company in Macau to conduct is principal business activities pursuant to the certificate of authorization of offshore services no. DSO/037/2006.

As an authorized commercial offshore company, Techcomp Macau shall comply with all the regulations and conditions stated under the Law of Offshore Business, including that Techcomp Macau is not allowed to conduct any trade or business activities with residents of Macau or carry through any transactions in Patacas except such transactions which are necessary for the constitution or operation of the commercial offshore company. The Law of Offshore Business further regulates that Techcomp Macau shall adopt and prepare its financial statements in accordance with the generally accepted accounting principles of Macau and must be operated at a single location.

Furthermore, the Law of Offshore Business specially prohibits Techcomp Macau to proceed with any operations and activities reserved to the credit institutions, financial companies, financial agencies and insurers by laws of Macau. Techcomp Macau shall submit the annual accounting and audit reports with the related audited financial statements to the IPIM every accounting period, otherwise, the authorization of offshore services will be revoked and fine and cautious measures will be imposed in accordance with the Law of Offshore Business.

Taxation

As Techcomp Macau is established as an offshore company in Macau based on Law of Offshore Business. Techcomp Macau is applicable of the taxation regime stated in the Law of Offshore Business. The Macau Legal Advisers advise that the business operations of Techcomp Macau were in compliance with the Macau offshore law and therefore should be exempted from complementary tax ("所得補充税"), industrial tax ("營業税") and stamp duties ("印花税") on: (i) insurance policies concerning offshore risks; (ii) contracts established with entities with registered headquarter outside Macau; (iii) bank transactions carried out within the scope of offshore business; and (iv) its incorporation and any increase in its share capital. As such, no tax is payable on the revenue/profits of Techcomp Macau and Techcomp Macau is also exempted from stamp duties on transactions carried out within the scope of its offshore business, including but not limited to receive sale orders from overseas customers, issue relevant debt note to overseas customers and relevant administration work. In addition, there is no dividend withholding tax chargeable under the tax regime in Macau, dividend withholding taxes are not applicable to Techcomp Macau.

Labour related matters

The legal regime in relation to labour matters in Macau is mainly based on the following legislations:

18 October 1993 — Decree Law No. 58/93/M (approval of social security regime);

14 August 1995 — Decree Law No. 40/95/M (approval of legal regime of reparation of damages caused by industrial accidents and occupational diseases);

22 May 1989 — Decree Law No. 37/89/M (approval of general regulation of working safety and hygiene of office, service and commercial establishment);

18 February 1991 — Decree Law No. 13/91/M (determination of sanctions for the incompliance of general regulation of working safety and hygiene of office, service and commercial establishments);

29 July 1998 — Law No. 4/98/M (Framework Law on Employment Policy and Worker's Rights);

2 August 2004 — Law No. 6/2004 (Law of Illegal Immigration and Expulsion);

14 June 2004 — Administrative Regulation No. 17/2004 (Regulation on Prohibition of Illegal Work);

18 August 2008 — Law No. 7/2008 (Labour Relation Law);

27 October 2009 — Law No. 21/2009 (Law of Hiring non residents workers);

11 August 2010 — Law No. 4/2010 (Social Security Regime).

The legal regime of labour matters in Macau is developed based on 27 July 1998 — Law No. 4/98/M (Framework Law on Employment Policy and Worker's Rights) which prescribes general principles and directions of labour legislations in different aspects.

In addition to the above-mentioned legislations, 18 August 2008 — Law No. 7/2008 (Labour Relation Law) plays an important role in the labour legal regime which has become effective since 1 January 2009 and has replaced the "old labour law" — 3 April 1989 — Decree-Law No. 24/89/M (Macau Labour Relations). It stipulates the basic requirements and conditions for all labour relations. In general, such requirements and conditions stipulated cannot be waived by mutual agreement. All the working conditions of labour relations should not be worse than the basic conditions stipulated in such law.

As an employer, Techcomp Macau shall comply with the conditions required under 22 May 1989 — Decree Law No. 37/89/M (approval of general regulation of working safety and hygiene of office, service and commercial establishment) for its working places in order to provide a safe and clean working condition for its employees, failing which fine and

cautious measures will be imposed on Techcomp Macau according to 18 February 1991 — Decree Law No. 13/91/M (determination of sanctions for the incompliance of general regulation of working safety and hygiene of office, service and commercial establishments).

Pursuant to the statutory requirements stipulated under 18 October 1993 — Decree Law No. 58/93/M (approval of social security regime) 4 August 1995 — Decree Law No. 40/95/M (approval of legal regime of reparation of damages caused by industrial accidents and occupational diseases), and 11 August 2010 — Law No. 4/2010 (Social Security Regime). Techcomp Macau is obliged to participate and contribute to the mandatory social security funds and to obtain compulsory industrial accident insurance for its employees in Macau in accordance with relevant applicable legislations, failing which an administrative fine will be imposed on Techcomp Macau as legal sanction.

All employees of Techcomp Macau are required to be Macau residents, non-permanent or permanent, holders of working permits in case of foreign workers. Hiring of non-resident workers by Techcomp Macau shall comply with the 27 October 2009 — Law No. 21/2009 (Law of Hiring non-resident workers) to obtain the working permits for foreign workers. Except for certain limited situations stated under 14 June 2004 — Administrative Regulation No. 17/2004 (Regulation on Prohibition of Illegal Work) workers other than Macau residents or holders of working permits will be considered as illegal workers in Macau and the employers will be criminally liable under 2 August 2004 — Law No. 6/2004 (Law of Illegal Immigration and Expulsion) and subject to an administrative fine according to the abovementioned administrative regulation.

The regulatory authorities in charge of labour safety, social security regime and insurance matters are the Labour Department of Macau (澳門勞工事務局), Social Security Fund of Macau (澳門社會保障基金) and Monetary Authority of Macau (澳門金融管理局), respectively.

LAWS AND REGULATIONS IN FRANCE

Export, Import and Anti-dumping

The Council Regulation (EC) No. 1061/2009 establishes common rules for exports from European Union based on the principle of freedom of export and defines the procedures enabling the European Union to implement, where necessary, the surveillance and protective measures required.

The Council Regulation (EC) No. 260/2009 establishes common rules for imports lays down the principle of freedom to import products originating in non-European Union (EU) countries, subject to possible safeguard measures. This regulation applies to imports into the EU of products originating in non-EU countries except for textile products covered by special rules for imports and products originating from non-EU countries which are subject to that country's own import rules.

The Council Regulation (EC) No 1225/2009 on protection against dumped imports from countries not members of the European Community transposes the anti-dumping rules contained in the Agreement on Implementation of Article VI of the General Agreement on

Tariffs and Trade 1994 into European Union (EU) law. It sets out the rules, including those relating to the calculation of dumping, procedures for initiating and pursuing an investigation, the imposition of provisional and definitive measures, and the duration and review of anti-dumping measures. During the Track Record Period, there was no imposition or tariffs on the Group's products.

Taxation

Value Added Tax

France comes under the EU VAT regime and is part of the European Union single market economy. VAT Directives are issued by the EU which lay out the principles of the VAT regime to be adopted by the member states. These Directives take precedent over the local legislation. The French VAT law is contained within the General Tax Code. It is administered by the Direction Generale des Douanes et Droits Indirect.

Withholding Tax

The French Withholding Tax law was updated on 31st December 2009. A certain percentage of withholding applies to dividends paid by French companies subject to corporation tax to non-French beneficiaries (companies or individuals), with two significant exceptions: (a) dividends paid to an EU-based parent corporation are exempt from the withholding tax, subject to certain conditions; (b) most double tax treaties provide for a reduction or a cancellation of the withholding tax, but it should be noted that specific filings are required for the application of the treaty rate or the exemption. Hong Kong, Macau and Singapore are not listed by France as a Non-Cooperative Countries and therefore the beneficiaries of dividends or interests paid by French companies can claim the application of the reduced withholding tax rate.

Corporation Tax

Joint-stock and simplified joint-stock corporations (SA and SAS) and limited liability companies (SARL) are all subjected to the general status of corporate income tax, which is a tax on the net income of corporations (33, 1/3% of the net income).

LAWS AND REGULATIONS IN SWITZERLAND

Establishment, Operation and Management of a Swiss Stock Corporation

The establishment, operation and management of corporate entities in Switzerland is governed by the Swiss Code of Obligations of 30th March 1911 as from time to time amended. The Swiss Code of Obligations governs the incorporation, the corporate governance, share transfer, change of registered capital and other aspects of companies. Merger, demerger and similar transactions are governed by the Federal Act regarding Merger, Demerger, Conversion and Transfer of Assets and Liabilities of 3 October 2003.

Environmental Protection

The Federal Act of 7 October 1983 on the Protection of the Environment ("**Environment Protection Act**") intends to protect people, animals and plants, their biological communities and habitats against harmful effects or nuisances and to preserve the natural foundations of life sustainably, in particular biological diversity and the fertility of the soil. Early preventive measures must be taken in order to limit effects which could become harmful or a nuisance. Anyone who causes measures to be taken under the Environment Protection Act must bear the costs.

Unfair Competition

The Federal Act of 19 December 1986 on Unfair Competition ("**Unfair Competition Act**") is to ensure fair and undistorted competition in the interest of all concerned. Any behavior or business practice that is deceptive or that in any other way infringes the principle of good faith and which affects the relationship between competitors or between suppliers and customers shall be deemed unfair and unlawful.

Pursuant to the Unfair Competition Act, a person shall be deemed to have committed an act of unfair competition, if he:

(a) disparages another person, his goods, his works, his services, his prices or his business circumstances by incorrect, misleading or needlessly injurious statements;

(b) makes incorrect or misleading statements in respect of himself, his undertaking, his trade name, his goods, his works, his services, his prices, his stock or his business circumstances or who, by such statements, favors one party to the detriment of competitors;

(c) takes steps that are such as to cause confusion with the goods, works, services or businesses of others;

(d) compares in an incorrect, misleading, needlessly injurious or imitative manner his person, his goods, his works, his services or his prices with those of a competitor or who, by such comparison, favors one party to the detriment of its competitors;

(e) repeatedly offers a selection of goods, works or services below cost price and makes particular mention of such offer in his advertising, thus misleading the customers as to his own capabilities or those of his competitors; deception shall be presumed where the selling price is lower than the cost price for comparable purchases of goods, works or services of the same type; where the defendant is able to establish the effective cost price, that price shall be decisive for the judgment;

(f) misleads the customers, by means of gifts, as to the effective value of the offer;

(g) impairs the customer's freedom of decision by using particularly aggressive sales methods;

(h) misleads the customers by obscuring the quality, quantity, purpose, utility or danger of goods, works or services;

(i) induces a customer to break a contract in order to conclude a contract with him.

Customs Tariff

All goods imported or exported across the Swiss customs border shall be presented for clearance in accordance with the Federal Act of 9 October on Customs Tariff ("**Customs Tariff Act**"). No duty is paid on the export of goods that are not listed in the export tariff.

As the European Union's legislation concerning "antidumping" in Switzerland not applies and Switzerland has not established any rules in this field yet, the Federal Council might issue under the Customs Tariff Act provisions in order to prevent any unfair effects that clearance may entail.

Taxation

Corporate Income Tax

The Swiss tax system is characterized by various levels of direct taxation: direct federal tax as well as cantonal and municipal taxes. These taxes are levied on the income (profit) of a corporation. The federal corporate income tax rate is currently at 8.5%, while the cantonal tax rates vary considerably and such rates are general progressive depending on different factors. The corporate income tax is governed by the Federal Act of 14 December 1990 on Direct Federal Taxes.

Withholding Tax

Pursuant to the Federal Act of 13 October 1965 on Withholding Taxes, the distribution of a corporation's profits, e.g. in the form of dividends or other kinds of distribution, is subject to the Swiss Confederation's withholding tax. The withholding tax is levied at source and currently at a rate of 35 %. A refund of this tax depends on whether the double taxation treaty between Switzerland and the country of residence of the recipient provides for a refund.

Value-added tax

Pursuant to Federal Law of 12 June 2009 on Value Added Tax, supplies of goods and services within the territory of Switzerland give rise to value added tax (VAT) which is levied on gross sales. Liability for value added tax begins as soon as domestic gross sales reach a lever of CHF 75,000 per annum. The normal rate is 8%. Turnover derived from the supply of goods and services to customers abroad is exempted from value added tax.

LAWS AND REGULATIONS IN INDIA

The Companies Act, 1956

The Companies Act, 1956 deals with laws relating to companies and certain other associations. The Companies Act, 1956 primarily regulates the formation, financing, functioning and winding up of companies. The Companies Act, 1956 prescribes regulatory mechanism regarding all relevant aspects including organizational, financial and managerial aspects of companies. Regulation of the financial and management aspects constitutes the main focus of the Companies Act, 1956. In the functioning of the corporate sector, although freedom of companies is important, protection of the investors and shareholders, on whose funds they flourish, is equally important. The Companies Act, 1956 plays the balancing role between these two competing factors, namely, management autonomy and investor protection.

Foreign Direct Investment

Foreign investment in India is primarily governed by the provisions of the Foreign Exchange Management Act, 1999 ("**FEMA**") and the rules and regulations promulgated there under. The RBI, in exercise of its powers under FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("**FEMA Regulations**") which prohibit, restrict and regulate, transfer or issue of securities, to a person resident outside India. Pursuant to the FEMA Regulations, no prior consent or approval is required from the Reserve Bank of India ("**RBI**") for foreign direct investment under the "automatic route" within the specified sectoral caps prescribed for various industrial sectors. In respect of all industries not specified under the automatic route, and in respect of investments in excess of the specified sectoral limits under the automatic route, approval for such investment may be required from the Foreign Investment Promotion Board and/or the RBI. Further, FIIs may purchase shares and convertible debentures of an Indian company under the portfolio investment scheme through registered brokers on recognized stock exchanges in India. Regulation 1 (4) of Schedule II of the FEMA Regulations provides that the total holding by each FII or Securities and Exchange Board of India approved sub-account of an FII shall not exceed 10% of the total paid-up equity capital of an Indian company or 10% of the paid-up value of each series of convertible debentures issued by an Indian company and the total holdings of all FIIs and sub accounts of FIIs added together shall not exceed 24% of the paid-up equity capital or paid-up value of each series of convertible debentures. However, this limit of 24% may be increased up to the statutory ceiling as applicable, by the Indian company concerned passing a resolution by its board of directors followed by the passing of a special resolution to the same effect by its shareholders.

Foreign Trade (Development and Regulation) Act, 1992

The Foreign Trade (Development and Regulation) Act, 1992 seeks to increase foreign trade by regulating the imports and exports to and from India. This legislation read with the Indian Foreign Trade Policy, 2004 provides that no export or import can be made by a person or company without an importer exporter code number unless such person or company is specifically exempt. An application for an importer exporter code number has

to be made to the office of the Joint Director General of Foreign Trade, Ministry of Commerce. An importer-exporter code number allotted to an applicant is valid for all its branches, divisions, units and factories.

Taxation

Income-tax Act, 1961

The Income Tax Act, 1961 deals with the taxation of individuals, partnership firms and others. As per the provisions of the Income Tax Act, 1961 the rates at which they are required to pay tax is calculated on the income declared by them or assessed by the authorities, after availing the deductions, exemptions and concessions accorded under the Income Tax Act, 1961. The maintenance of Books of Accounts and relevant supporting documents and registers are mandatory under the Income Tax Act, 1961. Filing of returns of Income is compulsory for all assesses.

*Central Sales Tax Act ("**CST**")*

The main object of the CST is to formulate principles for determining (a) when a sale or purchase takes place in the course of trade or commerce (b) When a sale or purchase takes place outside a State (c) When a sale or purchase takes place in the course of imports into or export from India, to provide for levy, collection and distribution of taxes on sales of goods in the course of trade or commerce, to declare certain goods to be of special importance trade or commerce and specify the restrictions and conditions to which State laws imposing taxes on sale or purchase of such goods of special importance (called as declared goods) shall be subject. CST imposes the tax on inter state sales and states the principles and restrictions as per the powers conferred by Constitution of India.

*Value Added Tax ("**VAT**")*

VAT is a system of multi-point levy on each of the purchases in the supply chain with the facility of set-off input tax on sales whereby tax is paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. VAT is based on the value addition of goods, and the related VAT liability of the dealer is calculated by deducting input tax credit for tax collected on the sales during a particular period. VAT is a consumption tax applicable to all commercial activities involving the production and distribution of goods and the provisions of services, and each state that has introduced VAT has its own VAT Act, under which, persons liable to pay VAT must register and obtain a registration number from Sales Tax Officer of the respective state.

Excise duty

Excise duty is levied on the manufacture or production of goods in India and is collected at the time of removal of the goods from the place where they are manufactured or produced. It is levied under the provisions of the Central Excise Act, 1944 and is generally paid on the transaction value of the goods at the rates mentioned in the Central Excise Tariff Act, 1985. The rate of excise duty depends on the classification of the goods in the Tariff Act. Currently, the peak rate of excise duty is 10.30% (including education cess at the

rate of 2% and secondary and higher education cess at the rate of 1%). However, the Government has the power to declare exemptions from the whole or a part of the excise duty chargeable. In addition, location based incentives have also been specified by the Government.

Master Circular on Import of Goods and Services

The Reserve Bank of India issues a Master Circular on Import of Goods and Services every year on July 1. Import of goods into India is allowed in terms of Section 5 of the Foreign Exchange Management Act 1999 (42 of 1999), read with the Foreign Exchange Management (Current Account) Rules, 2000 as amended from time to time. Import trade is regulated by the Directorate General of Foreign Trade under the Ministry of Commerce & Industry, Department of Commerce, Government of India. Authorised Dealer Category — I ("**AD Category — I**") banks are required to ensure that the imports into India are in conformity with the Foreign Trade Policy in force and Foreign Exchange Management (Current Account Transactions) Rules, 2000 framed by the Government of India vide Notification No. G.S.R.381 (E) dated 3 May 2000 and the Directions issued by Reserve Bank under Foreign Exchange Management Act, 1999 from time to time. AD Category — I banks may also advise importers to ensure compliance with the provisions of Income Tax Act, wherever applicable.

Standards of Weights and Measures Act, 1976

The Standards of Weights and Measures Act, 1976 and the relevant rules made there under apply to any packaged commodity that is sold or distributed. It provides for standardization of packages in specified quantities or numbers in which the manufacturer, packer or distributor shall sell, distribute or deliver some specified commodity to avoid undue proliferation of weights, measures or number in which such commodities may be packed. Any person intending to pre-pack or import any commodity for sale, distribution or delivery has to make an application to the Director of Legal Metrology for registration.

Standards of Weights and Measures Enforcement Act, 1985

The Standards of Weights and Measures Enforcement Act, 1985 regulates the classes of weights and measures manufactured, sold, distributed, marketed, transferred, repaired or used and the classes of users of weights and measures. The Standards of Weights and Measures Enforcement Act, 1985 was passed with a view of regulating and modernizing the standards used in India based on the metric system. The units of weight which are sought to be used in day to day trade are required to be periodically inspected and certified by the designated authorities under the Standards of Weights and Measures Enforcement Act, 1985 for their accuracy.

Competition Act, 2002, ("Competition Act")

The Competition Act, has been enacted to prevent anti-competitive practices, promote and sustain competition, protect the interests of consumers and ensure freedom of trade in markets in India.

As per the notified sections of the Competition Act, entering into agreements between enterprises which inter alia affect the prices, supply, distribution or other such collusive arrangements are anti-competitive in nature and are prohibited under Section 3 of the Competition Act. Section 4 of the Competition Act, prohibits an enterprise that is in a dominant position from abusing its dominant position. Further, Section 5 of the Competition Act provides the assets/turnover thresholds applicable to acquisitions, merger and amalgamations in order to determine whether the transaction would be regarded as a combination for the purposes of the Competition Act. Section 6 of the Competition Act which provides for regulation of 'combinations' has been notified with effect from 1 June 2011.

Environment (Protection) Act, 1986

The Environment (Protection) Act, 1986 was enacted as a general legislation to safeguard the environment from all sources of pollution by enabling coordination of the activities of the various regulatory agencies concerned, to enable creation of an authority with powers for environmental protection, regulation of discharge of environmental pollutants etc. The purpose of the Environment (Protection) Act, 1986 is to act as an "umbrella" legislation designed to provide a frame work for Central government co-ordination of the activities of various central and state authorities established under previous laws, such as Water Act & Air Act. It includes protection of water, air and land and the inter-relationships which exist among water, air and land, and human beings and other living creatures, plants, micro-organisms and property.

LAWS AND REGULATIONS IN SINGAPORE

In Singapore, the Company has two subsidiaries, namely Techcomp Singapore which is a trading subsidiary used for the distribution of the Company's products and Regent Lite which is an investment holding company. There are no material licences or government approvals required for the conduct of the operations of these companies in Singapore beyond those which would be applicable to companies in general.

OVERVIEW

The Group is principally engaged in the manufacture and distribution of analytical instruments, life science equipment and laboratory instruments for a broad range of chemical analysis and life science applications. There are two business segments of the Group's operation, namely manufacturing and distribution.

Manufacturing Segment

The Group's manufacturing segment involves designs, developments, manufactures, distribution and services of various analytical instruments, life science equipment and laboratory instruments mainly under the brands of "Techcomp", "Dynamica" and "Froilabo", of which the Group has applied for registration of the relevant trademarks in Hong Kong and for the brand of "Techcomp", the relevant trademark has been registered by the Group in the PRC, and "Precisa" of which the Group has been granted the rights to use as well as manufacture and distribute products for other companies on an OEM and ODM basis bearing the trademark. The products manufactured by the Group are mainly sold and distributed to the end-customers and third party local distributors respectively by the Group in the PRC, Hong Kong and Macau, Southeast Asia, South Asia, Middle East, Australia, Japan, the United States and Europe. During the Track Record Period, approximately 4.9%, 3.1%, 12.6% and 16.1% of the Group's revenue attributable to the manufacturing segment was contributed by third party local distributors respectively.

Distribution Segment

The Group's distribution segment involves the trading and services of analytical instruments, life science equipments and laboratory instruments which are manufactured by other manufacturers with their own brand name through the Group's trading subsidiaries to its end-customers and third party local distributors in the PRC, Hong Kong and Macau, Southeast Asia, South Asia and Australia. Through the Group's trading subsidiaries and its third party local distributors, the Group is able to provide installation, maintenance, application support and repair services to its end-customers for both products manufactured or distributed by the Group.

For the distribution business, the Group was appointed by Hitachi High Technologies Corporation, one of the top twenty global analytical instrument companies in terms of estimated annual sales for 2009 by SDI, as a distributor in the PRC and the Asian market (excluding Japan, Korea and Taiwan) since 1997 and 2004 respectively. Furthermore, the Group maintains authorised distributorship agreements directly with major analytical instruments, life science equipment and laboratory instruments principals, including Hitachi Koki, Nuaire and Horiba.

The following table sets out the breakdown of the Group's total revenue by (i) business segment; (ii) geographical segment and their respective percentage out of the Group's total revenue during the Track Record Period:

For the year ended 31 December 2008

	Manufacturing		Distribution		Total	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*
PRC (excluding Hong Kong and Macau)	10,441	76.6	56,829	84.3	67,270	83.0
Hong Kong and Macau	1,871	13.7	572	0.8	2,443	3.0
Indonesia	212	1.6	1,125	1.7	1,337	1.7
India	797	5.9	2,955	4.4	3,752	4.6
France	—	0.0	—	0.0	—	0.0
Switzerland	—	0.0	—	0.0	—	0.0
Others[(1)]	302	2.2	5,925	8.8	6,227	7.7
Total	13,623	100.0	67,406	100.0	81,029	100.0

For the year ended 31 December 2009

	Manufacturing		Distribution		Total	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*
PRC (excluding Hong Kong and Macau)	13,382	67.3	67,817	79.9	81,199	77.6
Hong Kong and Macau	529	2.7	1,904	2.2	2,433	2.3
Indonesia	220	1.1	1,787	2.1	2,007	1.9
India	1,082	5.4	3,889	4.6	4,971	4.7
France	4,277	21.5	—	0.0	4,277	4.1
Switzerland	—	0.0	—	0.0	—	0.0
Others[(1)]	407	2.0	9,487	11.2	9,894	9.4
Total	19,897	100.0	84,884	100.0	104,781	100.0

For the year ended 31 December 2010

	Manufacturing		Distribution		Total	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*
PRC (excluding Hong Kong and Macau)	19,587	49.2	72,291	82.7	91,878	72.3
Hong Kong and Macau	269	0.7	1,627	1.9	1,896	1.5
Indonesia	983	2.5	1,986	2.3	2,969	2.3
India	2,510	6.3	3,218	3.7	5,728	4.5
France	8,655	21.8	—	0.0	8,655	6.8
Switzerland	6,075	15.3	—	0.0	6,075	4.8
Others[1]	1,674	4.2	8,215	9.4	9,889	7.8
Total	39,753	100.0	87,337	100.0	127,090	100.0

For the six months ended 30 June

	2010 (unaudited)						2011					
	Manufacturing		Distribution		Total		Manufacturing		Distribution		Total	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*
PRC (excluding Hong Kong and Macau)	6,588	43.6	31,975	88.5	38,563	75.2	10,108	50.2	36,645	90.1	46,753	76.8
Hong Kong and Macau	80	0.5	730	2.0	810	1.6	307	1.5	659	1.6	966	1.6
Indonesia	222	1.5	489	1.4	711	1.4	358	1.8	136	0.3	494	0.8
India	502	3.3	1,030	2.9	1,532	3.0	677	3.4	1,067	2.6	1,744	2.9
France	4,141	27.4	—	0.0	4,141	8.1	3,941	19.6	—	0.0	3,941	6.5
Switzerland	2,758	18.3	—	0.0	2,758	5.4	3,816	19.0	—	0.0	3,816	6.3
Others[1]	820	5.4	1,874	5.2	2,694	5.3	909	4.5	2,188	5.4	3,097	5.1
Total	15,111	100.0	36,098	100.0	51,209	100.0	20,116	100.0	40,695	100.0	60,811	100.0

Note:

(1) Other regions include: Europe (other than France and Switzerland), the United States, Japan, South Asia (other than India), Southeast Asia (other than Indonesia), Middle East and Australia.

The following table sets out the breakdown of the Group's revenue attributable to its manufacturing segment by the Group's own brands and other brand name under OEM or ODM basis and their respective percentage out of the revenue attributable to the manufacturing segment during the Track Record Period:

	For the year ended 31 December						For the six months ended 30 June			
	2008		2009		2010		2010		2011	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000* (unaudited)	*%*	*US$'000*	*%*
Revenue										
Company's branded products	10,614	77.9	16,455	82.7	36,065	90.7	13,963	92.4	18,946	94.2
OEM and ODM	3,009	22.1	3,442	17.3	3,688	9.3	1,148	7.6	1,170	5.8
	13,623	100.0	19,897	100.0	39,753	100.0	15,111	100.0	20,116	100.0

The Group's manufacturing sites are located in Shanghai, Lyon, Romania and Zurich which are equipped for the production of various types of products under different brand names. The Group also has 12 trading subsidiaries which are located in the PRC, Macau, Hong Kong, India, Singapore and Europe with a sales force of approximately 220 marketing and sales personnel as at 30 November 2011.

ACQUISITIONS DURING TRACK RECORD PERIOD

During the Track Record Period, the Group has implemented a strategy to expand its business operations by offering new products and reaching new geographical territories. In July 2008, the Group acquired a 68% equity interest in Richwell, which held an 81% equity interest in Shanghai Sanco. Richwell is an investment holding company, while Shanghai Sanco principally operates the business of production and sale of diagnostic and analytical instruments and ancillary productions. In July 2009, the Group acquired a 75% equity interest in HCC Group, a French manufacturing group of companies with manufacturing sites located in Lyon, France and Romania with the brand names of "Froilabo" and "Firlabo", which specialises in temperature control and laboratory equipment, cryopreservation and blood-bank equipment. The Group further acquired a 12.5% equity interest in HCC Group each in October 2010 and December 2010 respectively. Upon completion of such equity transfers, the Group owns the entire equity interest of the HCC Group. In February 2010, the Group acquired an 80% equity interest in Precisa Gravimetrics, a Swiss manufacturer based in Zurich, Switzerland with the brand name of "Precisa", which specialises in analytical weighting and moisture analyzers. These acquisitions allow the Group to have a more sophisticated product portfolio for its customers in Asia and Europe. The Directors, based on the synergy effect by distributing the products manufactured from European factories through the Group's sales network in the PRC and Asian countries, expect the acquisition of the European factories can enhance the Group's presence in Europe, expand its sales network and to acquire the technological know-how which in turn would increase the Group's profitability in 2012.

The following table sets out the unaudited revenue and profit for each of the year/period indicated below contributed to the Group from Richwell Group during the Track Record Period:

	For the year ended 31 December			For the six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Revenue	697	1,657	4,079	2,834	1,036
Profit for the year/period	3	150	538	450	14

Note: The profit for the period decreased from approximately US$450,000 for the six months ended 30 June 2010 to approximately US$14,000 for the six months ended 30 June 2011, and the net profit margin decreased from approximately 15.9% to approximately 1.4% due to the revenue of Richwell Group decreasing from approximately US$2.8 million for the six months ended 30 June 2010 to approximately US$1.0 million for the six months ended 30 June 2011. The decrease in revenue for the six months ended 30 June 2011 was due to a significant portion of the sales orders which were received in the first half of the year being realised in the second half of the year.

The following table sets out the unaudited revenue and profit/loss for the year/period indicated below contributed to the Group from HCC Group during the Track Record Period:

	For the year ended 31 December			For the six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Revenue	—	4,277	8,657	4,141	4,083
Profit (Loss) for the year/period	—	471	(252)	(402)	(1,090)

Note: Revenue of HCC Group increased from approximately US$4.3 million for the year ended 31 December 2009 to approximately US$8.7 million for the year ended 31 December 2010, as HCC Group started to contribute to the Group's revenue after it was acquired in July 2009. However, the profit decreased from approximately US$0.5 million for the year ended 31 December 2009 to a loss of approximately US$0.3 million mainly due to an increase in staff costs for the year ended 31 December 2010.

Revenue of HCC Group was approximately US$4.1 million for each of the six months ended 30 June 2010 and 2011 respectively, however the net loss for the same corresponding period was approximately US$0.4 million and approximately US$1.1 million. The increase in net loss was due to the increase in number of headcount for the expansion of the sales team and production operations in France and Romania.

The following table sets out the unaudited revenue and loss for the year/period indicated below contributed to the Group from Precisa Gravimetrics during the Track Record Period:

	For the year ended 31 December			For the six months ended 30 Jun	
	2008	2009	2010	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Revenue	—	—	8,087	2,758	5,385
Loss for the year/ period	—	—	(968)	(477)	(509)

Since the acquisition of Richwell Group, HCC Group and Precisa Gravimetrics (the "**Acquisition Companies**") were made at different timeframe during the Track Record Period, in order to show the Group's organic growth and for illustrative purpose only, the following table sets out the Group's net revenue by business segment without taking into account the revenue attributable to the Acquisition Companies. The net revenue shown below is calculated by subtracted the revenue attributable to the Acquisition Companies from the Group's total revenue during the Track Record Period.

	(unaudited) For the year ended 31 December						(unaudited) For the six months ended 30 June			
	2008		2009		2010		2010		2011	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*
Manufacturing	12,926	16.1	13,963	14.1	18,930	17.8	5,378	13.0	9,612	19.1
Distribution	67,406	83.9	84,884	85.9	87,337	82.2	36,098	87.0	40,695	80.9
Total	80,332	100.0	98,847	100.0	106,267	100.0	41,476	100.0	50,307	100.0

COMPETITIVE STRENGTH

The Group places great emphasis on providing effective solutions and total support to customers. The Group's competitive strengths are as follows:

Experienced management team

The Group's experienced management team, most of whom have solid industry knowledge and extensive operational experience, have contributed to the growth of the Group over the years. Mr. Lo, the President, the founder of the Group and an executive Director, has been working in the life science research and equipment industry since 1981 and has gained invaluable experience in operations and business management. Mr. Chan, an executive Director, has joined the Group since 1991 and has established a wide network of contacts and gained experience in sales and marketing. Mr. Xu, an executive Director, has joined the Group since 1994 and has more than 30 years' experience in analytical industry. With the experienced and highly

committed management team, together with the senior members of the Group's overseas companies, the Group is benefited with international experiences, industry connections, know-how and perspectives in terms of production and marketing.

Wide distribution presence in the PRC

The Group has a wide distribution presence in the PRC which includes offices in Shenzhen, Dalian, Lanzhou, Beijing, Chengdu, Chongqing, Fuzhou, Guangzhou, Jinan, Shanghai, Shenyang, Tianjin, Wuhan and Xian. These offices allow the Group to better support its customers within the PRC and have significantly contributed to its present market share. In addition, through the Group's overseas distribution network, it allows the Group to market its products internationally.

Broad range of products to provide integrated solutions to customers

The Group undertakes to offer customers a broad range of analytical instruments, life science equipment and laboratory instruments. The distribution business of the Group is able to procure and warehouse a wide variety of equipment including, but not limited to, spectroscopy, chromatography, electronic microscopy, life science and general laboratory instruments. The Group also manufactures an extensive range of equipment including, but not limited to, spectrophotometers, chromatographs and centrifuges. This extensive range of equipment allows the Group to integrate and customise various hardware and software to provide integrated solutions which are able to facilitate special scientific analysing or testing to the customers.

Large end-customer base covering various industries and government agencies

During Track Record Period, the end-customers are from various industries, including the academic, industrial, pharmaceutical, biotechnology and other research and laboratory markets, as well as the clinical and healthcare industries, agricultural and environmental industries, and government agencies. As a result, the Group produces and distributes a wide range of analytical instruments, life science equipment and laboratory instruments for these end-customers. The large end-customers base spreads across various industries and the wide range of products which were manufactured and distributed by the Group reduces the exposure to a downturn in any particular industry.

Cost effective production

Most of manufacturing base of the Group's competitors are situated in developed countries including, but not limited to, Japan and the United States. In these countries, the production costs are generally higher due to higher labour and rental costs.

The manufacturing presence in the PRC provides the Group with a cost effective production base which gives a cost advantage to the Group compared to other competitors which operate in countries with higher production costs.

PRODUCTS

The Group manufactures, distributes and services a broad range of chemical analysis and life science applications. The Directors believe that there are no specific life cycles for the Group's products. The life cycles for the Group's products depend on a number of external factors such as demand and changes of preferences of the Group's customers and the technologies developed by the market participants in the analytical industry. The following table lists out the main categories of analytical instruments, life science equipment and laboratory instruments under both manufacturing segment and distribution segment of the Group and their respective applications:

Main Category	Product	Brand	Industry serve
(i) Analytical Instruments	Chromatograph	— Techcomp [(1), (3)] — Hitachi [(2), (4)]	Use in laboratories to test water, soil, air, solids and food products by: — industrial, governmental, and academic research laboratories in forensic analysis, materials science, and general research; — semiconductor companies in manufacturing and quality control; — food and beverage processing companies in research and quality control; — mining and metallurgy companies in research and quality control; and — petroleum, agriculture, pharmaceutical, natural gas and chemical companies in research and quality control
	Spectrophotometers	— Techcomp [(1), (3)] — Hitachi [(2), (4)] — Horiba Jobin Yvon [(2), (4)] — Dynamica [(1), (3)] — Sanco [(1), (3)]	
	Electronic Microscope	— Hitachi [(2), (4)]	
(ii) Life Science	Centrifuges	— Hitachi [(2), (4)] — Froilabo [(1), (3)] — Dynamica [(1), (3)]	The products are primarily used by: — research hospitals and universities in basic chemistry, biological, biochemistry, genome research and healthcare research; — government and private laboratories; — biotechnology and biopharmaceutical companies in studying biomolecules and the prevention, diagnosis, and treatment of diseases; and — pharmaceutical companies in drug development, manufacturing, and quality control
	Biological safety cabinet	— Nuaire [(2), (4)]	
	Autoclave	— TOMY [(2), (4)]	
	Microplate reader	— Dynamica [(1), (3)] — Techcomp [(1), (3)]	
	Carbon dioxide incubator	— Nuaire [(2), (4)]	

Main Category	Product	Brand	Industry serve
(iii) Laboratory Instruments	Oven and incubator	— Froilabo [(1), (3)]	The products are used by: — medical; — pharmaceutical; and — life science laboratories
	Deep freezer	— Froilabo [(1), (3)]	
	Balance	— Precisa [(1), (5)] — Shangping [(1), (5)]	

Notes:

(1) Product manufactured and distributed by the Group;

(2) Product distributed by the Group;

(3) Trademark registered or applied for registration by the Group;

(4) Trademark owned/registered by supplier;

(5) Trademark granted the right to use.

Trademarks

(i) Trademarks of the Group

The Group has registered or has applied for registration of its trademarks of "Techcomp", "Dynamica" and "Froilabo". The Group has applied for registration of its trademarks of "Dynamica" in Hong Kong and "Froilabo" in Hong Kong and France, where such trademarks are examined by the trademark registry in the relevant countries. In the event that there is no objection to the registration application of trademarks applied for, it will usually take at least 6 months in Hong Kong and 10 months in France to complete the registration of trademark in the relevant trademark registries. For details, please refer to the section headed "Intellectual property rights" under Appendix VI to this document.

(ii) Trademarks granted to the Group the right to use

Belosca Participations SA ("**Belosca**") is the registered owner of the trademark "Precisa" which has been registered in Switzerland and certain other countries in Europe. Pursuant to an agreement in a form of resolutions signed by Belosca and Precisa Gravimetrics dated 16 February 2006, Belosca agreed to grant Precisa Gravimetrics the license to use "Precisa" for the laboratory instruments manufactured by the Group. Such license granted by Belosca is royalty free and for a term of ten years from 16 February 2006.

SPSIC is the registered owner of the trademark "Shangping" which has been registered in the PRC. Pursuant to an agreement named "implementation rules of the joint venture project" (合作項目的實施細則) entered into between the Company and SPSIC on 31 March 2010 (the "**Implementation Rules Agreement**"), SPSIC agreed to grant a licence to Jingke Scientific and Jingke Trading the right to use the trademark "Shangping". Such licence granted by SPSIC is royalty free and will be valid until the expiry of the operation period of Jingke Scientific and Jingke Trading. As to the operation period of Jingke Scientific and Jingke Trading, under the joint venture agreements dated 31 March 2010 in respect of Jingke Scientific and Jingke Trading respectively (the "**Joint Venture Agreements**"), the duration of the joint venture will be ten years from the date of incorporation of such joint venture and will be extended for further period subject to the approval of the board of directors of such joint venture. There is no separate trademark agreement entered into between SPSIC and the Group in respect of the use of the trademark "Shangping".

For details of the adequacy of protection of the intellectual property owned or held by the Group, please refer to the paragraph headed "They may not be able to adequately protect the intellectual property owned or used by the Group" in the section headed "Risk Factors" of this document.

The following table shows the breakdown of the Group's revenue attributable to its distribution segment by brand names and their respective percentage of contribution of major brands which the Group acts as a distributor out of the revenue attributable to the distribution segment during the Track Record Period:

	For the year ended 31 December						For the six months ended 30 June			
	2008		2009		2010		2010		2011	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000* (unaudited)	*%*	*US$'000*	*%*
Revenue of major brands										
Hitachi	48,989	72.7	58,576	69.0	59,498	68.1	26,132	72.4	28,893	71.0
Others[(1)]	18,417	27.3	26,308	31.0	27,839	31.9	9,966	27.6	11,802	29.0
	67,406	100.0	84,884	100.0	87,337	100.0	36,098	100.0	40,695	100.0

Note:

(1) Others include the brands of Horiba Jobin Yvon, Nuaire and brands under Bibby Scientific Limited, no brand included in others attributed to more than 5% of the Group's revenue from the distribution segment.

The analytical instruments, life science equipment and laboratory instruments under the Group's manufacturing segment and distribution segment are generally used in academic, industrial, pharmaceutical, biotechnology and other research and laboratory markets, as well as the clinical laboratory and healthcare industries, agricultural and environmental industries, and government agencies. These products are used by its' customers to conduct identification, quantification, material preparation and analysis of the elemental, molecular, physical, and/or biological composition and/or structure of liquids, solids, and/or gases.

The analytical instruments offered by the Group, including chromatograph for the separation of mixture, spectrophotometers for the measurement of transmittance or reflectance of solutions, electronic microscope for observing a wide range of biological and inorganic specimens, are used by i) industrial, governmental and academic research laboratories in forensic analysis, materials science and general research; and ii) semiconductor companies, food and beverage companies, mining and metallurgy, oil and gas, agriculture, pharmaceutical, and chemical companies in research and quality control.

The life science equipments offered by the Group, including centrifuges for isolating and separating suspensions, biological safety cabinet for protection from pathogens, autoclave for sterilising equipments, microplate reader for detecting biological, chemical or physical events of samples and incubator for growing and maintaining microbiological cultures or cell cultures, are used by i) hospital and universities, government and private laboratories in chemical, biological, biochemical, genome and healthcare research; ii) biotechnology and biopharmaceutical companies in studying biomolecules and the prevention, diagnosis and treatment of diseases; and iii) pharmaceutical companies in drug development, manufacturing and quality control.

The laboratory instruments offered by the Group, including ovens and incubators, deep freezers and balances, are used in medical, pharmaceutical and life science laboratories.

The products offered by the Group under the manufacturing segment and distribution segment may have similar design, specification and configuration which provide similar functions and features to serve the applications. In general, the products from distribution segment are for more sophisticated use which require higher requirement for in terms of its speed and measurement unit for the technological and analytical processes, hence the selling price of the Group's products under the distribution segment is usually higher than the products under the manufacturing segment. The Group's customers would, depending on their needs and requirements, choose the Group's products in the distribution segment or the manufacturing segment. The Directors believe that those products from the manufacturing segment and distribution segment with different characteristics would serve different needs and requirements from customers.

In addition to the above, the Group can provide customized laboratory instruments in accordance with customers' specifications. Based on the Group's existing products, the Group is able to provide customized adjustment or external parts to facilitate special scientific analyzing or testing. The management is not aware that there was significant risk on cannibalization during the Track Record Period and such risk will become significant in near future.

The Group also provides turnkey laboratories for its customers from laboratory design, analytical instruments set-up and assembly to programming and system integration. Depending on the requirements of different customers for different scientific analyzing and testing purposes, the Group is able to provide a complete set of the Group's products in the

turnkey laboratory for specific needs. These specialized laboratories are mainly used in viral and medical research such as severe acute respiratory syndrome (SARS), Swine and Avian flu research.

The Directors are of the view that although the provision of customized laboratory instruments and turnkey laboratories are normally demanded when special laboratory testing is required to carry out and provide limited contribution to Group's revenue during the Track Record Period, these types of product line can provide a complete solution to its customers who have special demand and the Group is able to maintain the customers' relationship and enhance the corporate image of the Group.

PRODUCTION FACILITIES

The Group's production facilities are located in Shanghai, Lyon, Romania and Zurich, details of which are set out as follows:

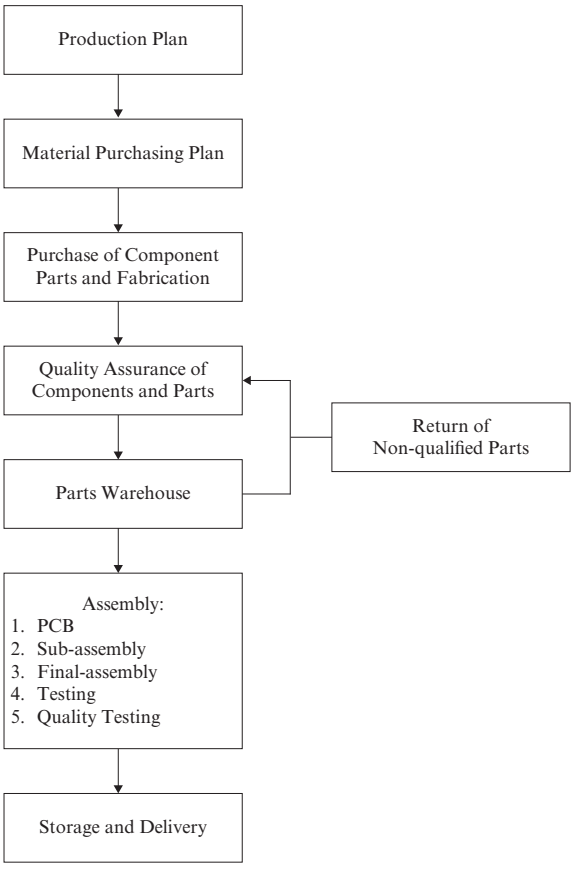
Location	Approximate production floor area *(sq.m.)*	Number of workers as at 30 November 2011	Utilisation Rate[(Note)] For the year ended 31 December 2008	2009	2010	For the six months ended 30 June 2011	Principal products manufactured
Shanghai, PRC	20,818	342	80%	86%	84%	85%	• UV-Vis spectrophotometer • Gas and Ion chromatograph • Atomic absorption spectrophotometer • Electronic balance
Lyon, France	4,803	53	—	66%	71%	65%	• Deep freezer, Oven, Incubator, Centrifuge
Romania	1,850	18	—	67%	67%	70%	• Oven, Incubator
Zurich, Switzerland	3,800	41	—	—	99%	98%	• Balance

Note: For illustrating the utilisation rate of the production facility to the Group, the Company has calculated the utilisation rate of the production facility in each of the manufacturing site based on the number of workers multiplied by the hours worked/clocked/reported by them divided by the actual number of hours the production facility has in operation multiplied by the total number of workers.

The Group operates one shift of eight hours with a maximum overtime of eight hours per week. The actual number of hours the Group operate may vary depending on the quantity or urgency of orders. The manufacturing capacity is limited by the availability of manpower, the availability of components and production floor area.

PRODUCTION PROCESS

After the design of the Group's products carried out by the research and development department is validated (details of which are set out in the section "Research and Development"), such design will then be put into production. The production cycle, from procurement of raw materials to finished products, are ranged from three to six months depends on different products. The key stages of the Group's manufacturing process are as follows:



(1) Production plan

Each production facility of the Group adopts a similar production planning method and formulates the production plans based on a rolling forecast of the number of manufacturing products that are expected to be sold. The Group's ERP system then generates a list of materials and a material purchasing plan to meet the production plan. To reduce the accumulation of excess inventory, adjustments to the material purchasing plan are made every month.

(2) Material purchasing plan

Based on the material purchasing plan, the material department of the production plant will place orders with the respective suppliers.

(3) Component parts and fabrication

The Group purchases of electronic and electrical components with required specification such as integrated circuit chips, resistors, capacitors, lamp connectors, wires and the manufacture of PCB directly from suppliers. The fabrication of the metal chassis and components of manufacturing products of the Group is also purchase directly from third parties who manufacture the chassis and components based on specifications provided by the Group.

(4) Quality assurance of components and parts

All incoming parts and components to be used in the production process are first forwarded to the quality assurance department for quality control checks by trained quality assurance personnel.

(5) Return of unqualified parts

Parts and components which do not pass the quality control checks are rejected and returned to the supplier.

(6) Parts warehouse

Parts and components which pass the quality control checks are forwarded to storage and kept in the parts warehouse until they are required in the production process.

(7) Assembly

(a) PCBs

The PCBs are received from PCB suppliers and forwarded to the Group's quality assurance department for quality control checks.

(b) Sub-assembly

The manufacturing process in various production facilities first assemble products from parts and components. For manufacturing spectrophotometers and gas and ion chromatographs, they involve the sub-assembly of the individual sub-components of house brand products which typically includes the PCBs, the chassis, detectors, the wavelength adjustment assembly for spectrophotometers and the valve control systems for chromatographs. These sub-components are manufactured or assembled separately and undergo quality control checks before the final assembly stage. For balance production, the components are assembled into a weighing cell first. For deep freezer production, parts are assembled as control and refrigeration unit and welded deep freezer cabinet.

The manufacturing process for centrifuges involves the assembly of the motor and shaft system to form the core of the centrifuge. The speed control system, user interface and outer chassis are then added to complete the centrifuge.

(c) Final assembly

Final assembly for spectrophotometers involves the assembly of the light source, the optical system and the electronic control parts on the chassis. The spectrophotometer then has to be optically aligned using a laser system. A specially designed optical alignment bench is used for the optical alignment and wavelength adjustment of the various components. The PCB, power supply and light source are then added to the chassis.

Final assembly of gas chromatographs involves the assembly of the temperature control system and the fan to the chassis. The power supply, electronic control, user interface system, detectors, metal gas pipes and valves are then assembled to complete the gas chromatograph.

Final assembly for ion chromatographs involves the assembly of a pump, conductivity detector and a separation unit to the chassis. The power supply, electronic control and other electric components are then added to the chassis.

Final assembly for centrifuges involves the assembly of a refrigeration system (if required) to the metal chassis. The sample compartment, motor shaft and electronic components are then added to the chassis.

Final assembly of balance involves the assembly of the weighing cell into the balance chassis, and then PCB and other components are added to the chassis.

Final assembly of deep freezer involves the injection of insulation material, assembly of the door and control unit and injection of refrigerant to the deep freezer.

(d) Testing

The equipment is tested at each sub-assembly and final assembly stage to ensure conformity with customer specifications. For balances, the units are subjected to a temperature cycle for temperature compensation adjustment and subsequently adjustment by robotic system for testing. A final test is performed by quality assurance staff.

For deep freezer, the units are tested by continued operation for about 24 hours.

Each unit delivered is accompanied by a serialized report which states that the product conforms to specifications.

(e) Quality testing

Products manufactured by the Group have to satisfy the final quality testing specification checks before they are transferred to the warehouse for delivery to the customer.

(8) Storage and delivery

End products are stored in the Group's warehouse and delivery to customers is typically made using freight forwarders.

PROCUREMENT AND SUPPLIERS

During the Track Record Period, the Group's top five suppliers, in aggregate, accounted for approximately 71.3%, 67.0%, 54.8% and 51.3% of the Group's total purchase respectively, and the single largest supplier accounted for approximately 50.9%, 46.6%, 37.6% and 38.3% of the Group's total purchase respectively. The Group's major suppliers are two Japanese manufacturers, both of which are members of Hitachi, Limited (a company listed on both the Tokyo Stock Exchange and the New York Stock Exchange), which collectively accounted for approximately 63.5%, 60.0%, 48.4% and 46.2% respectively of the Group's total purchases during the Track Record Period. The Directors anticipate that sourcing from such major Japanese suppliers will continue to represent a significant portion of the Group's supply after Listing. For details of the Group reliance on its suppliers in Japan, please refer to the paragraph headed "The Group is reliant on Japanese manufacturer, in particular members of Hitachi, Limited, as its major suppliers" in the section headed "Risk Factors" in this document.

To the best knowledge of the Directors, none of the Directors and their respective associates had any interest in any of the above five largest suppliers during the Track Record Period.

Manufacturing

The main parts and components used in the production process of the Group's manufacturing products are mainly electronic and electrical components such as integrated circuit chips, resistors, capacitors, lamp connectors, wires, PCB and metal chassis and components. The Group procures the components and parts from vendors that passed the vendor qualification process with the best price. Most of the parts are manufactured in accordance with the specifications provided by the Group. The Group does not enter into long term contracts with suppliers in order to maintain the flexibility of getting the most cost effective parts and components from qualified suppliers.

Distribution

The Group has been purchasing analytical products, life science equipment and laboratory instruments from various international companies and has been acting as the exclusive and non-exclusive distributor for several countries within Asia region since 1990. As at 31 December 2010, the Group has 5 unexpired exclusive distribution agreements with major suppliers, details of certain distribution agreements are listed in the paragraphs below.

The status as an authorised distributor is essential to the operation of the distribution business of the Group. In general, the distribution agreements entered into between the suppliers and the Group do not require a minimum purchase and include termination provisions ranging from immediate termination to termination upon one to six months'

prior written notice. The arrangements with the suppliers provide the Group with several advantages, including competitive pricing, reduced inventory risk, ready product availability, product quality assurance as well as ready access to the suppliers when required.

The following table sets out principal terms of the distributorship agreements entered between the Group and the major suppliers:

Principal	Product	Exclusive/ non-exclusive	Territory	Most recent renewal date of agreement	Duration
Hitachi High-Technologies Corporation *(Note 1)*	UV-VIS Spectrophotometer, Fluorescence Spectrophotometer, Atomic Absorption Spectrophotometer, High Performance Liquid Chromatography and Amino Acid Analyzer	Exclusive	Hong Kong and Macau, the PRC Singapore, Malaysia, Philippines, Bangladesh, Thailand, Indonesia, Cambodia, India, Sri Lanka, Pakistan, Australia, Brunei, Laos, Nepal, Mongolia, Vietnam, New Zealand	25 April 2011	Five years, with automatic renewal for 2 years until terminated by either party with twenty four months' prior written notice
	Electron Microscopes	Exclusive except for specified list of customers	Hong Kong and Macau, the PRC		
Hitachi Koki Co, Ltd *(Note 2)*	Hitachi Preparative Ultracentrifuge, Hitachi Micro Ultracentrifuge, Hitachi Tabletop Micro Ultracentrifuge, Hitachi High-speed Refrigerated Centrifuge, Hitachi large-scale Continuous Flow Ultracentrifuge Rotors, consumables and spare components related to the mentioned products	Non-exclusive	The PRC, Singapore, Malaysia, Thailand, Indonesia, Philippines, Myanmar, Brunei, Laos, Cambodia, Bangladesh, Vietnam, Nepal, Australia, India, New Zealand, Sri Lanka, Pakistan, Egypt, Turkey, Saudi Arabia, United Arab Emirates, Jordan Kuwait	1 October 2011	One year, with automatic renewal until terminated by either party with six months' prior written notice

Principal	Product	Exclusive/ non-exclusive	Territory	Most recent renewal date of agreement	Duration
Horiba Jobin Yvon Inc.	Fluorescence OSD	Exclusive	Hong Kong	1 August 2011	One year, with automatic renewal until terminated by either party with one hundred and twenty days' prior written notice
Horiba Jobin Yvon Inc.	Fluorescence	Exclusive	The PRC	1 April 2011	One year, with automatic renewal until terminated by either party with one hundred and twenty days' prior written notice
Nuaire, Inc. *(Note 3)*	Carbon dioxide Incubators, Biological Safety Cabinets and Laminar Flow Equipment, Bio-freezers and Laboratory Refrigerators, Animal Research product line, Polypropylene product line	Exclusive	Hong Kong, the PRC, Macau and Indonesia	1 January 2011	One year, with automatic renewal until terminated by either party with six months' prior written notice
TOMY Digital Biology Company Limited	Autoclaves	Exclusive	The PRC, Hong Kong, Macau	1 July 2011	One year, with automatic renewal until terminated by either party with six months' prior written notice

Note:

(1) The Group has been acting as a distributor of Hitachi High-technologies Corporation for its analytical instrument and centrifuges since July 1997.

(2) According the terms of agreement with Hitachi Koki, other distributors will not be appointed for the distribution in the same territory if the terms and conditions under the agreement are fulfilled.

(3) The Group has been acting as a distributor of Nuaire, Inc. since 1990.

The Group makes purchase orders with the suppliers based on the monthly forecast of sales on each product. Based on management's experience, the whole purchase cycle, i.e. from purchase order received by the suppliers to release of products, is approximately 2 months time. Therefore, it is necessary for the Group to maintain a certain amount of distribution products for the expected demand in the following month.

The effect of tsunami and leakage of harmful radioactive substances from nuclear plants as the consequence of the earthquake in Japan in March 2011 has resulted in disruptions to the business of the Group's Japanese suppliers including the companies of the Hitachi Group. After the earthquake, the Group, experienced an average of four weeks' delay in delivery from a Japanese supplier due to temporary suspension of its production. Such production and delivery was resumed from two to six weeks after such incident. However, the Group did not experience any cancellation of orders placed with the Japanese suppliers by it as a result of such incident.

INVENTORY CONTROL

The inventory level for the Group's parts, components and finished products are maintained taking into account the expected demand patterns for the products and lead-time for the delivery of the parts and components.

The Group's target to deliver its products to customers is within 60 days from the date on which an order is placed with the Group for the products of distribution segment. The Group maintains finished product inventory level of approximately one and a half months of the expected sales of the distribution segment. To reduce the lead-time for delivery of products of manufacturing segment to customers, the Group also maintains an inventory of sufficient supply of spare parts and production components in accordance with the production plan.

During the Track Record Period, the Group did not make any allowance for inventories as all inventories were sold above cost. The average inventory turnover days ranged from 80 days to 115 days throughout the Track Record Period.

QUALITY CONTROL

The Directors are of the view that quality control is essential for the manufacturing of analytical instruments, life science equipment and laboratory instruments. With a strong focus on quality control, the Group's products are recognized for its quality by worldwide customers.

The Group maintains its reputation for high quality products and services to attract and maintain customers. The Group was awarded the ISO9001:2000 for the Shanghai, ISO9001:2008 for Switzerland and Romania production facilities, ISO14001 for the Shanghai production facility and ISO13485 for certain medical products manufactured by the Shanghai production facility. As at 30 November 2011, there were 44 personnel in the quality assurance department.

The Group has stringent control on quality assurance and maintaining the quality of its products of both the manufacturing and distribution segments of its business. The Group monitors the production process closely and conducts stringent quality assurance tests, which include quality assurance at the design stage, incoming quality assurance of components and parts, sub-assembly testing and final quality testing.

During the Track Record Period and up to the Latest Practicable Date, there was no material product (including any defects or errors products) sold by the Group which was recalled and/or returned.

Manufacturing

Design

The quality assurance for manufacturing products of the Group begins at the design stage where the components and parts are tested for their quality and performance characteristics. All parts and components have to be approved by the quality assurance department before they are allowed to be used in the products manufactured by the Group.

Quality assurance of components and parts and supplier validation

The quality control checks include dimensional, visual and functional inspections to ensure that the parts and components conform to the required specifications. Parts and components which pass the quality control checks are then forwarded to storage until they are required in the production process. Parts and components which do not pass the quality control checks are rejected and returned to the suppliers. The quality of services provided by the suppliers is assessed on a regular basis.

Sub-assembly inspection

The Group conducts quality control tests along the production lines in the production facilities. The quality control personnel conducts ongoing inspections of the manufactured products of the Group during the sub-assembly stage to ensure that any parts or components that do not perform to the product specifications are removed or to rectify the faults at the earliest possible stage.

End product specification inspection

The Group maintains good quality controls over each step of the manufacturing process to enable it to maintain a consistent quality in manufacturing products. During the Track Record Period, the Group has not encountered any product liability claims.

Customer support

Through the service support staff of the service department of the Group, the Group provides a range of maintenance services for the manufacturing and distribution products of the Group in the PRC and Hong Kong. The service support staff provides assistance in solving problems which the customers may have with their products.

The products manufactured by the Group typically have a one-year warranty. Service contracts may be purchased by customers for a longer warranty period. Service work which is not performed under warranty period is charged on a time and materials cost basis. During the Track Record Period, the service work charged to customers was approximately US$88,000, US$1.2 million, US$1.1 million and US$0.7 million for each of the respective

year ended 31 December and for the six months ended 30 June 2011 respectively. During the Track Record Period, the Company did not make any warranty provisions in the amounts for the Group's products due to the number of warranty services conducted and the monetary amount of warranty services incurred were considered to be immaterial. The Group's management monitors the number of warranty services conducted and the monetary amount of warranty services incurred from time to time and will consider making the warranty provision for its manufactured products when there is any indication that such become material.

Distribution

The selection of the Group's suppliers for the distribution products is based on the supplier's industry reputation, market share and product reliability. The Group requires all major suppliers to issue certificates of quality upon shipment which certify that the products conform to the requirements and specifications of the Group. The Group performs installations and performance tests for a majority of distribution products sold by the Group, and carries out surveys with customers on the performance of the products.

SALES AND MARKETING

The Group distributes a wide range of products under both manufacturing segment and distribution segment to its worldwide customers , including but not limited to the PRC, Hong Kong and Macau, Indonesia, India, France and Switzerland.

The following table sets out a breakdown of the Group's revenue by geographical segments during the Track Record Period:

	Year ended 31 December						For the six months ended 30 June			
	2008		2009		2010		2010		2011	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000* (unaudited)	*%*	*US$'000*	*%*
PRC	67,270	83.0	81,199	77.5	91,878	72.3	38,563	75.3	46,753	76.9
Hong Kong and Macau	2,443	3.0	2,433	2.3	1,896	1.5	810	1.6	966	1.6
Indonesia	1,337	1.7	2,007	1.9	2,969	2.3	711	1.4	494	0.8
India	3,752	4.6	4,971	4.8	5,728	4.5	1,532	3.0	1,744	2.9
France	—	0.0	4,227	4.0	8,655	6.8	4,141	8.1	3,941	6.5
Switzerland	—	0.0	—	0.0	6,075	4.8	2,758	5.4	3,816	6.3
Others *(Note)*	6,227	7.7	9,894	9.5	9,889	7.8	2,694	5.2	3,097	5.0
Total	81,029	100.0	104,781	100.0	127,090	100.0	51,209	100.0	60,811	100.0

Note: Other regions include: Europe (other than France and Switzerland), the United States, Japan, South Asia (other than India), Southeast Asia (other than Indonesia), Middle East and Australia.

Sales strategies

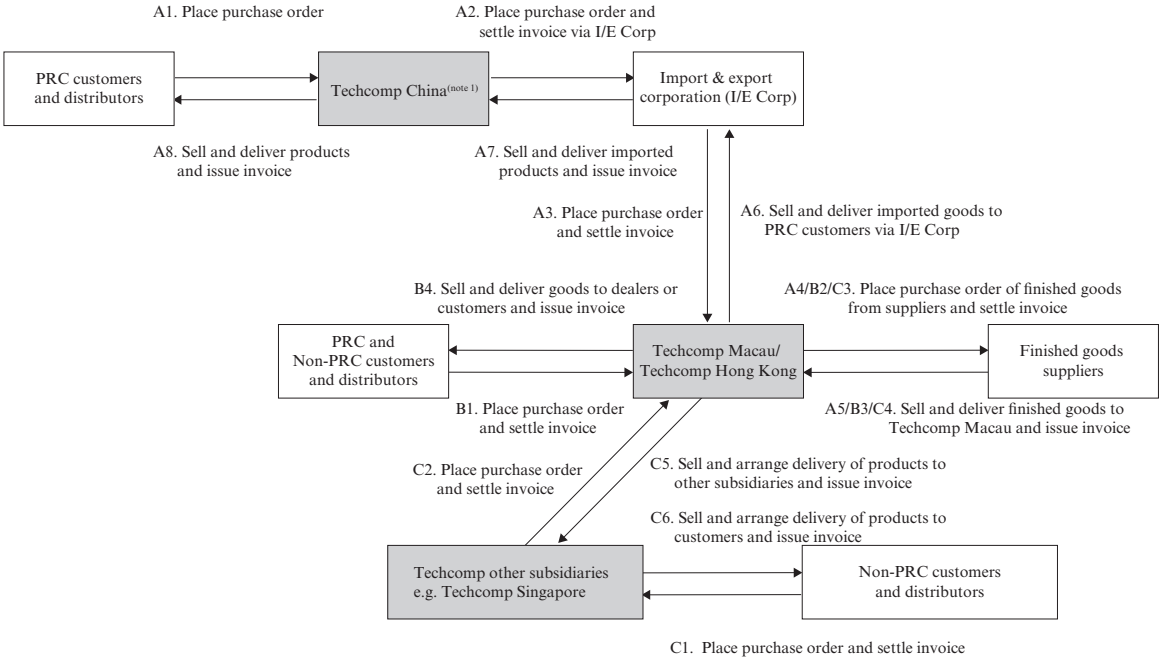
The sales strategies adopted by the Group are direct sales to end-customers and sales to third party local distributors. The Group shares its sales network of manufacturing segment and distribution segment and sells its products in different geographical regions through a combination of direct sales teams and third party local distributors.

The Group's distribution products are marketed primarily in the PRC, Hong Kong and Macau, Southeast Asia, South Asia and Australia; and the Group's manufacturing products are marketed primarily in the PRC, Hong Kong and Macau, Southeast Asia, South Asia, Middle East, Australia, Japan, the United States and Europe.

Typical transaction flows

The typical transaction flows of the sales to the customers of the Group are illustrated below:

I. Distribution segment



Steps A1 to A6 show the typical transaction flows of the sales to PRC customers and distributors for contracts denominated in RMB.

Steps B1 to B4 show the typical transaction flows of the sales to PRC and non-PRC customers and distributors for contracts denominated in USD or other currencies except RMB.

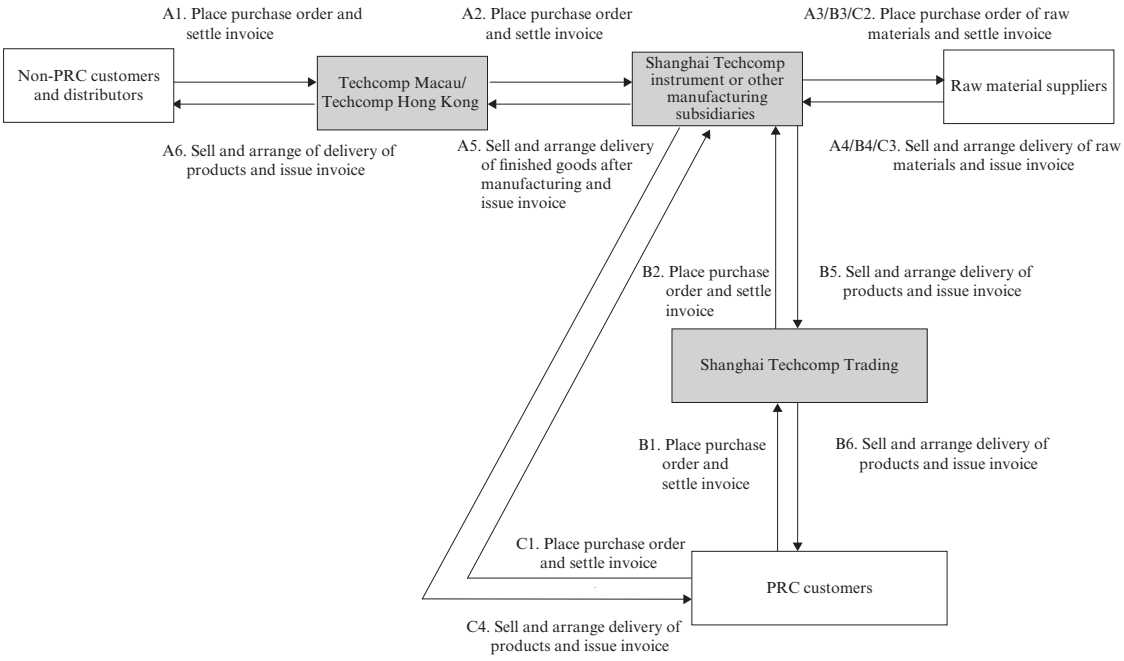
Steps C1 to C6 show the typical transaction flows of the sales to local customers and distributors of Techcomp's non-PRC subsidiaries.

Note:

(1) Techcomp China imports the finished goods through an import and export corporation from Techcomp Macau and sells to the PRC customers.

Companies of the Group

II. Manufacturing segment



Note:

Steps A1 to A6 show the typical transaction flows of the sales to non-PRC customers and distributors.

Steps B1 to B6 show the typical transaction flows of the sales to PRC customers and distributors.

Steps C1 to C4 show the typical transaction flows of the sales to PRC customers (tender contracts).

Companies of the Group

PRC sales

By considering the scale of the PRC market, the Group has two separate sales teams which specialize in two of the Group's different business segments, namely manufacturing segment and distribution segment, to conduct its sale and provision of technical support services to the end-customers of the Group. The sales personnel of each particular segment may refer its customers to the other segment depending on the needs and requirements of the customers. The Group's direct sales teams provide direct marketing, sales and services support to the customers and sales agencies in the PRC.

As at 30 November 2011, the Group's direct sales teams in the PRC consisted of 173 personnel of which 65 and 108 sales personnel are responsible for the sales of products from the manufacturing segment and distribution segment respectively.

The Group established offices within the PRC located in 14 different cities/provinces, namely Guangzhou, Shanghai, Tianjin, Beijing, Chengdu, Chongqing, Fuzhou, Jinan, Shenyang, Wuhan, Xian, Shenzhen, Lanzhou, and Dalian and each of which has sales personnel who operate and deal with customers within its defined regions. The Group also appointed 53 third party local distributors for certain products and in certain provinces of

PRC. During the Track Record Period, approximately US$1.9 million, US$2.4 million, US$2.8 million and US$2.4 million respectively of the Group's revenue generated in the PRC was attributed by the distributors in PRC.

Non-PRC sales

Outside of the PRC, members of the Group sells both of the Group's manufacturing and distribution products within its defined regions. In places such as Hong Kong and Macau, India and France, where the Group has direct presence, the Group has its direct sales team to market and sell the products to end-customers. The sales team of the Group for non-PRC market consisted of 29 sales personnel in Asia and 18 sales personnel in Europe as at 30 November 2011. In India, the Group also appointed 4 third party local distributors to promote in that market. During the Track Record Period, approximately US$0.3 million, US$0.2 million, US$1.2 million and US$0.3 million of the Group's revenue generated in India was attributed to the Indian distributors respectively.

In those countries in which the Group does not have direct sales presence, such as Europe (except France), Southeast Asia, South Asia (except India), Japan, Australia and the United States, the Group selects the third party local distributors, which it considers appropriate for marketing, sales and provision of after sales services of the Group's products in the particular market. During the Track Record Period, approximately 9.3%, 11.4%, 14.9% and 12.2% of the Group's revenue was attributed to the markets without the Group's direct sales operation respectively. There were 95 third party distributors during the Track Record Period.

Marketing strategy

The Group's marketing strategy includes leveraging on the Group's distribution network to promote manufacturing products, capturing an increased market share in the analytical instruments, life science equipment and laboratory instruments markets by introducing additional products and services, and by providing solutions and turnkey projects for customers which are setting up new laboratories. There are 4 demonstration laboratories situated in the offices of Hong Kong, Beijing, Singapore and Shanghai for demonstrating the Group's products to its customers. The Group also hosts and participates in meetings, conferences and exhibitions to conduct marketing activities for its products.

In order to acquire new customers and to maintain existing customers, the marketing activities conducted by the Group include:

- keeping the customers up-to-date on the latest industry trends and products by conducting product introductions and application workshops;

- generating awareness of products and services through quarterly newsletters delivered to customers and seminars; and

- fostering close relationships with key customers by providing complementary parts and servicing their products and by setting up demonstration equipment to help solve any application problems which the customers may have.

Pricing strategy

Prices of the Group's products are essentially determined with primary reference to the purchase costs of suppliers for distribution products and the cost of raw material and direct labour for the manufacturing products. Generally, the pre-set profit margins of the Group for different types of products are decided by the management.

In arriving at the final price quotation, the Group also takes into account a number of factors such as complexity of the production process, size of order, timing of delivery and delivery charges required for the order.

Customers

During the Track Record Period, the Group's top five customers, in aggregate, accounted for approximately 4.3%, 6.9%, 6.9% and 11.1% of the total sales, and the single largest customer accounted for approximately 0.9%, 2.2%, 2.6% and 3.9% of the total sales of the Group's products respectively.

To the best knowledge of the Directors, none of the Directors and their respective associates had any interest in any of the five largest customers of the Group during the Track Record Period.

The Group's customers consist of direct end-customers and third party local distributors. Direct end-customers consist of universities, research institutions (including both government funded and privately funded science research institutions, medical science research institutions, petrochemical research centres and drug research centres), companies in the industrial sector (including pharmaceutical companies, food beverage companies, biotechnology chemical companies, electronic companies and mining companies) and government agencies.

In accordance with the opinion from the PRC Legal Advisers, under《中華人民共和國對外貿易法》(the Foreign Trade Law of the PRC), entities engaging in business of import and/or export in the PRC are required to register with the Ministry of Foreign Trade and Economic Cooperation of the PRC or its designated entities (the "**Foreign Trade Department**") for the right to operate the import and export business (the "**Import and Export Right**"). As such, when the Group sells the products of distribution segment or non-PRC manufactured products to customers situated in PRC who have not been registered with the Foreign Trade Department for the Import and Export Right, the customers are required to engage an import and export agent for the import of products. The Group does not have any relationship with the import and export agencies apart from the import and export agencies acting as an agent for the Group's customers.

Credit management

Manufacturing

For direct sales to end-customers within the PRC, in general circumstances, a cash deposit amounting to approximately 30% of the sales order amount is typically required upon placement of the sales order with the Group. Upon delivery of the products, the Group's customers are typically required to pay approximately 60% of the sales order amount. The remaining approximate 10% is typically due for payment after installation. The Group may also grant credit terms of 30 to 90 days to its customers depending on the creditworthiness and the length of relationship of the Group with the end-customers.

For sales through third party local distributors within the PRC and other countries, the Group grants credit terms of between 30 to 90 days to the distributors depending on the creditworthiness and the length of relationship of the Group with the distributors. For the PRC customers, payment is generally made by way of letter of credit.

Distribution

Customers and distributors apart from those in the PRC are generally granted credit terms of between 30 to 90 days. The credit terms are determined on a case-by-case basis depending on the creditworthiness and the length of relationship with the customer.

Sales through import and export agents

In addition to the credit management policies set out above, whenever the distribution products are sold by the Group through an import and export agent, the import and export agent will typically first receive payment from the end-customer for the products. Upon receipt by the import and export agent of the payment, the import and export agent will typically issue the Group a letter of credit for the entire sales order amount.

The Group has adopted a prudent and conservative policy of making general allowance for doubtful debts based on the aging of debtors. Trade receivables of the Group are also reviewed regularly to determine the need to make a specific allowance for doubtful debts. The Group made allowances for doubtful debts of approximately US$74,000, US$425,000 and US$486,000 for each of the three years ended 31 December 2010 and written back of bad debts allowance approximately US$5,000 for the six months ended 30 June 2011 respectively, representing approximately 0.1%, 0.4% and 0.4% of the Group's revenue for the three years ended 31 December 2010 respectively and less than 0.1% of the Group's revenue for the six months ended 30 June 2011 respectively.

TRANSFER PRICING ARRANGEMENT

The Group has adopted transfer pricing arrangements among its group companies located in Hong Kong, Macau, the PRC, Singapore, India, Switzerland and France to regulate intra-group trades.

During the Track Record Period and as at the Latest Practical Date, Techcomp Macau, as a commercial offshore company, has been the Group's major subsidiary to distribute its distribution and manufacturing products in Asian markets, including PRC, India and Indonesia.

The management has represented that the set-up of Techcomp Macau in 2006 and other offshore companies were aimed at segregating the duties and operational risks of the Group. Techcomp Macau was officially exempted from Macau taxation, the place where it conducted its business (please refer to the sub-section headed "Laws and regulations in Macau" under the section headed "Laws and Regulation").

Techcomp Macau supplied products to the group companies in accordance with the transaction flows (please refer to section heading "Typical transaction flows") at a cost-plus pricing method, which was one of the most common methodologies applied in comparable situations and management which had considered as the most appropriate for these transactions. The aggregate amount of intra-group purchases of Techcomp Macau represented approximately 5.5%, 5.0% and 9.3% of Techcomp Macau's total purchase for each of three years ended 31 December 2010 respectively, and intra-company sales represented approximately 15.0%, 12.9% and 12.2% of Techcomp Macau's total sales for each of three years ended 31 December 2010 respectively.

Pursuant to the current Enterprise Income Tax Law (中華人民共和國企業所得税法) and the Implementation Rules (中華人民共和國企業所得税法實施條例), as well as GuoShuiFa (國税發)【2009】No. 2 (embracing the provisional measures for special tax adjustments), transactions in respect of the purchase, sale and transfer of products between enterprises under direct or indirect control by the same third party shall be regarded as related parties transactions. Related parties transactions shall comply with the arm's length principle (獨立交易原則); and if the failure of compliance with this principle would result in reducing the income or taxable income of the enterprise or its related parties, the tax authority should be empowered to make an adjustment in accordance with reasonable methods.

Pursuant to such laws and regulations, any company entering into related party transactions with another company shall submit an annual related party transactions reporting form (年度關聯業務往來報告表) to the supervising tax authority. In the event where the related party transactions exceed a certain threshold, the PRC entities shall be required to submit a Contemporaneous Transfer Pricing Documentation Report to the in-charge tax bureau.

The Directors confirmed that all PRC entities had submitted (i) the annual related party transaction reporting form as required by relevant laws and regulations; (ii) all the transactions between PRC entities and their related parties had been in compliance with the

arm's length principle (獨立交易原則), no adjustment needs to be made to respective financial statements; (iii) the PRC entities and their related parties should not be ordered to pay any outstanding tax, interest and fees; and (iv) no penalty had been or need to be imposed on the PRC entities due to any non-compliance with respect to PRC tax laws and regulations, including without limitation, the PRC laws and regulations regarding transfer pricing. Furthermore, as advised by the Macau Legal Advisers, since the establishment of Techcomp Macau, (i) has filed to the IPIM all necessary audited accounts or records and no separate filing to the tax department of Macau is required. Techcomp Macau has also paid all necessary fees to the IPIM for its continued existence and has not violated any rules as provided in Decree-Law No. 58/99/M of Macao (the so-called "Offshore Business Law", in Chinese: 離岸業務法例) as proven by the IPIM, supervisory authority of offshore companies in Macau; and (ii) its business operation were compliances with Macau offshore law and there are no applicable Macau rules and regulations governing transactions among related companies in Macau, and that the Group has not been subject to any investigation or challenge by the relevant authorities of the Group's Macau operations.

Notwithstanding the aforesaid, as advised by the PRC Legal Advisers, according to the relevant PRC tax laws and regulations, the tax authority has the power to reassess the transactions entered into between the PRC entities and their related parties for a maximum of 10 years' time. If the PRC entities are deemed not to be in compliance with the transfer pricing rules, the tax authority has the power to order the PRC entities to pay all outstanding tax and statutory interest and the PRC entities may be subject to other penalties. There is no assurance that the tax authority will not make adjustment to the tax payable by the Group in respect of such related party transactions in the future, and as a result of which, the Group may be required to change its transfer pricing practices or operating procedures. In such event, the Group may be required to pay additional taxes.

Management has represented that the roles of the subsidiaries in Singapore, Switzerland, India and France should be minimal within the Group. Throughout the Track Record Period, management has represented that the aggregate intra-company transactions of these subsidiaries' revenue has remained less than 3% of the Group's total revenue. For the intra-group transactions with them, cost-plus pricing method was used on the ground that their functions were more ancillary in nature. The profit from Techcomp Macau is either exempted from tax or not subject to taxation in any jurisdiction.

The Group has adopted written policies and procedures in relation to monitoring the Group's transfer pricing arrangements. The pricing is generally established on a cost plus mark-up basis which will be reviewed annually or whenever necessary. Such pricing will be reviewed and approved by the financial controller of the Group after taking into account the principle of arms-length basis and discussion with the management of the respective companies within the Group. The personnel of the purchasing department of respective companies within the Group are responsible for the preparation of those inter-company orders in accordance with the established pricing. For the inter-company sales and purchase transactions, personnel of shipping department are responsible to check whether such

pricing is in line with the Group's pricing policy. The personnel of the accounting department are responsible for confirming the validity of such pricing. Any deviation from the standard pricing will be reviewed and approved by the financial controller of the Group.

As of the Latest Practicable Date, the Directors were not aware of any enquiry, audit or investigation by any tax authority in the PRC, Macau, Hong Kong, Singapore, India, Switzerland or France with respect of transfer pricing procedures carried out by the Group. The Directors have advised that in preparing the financial information, the Directors have reviewed and assessed the Group's transfer pricing arrangements in relation to intra-group services and considered that, although the Group is exposed to transfer pricing risk, please refer to the heading "Transfer pricing risk" in section "Risk Factor", for the fact that it is possible that the PRC, Hong Kong and overseas tax authority may challenge the Group's transfer pricing position, the Group has grounds to defend against the possible challenge.

RESEARCH AND DEVELOPMENT

The main activities of the Group's R&D department include improving on the specifications of the existing products, designing new models with more advanced software and developing new products to meet the demands of the customers. During the Track Record Period, the Group has been introducing new products, including new line of centrifuges. The R&D team also works with the recently acquired subsidiaries in Europe for the development of new products. The Group takes advantage of the low-cost skilled design engineers in the PRC to develop new products at lower cost. Usually, these R&D activities do not require a large capital. The R&D team in the PRC also assists in sourcing the components and parts for the subsidiaries in Europe.

The Group's R&D teams are mainly stationed in the PRC. Members of the R&D team include mechanical engineers, electrical and electronic engineers, optical engineers and software engineers. As at 30 November 2011, the Group's R&D team had 46, 7 and 3 full time personnel in the PRC, Switzerland and France respectively. For those 46 R&D personnel in the PRC, the head of which is a PhD degree holder, 10 of which are Master's degree holders and 23 of which are Bachelor's degree holders. In addition, out of the 46 R&D personnel in the PRC, 19 and 11 of which have been working in the Group's R&D department for more than 7 years and 3 years respectively.

The Group currently owns 14 self-developed patents used in chromatograph, spectrophotometers, atomic absorption and elipsometery, which are mainly the knowhow in manufacturing some parts and components of the products of the manufacturing segment and contributed ranged from approximately 10% to 20% of the Group's total revenue during the Track Record Period. The management believes the expiry or losing such patents are insignificant and does not have any material operational and financial impact on the Group.

The R&D expenditures of the Group were approximately US$1.0 million, US$1.0 million, US$1.5 million and US$1.0 million during the Track Record Period respectively. Set out below is the breakdown of the R&D expenditures during the Track Record Period:

	For the year ended 31 December			For the six months ended 30 June	
	2008	2009	2010	2010	2011
	US$ million	*US$ million*	*US$ million*	*US$ million* (unaudited)	*US$ million*
R&D expenses through income statement	0.3	0.4	0.4	0.2	0.3
R&D costs capitalised as intangible assets	0.7	0.6	1.1	0.3	0.7
Total	1.0	1.0	1.5	0.5	1.0

INSURANCE

The Group maintains a range of insurance policies covering its inventories, equipments and facilities in accordance with customary industry practice. The Group provides employees with social insurance in accordance with the requirements under the law and regulations of the countries where the employees are situated. Generally, the Group also provides employees with extra general insurance covering medical expenses and industrial injury.

The Group currently does not maintain business interruption or product liability insurance or third-party liability insurance for all business operations and products, unless it is a mandatory requirement under the law and regulations of respective countries where the Group has operations.

The Group has not made any material claims on any insurance policy maintained by the Group during the Track Record Period.

COMPLIANCE

The Directors confirmed that the PRC, Macau, France, Switzerland and India are the material jurisdictions in relation to the Group's operations and business. The Group's PRC, Macau, France, Switzerland and India legal advisers are of the opinion that the Group have obtained all the relevant permits, approvals, certificates and licences as required for the operations of the business under the applicable laws and regulations in the PRC, Macau, France, Switzerland and India respectively and comply with all relevant laws and regulations for the operation of the business in the PRC, Macau, France, Switzerland and India respectively. The Directors confirmed that the Group had complied with all relevant laws, rules and regulations in relation to the operation of its business in all material aspects during the Track Record Period and up to the Latest Practicable Date.

SAFETY AND ENVIRONMENTAL MATTERS

The Group is subject to laws and regulations in PRC, France, Switzerland and Romania regarding environment protection, labour, safety and work-related incidents. The Group's PRC, France, Switzerland and Romania legal advisers are of the opinion that during the Track Record Period and up to the Latest Practicable Date, the Group had complied with environment protection and workplace safety regulatory requirements in all materials respects and had not had any incidents or complaints which had materially and adversely affected the Group's operation.

During the Track Record Period and up to the Latest Practicable Date, the Group has not incurred material cost for the compliance of the applicable rules and regulations in relation to the environmental protection. The management expects the costs incurred for the compliance of the applicable rules and regulations in relation to the environmental protection are considered to be immaterial.

INTELLECTUAL PROPERTY

As at the Latest Practicable Date, the Group was the registered owner of the trademark of "Techcomp" in the PRC and has applied for the registration of trademarks of "Dynamica" in Hong Kong. The Group have registered 14 patents and are in the process of applying for registration of another three patents for the products in the PRC. For further details of the Group's trademark, please refer to "Further information about the business — Intellectual property rights" in Appendix VI to this document.

CERTIFICATES, PERMITS AND REGISTRATION

The Company's legal advisers have confirmed that, during the Track Record Period and up to the Latest Practicable Date, the Group's operating subsidiaries have obtained valid business licenses in respect of the business operations and that the Group has obtained all related approvals, certificates and permits in respect of the Group's business operation.

COMPETITION

Management believes that competition in the industry is based primarily on the performance capabilities of products, technical support and after market service provided by the Group, the manufacturer's reputation in technological aspect and pricing of the products. The performance capabilities of the products sold by the Group are the most important out of these criteria.

The Group encounters competition in virtually all of the markets the Group serves. Worldwide, there are many companies that specialise in and devote a significant portion of their resources to the development, manufacture, sale and service of products similar to those manufactured or distributed by the Group. Some of these competitors are well known manufacturers with a high degree of technical proficiency. The Group's competitors range from large organisations that produce a comprehensive array of analytical instruments, life science equipment and laboratory instruments for a variety of markets to small organisations which produce a limited number of products and services for specialised

markets. In general, competitive climates in the markets are characterised by changing technology that requires continuing research and development, as well as customer relationships. The Group faces competition from some companies which produce certain ranges of our product offerings. For more details of the Group's competition landscape and market size of the Group's competitors, please refer to the sub-sections headed "Industry Structure" and "Top ten suppliers of analytical instruments" under the section headed "Industry Overview" in this document.

The success of the Group in these markets depends primarily on the five factors below:

- the reputation among customers as a quality provider of analytical instruments, life science equipment and laboratory instruments;
- customer service and application support;
- technical performance and advances in technology that result in new products;
- active research and development programs; and
- relative prices of products and services of the Group.

Within the PRC and Hong Kong, there are a number of companies which are involved in the sale of analytical and life science instruments, including domestic manufacturers, local distributors, and trading companies of international manufacturers. These include domestic manufacturers owned by individuals and the PRC government and domestic manufacturers in which international manufacturers have acquired an interest. Due to the requirement to have access to know-how and technology, the time required to establish a good reputation, and the requirement to provide technical services to end customers, the Directors believe that there are significant barriers of entry to new competitors as well as barriers preventing any company from dominating the analytical instruments, life science equipment and laboratory instruments markets.

There are companies in other countries which have a similar product range as that of the Group but operate in different markets from that of the Group. In the future, the Group may face competition from these companies as the Group expands into their markets and vice versa.

PROPERTIES

As at the Latest Practicable Date, the Group owned four properties which include, two situated in the PRC and one situated in each of Hong Kong and Switzerland, with an aggregate gross floor area of approximately 17,246.61 sq.m. The Group also leased 35 properties, which include 25 situated in the PRC, three situated in each of India and France, one situated in each of Hong Kong, Macau, Singapore and Romania.

The Group has obtained all the required land use rights and building ownership certificates for all its owned properties. The Directors believe that the current properties of the Group will meet its future needs and are consistent with the business plans of the Group.

For further details of the properties of the Group, please refer to the section headed "Property Valuation" set forth in Appendix II to this document.

DIRECTORS

The Board consists of six Directors, three of whom are independent non-executive Directors. The following table sets forth certain information relating to the Directors:

Name	Age	Current positions held with the Group
Mr. Lo Yat Keung	52	President and executive Director
Mr. Chan Wai Shing	43	Vice president and executive Director
Mr. Xu Guoping	62	Managing Director and executive Director
Mr. Seah Kok Khong, Manfred	50	Independent non-executive Director
Mr. Ho Yew Yuen	67	Independent non-executive Director
Mr. Teng Cheong Kwee	58	Independent non-executive Director

Executive Directors

Mr. Lo Yat Keung (勞逸強) ("**Mr. Lo**"), aged 52, is the President, an executive Director and the founder of the Group. Techcomp Hong Kong was incorporated by Mr. Lo in January 1991. Mr. Lo was appointed to the Board and nominated as President of the Company on 9 February 2004. He is responsible for the overall management and operations of the Group and for charting and reviewing the corporate directions and strategies. He is also responsible for making plans for the future development and growth of the Group; considering and implementing changes in the Group's organizational structure and maintaining and developing good relations with the governmental agencies and public figures of any country which the Group has or will have operations therein. With over 20 years of experiences in the life science research and equipment industry, he has been instrumental in the growth of the Group. Mr. Lo graduated with a Bachelor of Science from the Chinese University of Hong Kong in 1981 and obtained a Master in Business Administration from the same university in 1986.

Mr. Chan Wai Shing (陳慰成) ("**Mr. Chan**"), aged 43, is the Vice-President and an executive Director. Mr. Chan was appointed to the Board and nominated as Vice-President of the Company on 9 February 2004. He is responsible for the overall distribution operations of the Group. He is also responsible for the overall sales operations in the PRC and Hong Kong and is in charge of the development of the export business for international sales. Prior to joining the Group, Mr. Chan worked as an executive officer with the Hong Kong Government from June 1990 to October 1990. He joined the Group in 1991 as a product specialist. In 1992, he was promoted to sales manager and his main responsibilities were leading the sales teams of the Group, promoting strategies and directions and building relationships with customers and distributors. In July 1996, he was appointed as a Vice-President which he assisted in the analysis of technical derivation and coordination of technical services and sales. Mr. Chan obtained a Bachelor of Science from the Chinese University of Hong Kong in 1990.

Mr. Xu Guoping (徐國平) ("**Mr. Xu**"), aged 62, the managing Director of Shanghai Techcomp Instrument and an executive Director. Mr. Xu was appointed to the Board on 28 May 2004. He is responsible for the overall house brand business of the Group. From 1968 to 1979, Mr. Xu worked as a supervisor in Shanghai Magnetic and Steel Limited. He was promoted to head its publicity division in 1974. From 1979 to 1994, Mr. Xu held various posts in the publicity, production and business administration department in Shanghai Analytical Instrument Factory which is a state-owned enterprise focuses on producing analytical instruments. Mr. Xu joined the Group in 1994. He obtained a Diploma in Chinese from the Shanghai Jing An District Vocational Industrial University in 1984 and a Diploma in Business Administration from the Central Television University in 1986.

Independent non-executive Directors

Mr. Seah Kok Khong, Manfred ("**Mr. Seah**"), aged 50, is one of the independent non-executive Directors. He was appointed to the Board on 14 February 2007. Mr. Seah has more than 15 years of investment banking and direct investments experience in Asia. He is presently the group chief operating officer of WhiteRock Medical Company Pte Ltd, a regional medical devices group based in Singapore. He is responsible for the business development and managing the day-to-day administrative and operational activities of the Company. From 1996 to 2000, he served as the CEO of a Philippines based corporate advisory and securities firm, which was funded by a major Singapore corporation. From 1992 to 1996, he held senior positions at PrimeEast Capital Asia and Morgan Grenfell Asia, which are leading investment banks in Singapore and London respectively. Mr. Seah worked in a firm of Chartered Accountants in London after his graduation in 1984, where he continued to serve as a management & systems consultant advising SMEs in the UK until 1990. Mr. Seah graduated with a Bachelor of Science degree (First Class Honours) in Mathematics from the University of London in 1984 and obtained his master of Business Administration from London Business School in 1992. He is also a qualified Chartered Accountant associated with the Institute of Chartered Accountants in England and Wales.

Mr. Ho Yew Yuen ("**Mr. Ho**"), aged 67, is one of the independent non-executive Directors. He was appointed to the Board on 28 May 2004. He joined Ernst & Young Singapore as an audit trainee in 1961. He became a senior partner of Ernst & Young Singapore until his retirement in 1999. His clients ranged from large public-listed blue-chip companies with extensive overseas operations in Asia (including China) as well as multinational corporations dealing in various industries such as food and drinks, oil and gas, building and construction etc. Mr. Ho is currently the managing director of his own consultancy company in Singapore. Mr. Ho was admitted as a fellow of the Institute of Chartered Accountants in England and Wales in 1979 and, a fellow of the Association of Certified Accountants. Mr. Ho has obtained his Association of Chartered Certified Accountants qualification and his Institute of Chartered Accountant in England and Wales qualification.

Mr. Teng Cheong Kwee ("**Mr. Teng**"), aged 58, is one of the independent non-executive Directors. He was appointed to the Board on 28 May 2004. From 1979 to 1989, he worked with the Singapore Securities Industry Council Secretariat ("**SIC**") as an assistant secretary and subsequently was promoted as the Secretary. SIC is an advisory and consultative body set up to administer the Singapore Code and Take-overs and Mergers. From 1985 to 1989, he served as Assistant Director of the Banking and Financial Institutions Department of the Monetary Authority of Singapore and assisted in the administration of the Securities Industries Act and licensing and supervision of securities brokers and investment before being appointed to the Stock Exchange of Singapore. From 1989 to 2000, he served as an Executive Vice President of SGX-ST, and later as Executive Vice President and Head, Risk Management & Regulatory Division, of the SGX-ST. Mr. Teng currently also serves as an independent director on several SGX listed companies namely, First Resources Limited (stock code: EB5), AEI Corporation Limited (stock code: A18), Memtech International Limited (stock code: M26) and StatsChipPac Limited (stock code: S24). He obtained a Bachelor of Engineering (Industrial) (First Class Honours) and a Bachelor of Commerce from the University of Newcastle, New South Wales, Australia in 1978.

SENIOR MANAGEMENT

The following sets forth certain information in respect of our senior management team:

Mr. Sin Sheung Nam, Gilbert (**冼尚南**) ("**Mr. Sin**"), aged 38, is the financial controller and one of the company secretaries of the Group. He is responsible for the overall accounting function of the Group. Prior to joining the Group in 2003, Mr. Sin worked in one of the big four international accounting firms as a Semi-Senior Accountant. Mr. Sin obtained a Bachelor of Business Administration from the Chinese University of Hong Kong in 1995. He is an associate member of the Hong Kong Institute of Certified Public Accountants.

Mr. Tse Po Wah, aged 49, is the Director of Marketing of Techcomp Hong Kong since he joined the company in 1999. Mr. Tse is also the president of Techcomp China since August 2011. He is responsible for the marketing of the Group's products in Hong Kong and PRC. Mr. Tse is also responsible for management and day-to-day operations of distribution offices in China. He obtained a Bachelor of Science from the University of Hong Kong in 1985 and a Diploma of Business Management from the Chinese University of Hong Kong in 1992.

Mr. Xia Yisheng (**夏奕生**) ("**Mr. Xia**"), aged 56, is the Vice President of Techcomp China. He is responsible for marketing and regional management in the PRC. Mr. Xia joined the Chong Qing liaison office in 1993 and held the position of sales manager before becoming the marketing manager of Techcomp (Hong Kong) Trading in 1997. He assumed his present position in 2006. Mr. Xia obtained a Bachelor of Science from Chongqing Teachers' University in 1982 and a Master in Science from the Biology Institute, Nankai University in 1988.

Ms. Zhao Wei (趙薇) ("**Ms. Zhao**"), aged 44, is the Vice President of Techcomp China. Ms. Zhao joined the Group in 2000. She is responsible for the sales of entire China and the management and day-to-day operations of Beijing, Shenyang and Jinan offices. She obtained a Bachelor of Chemistry from the University of Science and Technology of China in 1991, a Master of Chemistry form Chinese Academy of Sciences in 1994, and full-time MBA from State University of New York, USA in 2003.

Mr. Jürg Strub ("Mr. Strub"), aged 60, is the CEO of Precisa Gravimetrics since 2007. He is responsible for management and daily operations of Precisa Gravimetrics. Prior to Precisa Gravimetrics AG, he served as CEOs for various start-up and international companies since 1991. He is the president of the Board of Micro Center Central Switzerland (MCCS) and president of Technologieforum Zug. Mr. Strub obtained a Bachelor of Electronic Engineering from the Technical University ETH Zurich, Switzerland in 1975, and Masters of Economics at University of Zurich, Switzerland in 1980.

Mr. Joel Cinier ("Mr. Cinier"), aged 53, is the CEO of Froilabo since 1998. He is responsible for management and daily operations of Froilabo. Mr. Cinier acquired Froilabo in 1998 and served as the executive Director since then until July 2009. Mr. Cinier obtained a Bachelor Degree from University of Grenoble, Graduation University of Technology in France in 1980.

JOINT COMPANY SECRETARIES

Mr. Sin Sheung Nam Gilbert (冼尚南), aged 38, is the financial controller and one of the company secretaries of the Group. His particulars are set out in the paragraph headed "Senior management" above.

Ms. Chan Chow Pheng, aged 53, joined the Group in March 2004 as one of the joint company secretaries of the Group. Ms. Chan has been assisting on the Company's secretarial matters in the past years. Ms. Chan is an associate member of the Institute of Chartered Secretaries and Administrators, which was originally founded in England, being given at London subject to the provisions of the Royal Charter of the Institute. Ms. Chan obtained a Bachelor of Laws from the University of London in 1995.

Relationship with staff

Overview of the number of staff

As at 30 November 2011, the Group had a total of 855 permanent full-time staff.

Set out below is a breakdown of employee of the Group as at 30 November 2011:

	Geographical regions				
Function	**Hong Kong & Macau**	**PRC**	**Asia (other than Hong Kong, Macau and PRC)**	**Europe**	**Total**
Senior Management	4	3	1	2	10
Production and quality control	—	155	—	48	203
Sales and marketing	10	173	19	18	220
Research and Development	—	46	—	10	56
Others *(Note)*	32	279	20	35	366
Total number of employees	46	656	40	113	855

Note: Others include staffs from administrative, human resources, finance and accounting, and purchasing.

Relationship with staff

The Directors believes that it is important to maintain good relationships with its staff.

Save as disclosed below, the Group did not experience any significant problems with its employees or disruption to its operations due to labour disputes nor did it experience any difficulties in the recruitment and retention of experienced staff or skilled personnel during the Track Record Period.

The Group was not involved in any labour disputes or litigation, claim, administrative action or arbitration relating to labour disputes of material importance as at the Latest Practicable Date.

The Group reviews the performance of its employees annually, the results of which are used in their annual salary reviews and promotion appraisals. Key employees are considered for a monthly and annual bonus based on various performance criteria and their assessment results. As retention of the key employees is an important aspect of the business success, the Group places great weight upon this. The Group conducts research on remuneration packages offered for similar positions in its industry, which the Group believes, help it remains competitive in the labour market. The employees are also entitled to participate in the Share Option Scheme, details of which are more fully set out in Appendix VI to this document.

Staff Benefits

The Group participates in various employees' benefit plans such as retirement benefit scheme and medical insurance. The Group also makes contributions to the retirement fund in compliance in all material respects with the requirements of the laws and regulations of the jurisdictions where it operates.

All PRC-based employees are entitled to participate in the social insurance operated by the Ministry of Labour and Social Security, the premium shall be undertaken between the Group and employee based on percentages fixed by relevant PRC laws.

The employee in Hong Kong will contribute to the mandatory provident fund in accordance with the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) and relevant requirements based on 5% of the relevant incomes of the relevant employee.

Based on the confirmations from the relevant PRC authorities, the Group has complied with all the relevant national and local labour and social welfare laws, regulations and requirements in the PRC and has made relevant contributions in accordance with these laws and regulation.

DIRECTORS'AND SENIOR MANAGEMENT'S REMUNERATION

The Directors and senior management receive compensation in the form of salaries, benefits in kind and discretionary bonuses relating to the Group's performance. The Group also reimburses them for expenses which are necessarily and reasonably incurred for providing services to the Group or executing their functions in relation to its operations. In addition to fees, salaries, allowance, benefits in kind or bonuses, the Company has adopted the Share Option Scheme pursuant to which the Directors may be entitled to the options that may be granted thereafter. For details, please refer to Appendix 1 Accountants' Report.

During the Track Record Period, the aggregate of the emoluments paid and other benefits granted to the Directors by the Group were approximately US$599,000, US$462,000, US$713,000 and US$461,000 respectively. For details, please refer to the accountants' report set out in Appendix I to this document.

For additional information on Directors' remuneration during the Track Record Period as well as information on the highest paid individuals, please refer to note 12 to the consolidated financial statements of the Group, included in the accountants' report set out in Appendix I to this document.

SHARE OPTION SCHEMES

Existing Share Option Scheme

The Company has conditionally adopted the Existing Share Option Scheme on 28 May 2004. Further information on the Existing Share Option Scheme is set out in the paragraph headed "Existing Share Option Scheme" in Appendix VI to this document. The purpose of this scheme is to recognize the contributions made by certain of the Directors, senior managerial staff and employees of the Group and to retain those persons whose contributions are important to the long-term growth and profitability of the Group.

Share Option Scheme

The Group has conditionally adopted the Share Option Scheme. Further information on the Share Option Scheme is set out in the paragraph under "Share Option Scheme" in Appendix VI to this document.

BOARD COMMITTEE

Audit Committee

The Group established an audit committee on 28 May 2004 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3 of the Code on Corporate Governance as set out in Appendix 14 of the Listing Rules. The primary duties of the audit committee are mainly to review the material investment, capital operation and material financial system of the Company; to communicate with external audit firms; to assess the performance of internal financial and audit personnel; and to assess the internal control of the Company. At present, the audit committee of the Company consists of all the independent non-executive Directors, who are Mr. Seah, Mr. Ho and Mr. Teng. Mr. Ho is the chairman of the audit committee.

Remuneration Committee

The Group established a remuneration committee on 28 May 2004 with written terms of reference in compliance with paragraph B1 of the Code on Corporate Governance Practice as set out in Appendix 14 of the Listing Rules. The primary duties of the remuneration committee include: (i) reviewing the terms of the remuneration package of each Director and member of senior management and making recommendations to the Board regarding any adjustment thereof; (ii) reviewing and evaluating the performance of individual Executive Directors for determining the amount of bonus (if any) payable to them; and (iii) considering the grant of options to Directors pursuant to the Share Options

Scheme. No Director shall participate in any discussion about his own remuneration. The remuneration committee consists of three members, namely Mr. Seah, Mr. Ho and Mr. Teng. Mr. Teng is the chairman of the remuneration committee.

Nomination Committee

The Group established a nomination committee on 28 May 2004 with written terms of reference in compliance with the Code on Corporate Governance Practice as set out in Appendix 14 of the Listing Rules. The primary duties of the nomination committee include the review of the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and to make recommendations to the Board regarding any proposed change, identify individuals suitably qualified to become board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships, assess the independence of independent non-executive Directors. The nomination committee of the Company consists of three members, namely Mr. Seah, Mr. Ho and Mr. Teng. Mr. Seah is the chairman of the nomination committee.

COMPLIANCE ADVISER

The Company has appointed Oriental Patron as the compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise the Company on the following matters:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;

(iii) where the Group's business activities, development or results deviate from any forecast, estimate or other information in this document; and

(iv) where the Stock Exchange makes an inquiry of the Group regarding unusual movements in the price or trading volume of the Shares.

The term of appointment shall commence on the Listing Date and ending on the date on which the Group distributes the annual report in respect of its financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

Immediately after the completion of the Listing, Mr. Lo, the Controlling Shareholder, will own an aggregate of 112,456,500 Shares (representing approximately 48.37% of the Shares then in issue, assuming that no Shares have been issued pursuant to the exercise of any option granted or which may be granted under the Existing Share Option Scheme and the Share Option Scheme). Other than their interest in the Group, each of the Controlling Shareholders and their associates currently does not have any competing business with the Group pursuant to Rule 8.10(1) of the Listing Rules.

COMPETITION

No competing business

The Group is principally engaged in the design, development and manufacture, and distribution of analytical instruments, life science equipment and laboratory instruments mainly in the PRC and also in other countries, such as Hong Kong, Macau, Japan, Europe, the United States, Southeast Asia (including Indonesia, Malaysia, Singapore and Thailand), South Asia (including India and Pakistan) and Australia. The Directors have confirmed that (1) the Controlling Shareholder are not interested in any business which competes either directly or indirectly with, or is it otherwise materially relevant to, the business of the Group , and (2) the Directors are not interested in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business pursuant to Rule 8.10(2) of the Listing Rules.

DEED OF NON-COMPETITION

To better safeguard the Group from any potential competition, each of the Controlling Shareholder and executive Directors (collectively, the "**Covenantors**") has entered into a deed of non-competition with the Company to the effect that each of them severally, irrevocably and unconditionally, undertakes with the Company (on behalf of itself and the Group) that with effect from the Listing Date and for as long as (i) the Shares remain listed on the Stock Exchange and (ii) (a) the Controlling Shareholder individually or collectively with their respective associates are, directly or indirectly, interested in not less than 30% of the Shares in issue, or are otherwise regarded as Controlling Shareholder, or (ii) (b) the relevant executive Director remains as an executive Director, the relevant Covenantor shall, and shall procure that their respective associates shall:

(a) not directly or indirectly engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business in competition with or likely to be in competition with the existing business activity of the Group or be in competition with the Group in any business activities which the Group may undertake in the future save for the holding of not more than 5% shareholding interests (individually or any of the Covenantors with their associates collectively) in any company listed on the Stock Exchange or any other stock exchange;

(b) not take any direct or indirect action which constitutes an interference with or a disruption to the business activities of the Group including, but not limited to, solicitation of customers, suppliers and staff of the Group; and

(c) keep the Directors informed of any matter of potential conflicts of interests between the Covenantors (including their associates) and the Group, in particular, a transaction between any of the Covenantors (including its associates) and the Group.

In addition, each of the Covenantors has severally, irrevocably and unconditionally undertaken with the Company (on behalf of itself and the Group) that if any new business opportunity relating to any products and/or services of the Group (the "**Business Opportunity**") is made available to any of the Covenantors or their respective associates (other than members of the Group), he or she or it will direct or procure the relevant associate to direct such Business Opportunity to the Group with such required information to enable the Group to evaluate the merits of the Business Opportunity. The relevant Covenantor shall provide or procure the relevant associate to provide all such reasonable assistance to enable the Group to secure the Business Opportunity.

None of the Covenantors and their respective associates (other than members of the Group) will pursue the Business Opportunity until it decides not to pursue the Business Opportunity because of commercial reasons. Any decision of the Company will have to be approved by the independent non-executive Directors taking into consideration its prevailing business and financial resources, the financial resources required for the Business Opportunity and any expert opinion on the commercial viability of the Business Opportunity.

Save as disclosed in this section of this document, none of the Covenantors is interested in any business apart from the business operated by members of the Group which competes or is likely to compete, directly or indirectly, with the Group's business under Rule 8.10 of the Listing Rules.

Each of the Covenantors has further severally, irrevocably and unconditionally, undertaken that it or he or she or it will (i) provide to the Group all information necessary for the enforcement of the undertakings contained in the deed of non-competition; and (ii) confirm to the Company, on an annual basis, as to whether it or he or she has complied with such undertakings.

The deed of non-competition will cease to have any effect on the earliest of the date on which:

(a) the Company becomes wholly-owned by the Covenantors and/or their associates;

(b) in the case of the Controlling Shareholder, the aggregate beneficial shareholding (whether direct or indirect) of the Controlling Shareholder and/or his associates in the Shares falls below 30% of the number of Shares in issue or the relevant Covenantor shall cease to be a controlling shareholder (as defined in the Listing Rules) of the Company;

(c) in the case of any executive Director, ninety (90) days from the date of resignation or termination of his or her service contract with the Company as a result of his or her breach of the relevant service contract, provided that if the relevant service

contract is terminated by the Company without any breach on the part of the relevant executive Director, the date of termination of the relevant service contract; or

(d) our Shares cease to be listed on the Stock Exchange.

CORPORATE GOVERNANCE MEASURES

The Directors believe that there are adequate corporate governance measures in place to manage the conflict of interests arising from competing businesses and to safeguard the interests of our Shareholders, including:

(a) review by the independent non-executive Directors on an annual basis in compliance with the deed of non-competition by the Covenantors, the options, the pre-emptive rights or first rights of refusals provided by the Controlling Shareholder on their existing or future competing businesses;

(b) undertakings by the Covenantors that they will provide to the Group all information necessary for the enforcement of the deed of non-competition, and confirm to it on an annual basis as to whether he or she or it has complied with the above non-competition undertakings;

(c) decision for the exercise or non-exercise of the right of first refusal for the Business Opportunity shall be determined by the independent non-executive Directors only;

(d) the independent non-executive Directors are empowered to engage professional advisors at the Group's costs for advice on matters relating to any Business Opportunities;

(e) the Company will disclose in an announcement on the decision, with basis, of the independent non-executive Directors to pursue or decline the Business Opportunities;

(f) disclosure by the Group on decisions on matters reviewed by the independent non-executive Directors relating to the compliance and enforcement of the deed of non-competition in the annual report; and

(g) the Covenantors making an annual statement in compliance with the deed of non-competition in the Company's annual report, including the disclosure on how the deed of non-competition was complied with and enforced, which is consistent with the principles of making voluntary disclosure in the corporate governance report of the annual report.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDER

Having considered the matters described above and the following factors, the Directors believe that they can carry on the business independent of and without financial reliance on the Controlling Shareholder (and any of his associates) following the Listing, and that it satisfies the relevant requirements under the Listing Rules.

Management independence

The Board consists of six Directors, comprising three executive Directors and three independent non-executive Directors. Mr. Lo, being the President and an executive Director, is also the Controlling Shareholder.

Each of the Directors is fully aware of his fiduciary duties as a Director which requires, amongst other things, that he acts for the benefit of the Group and in its best interests and does not allow any conflict between his duties as a Director and his personal interest to exist. In the event that there is a potential conflict of interests arising out of any transaction to be entered into between the Group and the Directors or their respective associates, the interested Director(s) will abstain from voting at the relevant meeting of the Board in respect of such transactions and shall not be counted in the quorum. In addition, members of the senior management are also independent from the Controlling Shareholder and his respective associates.

Operational independence

The Group's operations are independent of and not connected with the Controlling Shareholder and his associates. The organisation structure is made of various departments and divisions, each with specific areas of responsibility. The management team is also independent from the Controlling Shareholder. The Group has obtained all necessary qualifications for operating its current businesses. The Group has established independent accounting and financial reporting systems. The Group has independent access to source of supplies and also to customers and it has also established various internal control procedures to facilitate the effective operation of the business. The Group has its own investment committee which assesses business opportunities and makes investment decisions.

Financial independence

The Group has an independent financial system and make financial decisions according to its own business needs. The Directors confirm that as at the Latest Practicable Date, all financial assistance, including amounts due to, and loans or guarantees provided by the Controlling Shareholder to Group, were repaid or released or otherwise settled in full. Therefore, there is no financial dependence on the Controlling Shareholder.

The following connected transactions have been, and will be, carried out by the Group in the ordinary and usual course of business, on either normal commercial terms or terms no less favourable to our Company than those available from Independent Third Parties, and are expected to continue in the foreseeable future.

EXEMPT CONTINUING CONNECTED TRANSACTION

Nature and terms of transactions

Jingke Trading was incorporated on 23 June 2010 in the PRC and the Group has supplied analytical and laboratory instruments, mainly balance, to Jingke Trading since 23 June 2010. During the period from 23 June 2010 to 31 December 2010 and 1 January 2011 to 30 June 2011, the total sales by the Group to Jingke Trading amounted to approximately US$1.4 million and approximately US$2.4 million respectively. The prices of such sales were determined with reference to the prices at which the analytical and laboratory instruments were distributed by the Group to other customers of the Group.

On 1 December 2011, the Company and Jingke Trading entered into a master supply agreement (the "**Master Supply Agreement**"), by which, among other things, the Company agreed to supply or procure other members of the Group to supply, and Jingke Trading agreed to purchase, the analytical and laboratory instruments, mainly balance, manufactured or distributed by the Group. The price for analytical and laboratory instruments, mainly balance, distributed by the Group to Jingke Trading will be agreed after arm's length negotiation between the Group and Jingke Trading with reference to the prevailing market prices. The Master Supply Agreement is for a term commencing from the date of the Master Supply Agreement and expiring on 31 December 2013.

Annual caps

The Directors estimate that the maximum amount of supply of the analytical and laboratory instruments under the Master Supply Agreement for each of the three years ending 31 December 2011, 2012 and 2013 will amount to US$4,000,000 (equivalent to approximately RMB26,160,000), US$4,400,000 (equivalent to approximately RMB28,776,000) and US$4,900,000 (equivalent to approximately RMB32,046,000) respectively. The estimated annual caps are determined with reference to the annualised supply of the analytical and laboratory instruments to Jingke Trading for the period from 23 June 2010 to 31 December 2010 and projected with a 10% growth each year with reference to the budgeted sales growth of Jingke Trading.

Listing Rules Implications

At the Latest Practicable Date, SPSIC holds a 49% equity interest in Jingke Scientific, a non-wholly owned subsidiary of the Group and a 51% equity interest in Jingke Trading, an associate company of the Group. In this regard, SPSIC is a substantial shareholder of Jingke Scientific, while Jingke Trading is a subsidiary of SPSIC and therefore each of SPSIC and Jingke Trading is considered as a connected person of the Group at the subsidiary level under Rule 14A.11 of the Listing Rules. Jingke Scientific is principally engaged in the manufacturing of analytical and laboratory instruments, mainly balance. As the value of the Jingke Scientific's total assets, profits and revenue (or the aggregate value of the relevant subsidiaries' total assets, profits and revenue) represents less than 10% under the relevant percentage ratios as defined under rule 14.04(9) for the period since its establishment of the subsidiary, the transactions contemplated under the Master Supply Agreement constitute exempt continuing connected transactions under Rule 14A.31(9) of the Listing Rules which will be exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) confirm that the supply of the analytical and laboratory instruments under the Master Supply Agreement has been entered into in the ordinary and usual course of the Group's business and is based on normal commercial terms or terms no less favourable than those available to an Independent Third Party that is fair and reasonable and in the interest of the Shareholders as a whole, and that the annual caps for the transactions under Master Supply Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors confirm that, in the event that transactions under the Master Supply Agreement between the Company and Jingke Trading are no longer meet the requirement in Rule14A.31(9), or in the event that the Group enters into any new transactions or agreements with any connected person in the future, the Company will comply with the relevant provisions of Chapter 14A of the Listing Rules.

So far as the Directors are aware, immediately following the completion of the Listing (but without taking into account any Shares which may be allotted and issued upon the exercise of the options which have been granted under the Existing Share Option Scheme or which may be granted under the Share Option Scheme), the following person(s) will have interests or short positions in the Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long positions in the Shares

Name of Shareholder	Capacity/nature of interest	Number of Shares	Approximate percentage of shareholding *(%)*
Mr. Lo	Beneficial owner	104,956,500[4]	45.14
	Deemed interest, interest of his spouse [1]	7,500,000	3.23
Mrs. Lo	Beneficial owner	7,500,000	3.23
	Deemed interest, interest of her spouse [2]	104,956,500[4]	45.14
Kabouter Management, LLC[3]	Beneficial owner	25,384,000	10.92

Notes:

(1) Mr. Lo, the President and an executive Director, is deemed to be interested in the Shares held by his spouse, Mrs. Lo, who has an interest in 7,500,000 Shares.

(2) Mrs. Lo is deemed to be interested in the Shares held by Mr. Lo, who has an interest in 104,956,500 Shares.

(3) As at 30 November 2011, Kabouter Management, LLC is deemed interested in 25,384,000 Shares, held through Raffles Nominees Pte Ltd., owned by Kabouter Fund II (managed by Kabouter Management, LLC), Kabouter Fund I QP (managed by Kabouter Management, LLC) and Talon International select partners fund (managed by Kabouter Management, LLC).

(4) There is a Stock Borrowing Agreement between Mr. Lo and the Bridging Dealer, pursuant to which Mr. Lo shall, from time to time upon request by the Bridging Dealer lend up to a maximum of 58,125,000 Shares, representing 25% of Shares in issue in aggregate to the Bridging Dealer, on one or more occasions, and an equivalent number of Shares shall be returned to Mr. Lo not later than 13 business days after the expiry of the Bridging Period (being the 30-day period from and including the Listing Date), subject to compliance with applicable laws, rules and regulations in Singapore and Hong Kong, including but without limitation that the lending and the subsequent acceptance of redelivery of any Shares by Mr. Lo, and the borrowing and the subsequent redelivery of any Shares by the Bridging Dealer, will not lead to either party being obliged to make a mandatory general offer under the Takeovers Code and/or the Singapore Code. Further details of the Stock Borrowing Agreement are set out in the section headed "Listing, Registration, Dealings and Settlement — Bridging Arrangements" of this document.

Save as disclosed above, the Directors are not aware of any person who will, immediately following completion of the Listing, have interests or short positions in the Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly and/or indirectly interested in 10% or more of the par value of any class of share capital carrying rights in all circumstances at general meetings of any member of the Group.

AUTHORISED AND ISSUED SHARE CAPITAL

The following is a description of the authorised and issued share capital of the Company immediately following completion of the Listing:

Authorised share capital:		*US$*
800,000,000	Shares of US$0.05 each	40,000,000
Issued and fully paid share capital:		
232,500,000	Shares of US$0.05 each	11,625,000

Assumptions

The above table assumes that the Listing becomes unconditional and is completed in accordance with the relevant terms and conditions. The above table takes no account of (a) any Shares which may be allotted and issued pursuant to the general mandate given to the Directors for allotment and issue of Shares, and (b) any Shares which may be allotted and issued upon the exercise of the options which have been granted under the Existing Share Option Scheme or which may be granted under the Share Option Scheme.

Ranking

All Shares in issue rank pari passu in all respects among themselves, and in particular will be entitled to all dividends or other distributions declared, made or paid upon Listing.

EXISTING SHARE OPTION SCHEME AND SHARE OPTION SCHEME

The Group adopted the Existing Share Option Scheme on 28 May 2004 and no further options will be granted under the Existing Share Option Scheme upon the Listing. As at the Latest Practicable Date, options to subscribe for 21,835,000 Shares, representing approximately 9.39% of the existing issued Shares remain outstanding under the Existing Share Option Scheme. It will not grant any further options under the Existing Share Option Scheme prior to the Listing.

The Share Option Scheme was conditionally approved and adopted at an special general meeting of the then Shareholders on 9 June 2011 and will take effect upon the Listing. Pursuant to the Share Option Scheme, eligible participants of the scheme may be granted options which entitle them to subscribe for Shares representing (when aggregated with options granted under any other scheme) a maximum of 10% of the Shares in issue as of the Listing Date. No options have been granted under the Share Option Scheme as of the Latest Practicable Date.

The principal terms of the Existing Share Option Scheme and the Share Option Scheme are summarized in the paragraphs headed "Existing Share Option Scheme" and "Share Option Scheme" in Appendix VI to this document.

GENERAL MANDATE GIVEN TO THE DIRECTORS TO ISSUE SHARES

At the last annual general meeting of the Company on 29 April 2011, Shareholders have approved the resolution pursuant to which authority was given to the Directors to issue Shares whether by way of rights, bonus or otherwise, and/or make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this resolution, of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to all Shareholders shall not exceed 20% of the total number of issued shares (excluding treasury shares) in the share capital of the Company. Unless revoked or varied by the Company in general meeting, such authority shall continue in force (i) until the conclusion of the Company's next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this resolution, until the issuance of such shares in accordance with the terms of such convertible securities.

For the purpose of determining the aggregate number of Shares that may be issued under the authority granted above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) of the Company as at the date of passing of the resolution, after adjusting for: (i) new shares arising from the conversion or exercise of convertible securities, (ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed, and (iii) any subsequent bonus issue, consolidation or subdivision of shares.

Pursuant to the Listing Rules, the Listing Manual and the Bye-laws, the maximum aggregate number of Shares and convertible securities of the Company (other than on a pro rata basis to all Shareholders) which may be issued under the general mandate before the next annual general meeting of the Company is 46,500,000 Shares, representing 20% of the issued share capital of the Company as at the date of grant of such general mandate.

For further details of this general mandate, please refer to the paragraph headed "Resolutions of the Shareholders of the Company passed at the Company's general meetings on 29 April 2011 and 9 June 2011" in the section headed "Further information about the Company and its subsidiaries" in Appendix VI to this document.

RULE 10.07 AND RULE 10.08 OF THE LISTING RULES

The Company has applied for and has been granted a waiver from the Stock Exchange in relation to the strict compliance with Rule 10.08 of the Listing Rules and a consequential waiver from strict compliance with Rule 10.07(1)(a) of the Listing Rules. Please refer to the paragraphs headed "Share Issue Restriction" in the section headed "Waivers" in this document for details of the waiver.

TRADING INFORMATION

For information purpose only, please see below table in relation to high, low, monthly closing and monthly average of the Company's trading information on the SGX-ST during the Track Record Period and up to the Latest Practicable Date:

	High *(S$)*	**Low** *(S$)*	**Monthly Closing** *(S$)*	**Monthly average** *(S$)*
January 2008	0.333	0.233	0.280	0.294
February 2008	0.297	0.267	0.297	0.280
March 2008	0.280	0.220	0.233	0.243
April 2008	0.300	0.233	0.297	0.255
May 2008	0.297	0.257	0.273	0.274
June 2008	0.273	0.243	0.260	0.269
July 2008	0.290	0.240	0.290	0.259
August 2008	0.290	0.233	0.267	0.277
September 2008	0.267	0.173	0.207	0.223
October 2008	0.217	0.130	0.160	0.180
November 2008	0.160	0.120	0.140	0.136
December 2008	0.173	0.130	0.173	0.153
January 2009	0.177	0.137	0.177	0.175
February 2009	0.177	0.137	0.173	0.167
March 2009	0.177	0.167	0.177	0.169
April 2009	0.177	0.140	0.147	0.152
May 2009	0.163	0.143	0.150	0.152
June 2009	0.173	0.153	0.167	0.163
July 2009	0.193	0.153	0.187	0.172
August 2009	0.217	0.173	0.203	0.199
September 2009	0.257	0.200	0.253	0.226
October 2009	0.257	0.233	0.247	0.250
November 2009	0.240	0.200	0.207	0.217
December 2009	0.220	0.200	0.200	0.211
January 2010	0.283	0.200	0.250	0.242
February 2010	0.300	0.250	0.297	0.264
March 2010	0.400	0.290	0.367	0.333
April 2010	0.447	0.363	0.433	0.411
May 2010	0.490	0.295	0.320	0.355
June 2010	0.405	0.310	0.390	0.371
July 2010	0.410	0.355	0.390	0.386
August 2010	0.400	0.365	0.390	0.382
September 2010	0.410	0.365	0.395	0.385
October 2010	0.420	0.390	0.405	0.406
November 2010	0.410	0.375	0.390	0.393
December 2010	0.425	0.385	0.420	0.397
January 2011	0.435	0.405	0.420	0.420
February 2011	0.465	0.415	0.445	0.443
March 2011	0.510	0.435	0.475	0.458

	High (S$)	Low (S$)	Monthly Closing (S$)	Monthly average (S$)
April 2011	0.505	0.470	0.475	0.484
May 2011	0.485	0.420	0.435	0.446
June 2011	0.455	0.405	0.405	0.432
July 2011	0.435	0.400	0.423	0.420
August 2011	0.430	0.325	0.360	0.379
September 2011	0.375	0.300	0.345	0.359
October 2011	0.345	0.300	0.345	0.342
November 2011	0.430	0.330	0.400	0.343
December 2011 (up to and including the Latest Practicable Date)	0.405	0.395	0.395	0.395

As at the Latest Practicable Date, closing price of the Shares on the SGX-ST was S$0.395 (representing an approximate 25.7% premium to net asset value of the Group as at 30 June 2011).

For information purpose only, please see below table in relation to the average daily trading volume and turnover of the Shares for each month since the Company's listing on the SGX-ST during the Track Record Period and up to the Latest Practicable Date:

	Average daily trading volume (Shares)	Average daily turnover (S$)	Average daily trading volume as % of total issued share
January 2008	158,283	46,314	0.08%
February 2008	69,929	19,275	0.03%
March 2008	62,714	14,949	0.03%
April 2008	57,205	15,801	0.02%
May 2008	13,705	3,795	0.01%
June 2008	67,643	18,052	0.03%
July 2008	36,457	9,932	0.02%
August 2008	363,714	97,052	0.16%
September 2008	130,773	26,616	0.06%
October 2008	231,587	45,638	0.10%
November 2008	16,200	2,128	0.01%
December 2008	26,022	4,082	0.01%
January 2009	13,023	1,953	0.01%
February 2009	3,600	545	0.00%
March 2009	115,977	20,012	0.05%
April 2009	39,955	5,888	0.02%
May 2009	170,143	26,309	0.07%

	Average daily trading volume *(Shares)*	Average daily turnover *(S$)*	Average daily trading volume as % of total issued share
June 2009	109,159	17,901	0.05%
July 2009	88,957	15,684	0.04%
August 2009	292,571	59,882	0.13%
September 2009	178,636	39,351	0.08%
October 2009	104,455	25,263	0.04%
November 2009	106,429	23,250	0.05%
December 2009	46,696	9,658	0.02%
January 2010	127,357	32,127	0.05%
February 2010	207,975	54,740	0.09%
March 2010	813,065	288,703	0.35%
April 2010	1,328,727	552,966	0.57%
May 2010	314,976	115,641	0.14%
June 2010	175,136	65,129	0.08%
July 2010	224,091	88,387	0.10%
August 2010	123,545	47,427	0.05%
September 2010	124,455	48,778	0.05%
October 2010	173,143	70,603	0.07%
November 2010	39,864	15,860	0.02%
December 2010	75,000	30,921	0.03%
January 2011	119,905	50,758	0.05%
February 2011	261,400	115,847	0.11%
March 2011	228,435	105,934	0.10%
April 2011	187,857	92,431	0.08%
May 2011	44,227	19,724	0.02%
June 2011	139,182	61,001	0.06%
July 2011	51,143	21,472	0.02%
August 2011	112,130	42,838	0.05%
September 2011	18,273	6,628	0.01%
October 2011	10,714	3,512	0.00%
November 2011	4,455	1,618	0.00%
December 2011 (up to and including the Latest Practicable Date)	20,667	8,225	0.01%

The following discussion and analysis should be read in conjunction with the Group's audited consolidated financial statements as of and for the three financial years ended 31 December 2010, for the period ended 30 June 2011 in each case with the related notes thereto, included elsewhere in this document. The consolidated financial statements of the Group have been prepared in accordance with IFRS, which differ in certain significant respects from generally accepted accounting principles in certain other countries. For further information, please see "Appendix I — Accountants' Report". Any discrepancies in any table or elsewhere in this document between totals and sums of amounts listed herein are due to rounding.This discussion and analysis contains forward-looking statements that involve risks and uncertainties. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this document, particularly in section headed "Risk Factors".

OVERVIEW

The Group is principally engaged in the manufacture and distribution of analytical instruments, life science equipment and laboratory instruments for a broad range of chemical analysis and life science applications. There are two business segments of the distributes Group's operation, namely manufacturing and distribution.

The Group's manufacturing segment involves designs, developments, manufactures, distribution and services of various analytical instruments, life science equipment and laboratory instruments mainly under the brands of "Techcomp", "Dynamica", "Froilabo", of which the Group has applied for registration of the relevant trademarks in Hong Kong and for the brand of "Techcomp", the relevant trademark has been registered by the Group in the PRC, and "Precisa" of which the Group has been granted the rights to use as well as manufacture and distribute products for other companies on an OEM and ODM basis bearing the trademark. The products manufactured by the Group are mainly sold and distributed to the end-customers and third party local distributors respectively by the Group in the PRC, Hong Kong and Macau, Southeast Asia, South Asia, Middle East, Australia, Japan, the United States and Europe.

The Group's distribution segment involves the trading and services of analytical instruments, life science equipments and laboratory instruments which are manufactured by other manufacturers with their own brand name through the Group's trading subsidiaries to its end-customers and third party local distributors in the PRC, Hong Kong and Macau, Southeast Asia, South Asia and Australia. Through the Group's trading subsidiaries and its third party local distributors, the Group is able to provide installation, maintenance, application support and repair services to its end-customers for the products manufactured or distributed by the Group.

On 29 April 2011, Deloitte & Touche LLP has been reappointed by the then Shareholders in the annual general meeting held on 29 April 2011 as the Company's auditors for the year ended 31 December 2011 for the Company's annual financial statements. The Company will continue prepare the financial statements of the Group in

accordance with IFRS after the Listing. In addition, under the Listing Manual of SGX-ST, the Company is required to publish its quarterly financial result on the website of SGX-ST ("**SGX Report**"). The Company shall comply with the Listing Rules after the Listing in Hong Kong. In the event that the SGX Report is required to be issued in Singapore, the Company will publish an announcement containing all price sensitive information pursuant to Rule 13.09 of the Listing Rules. In relation to those non-price sensitive information, the Company will publish an overseas regulatory announcement on the Stock Exchange.

FACTORS AFFECTING THE GROUP'S RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The Group's revenue is dependent on the selling prices of the products and sales volume. Selling prices may be affected if competition intensifies and the competitors adopt aggressive pricing strategies in order to gain market share. The Group's sales volume correlates to the demand for the products, which principally depends on factors such as the level of capital expenditure of customers, the rate of economic growth and general economic development in our major markets, in particular the PRC, and other competitive considerations such as new product introductions.

The level of capital expenditure of customers

Customers of the Group comprise universities, research institutions (including both government funded and privately funded science research institutions, medical science research institutions, petrochemical research centers and drug research centers), companies in the industrial sector (including pharmaceutical firms, food beverage companies, biotechnology chemical companies, electronic companies and mining companies) and government agencies. The demand for products of the Group would depend on the size of the budget allocated to the customers to purchase the products. The budget of customers in private industries depends on their ability to fund their capital expenditure to remain competitive. The budget of customers, such as universities and research institutions, which are primarily in the PRC, are funded by their respective governments. The size of the budget allocated to these customers would generally depend on their respective government's spending on scientific research and development.

New product introductions by the Group and by the suppliers

New product introductions typically have a positive effect on the Group's revenue as these products are generally in greater demand due to their more advanced features. The timing of new product launches would depend on the ability to launch new products that are manufactured by the Group and the supplier's ability to introduce more advanced products. Any delays in the launch of new products by the Group or delays in the launch of new products of the suppliers may affect the Group's revenues if competitors of the Group are able to bring more advanced products to the market before the Group.

Ability to secure new customers and retain existing customers

Ability of the Group to generate revenue has depended on, and will continue to depend on, the ability to compete successfully with competitors to secure new customers as well as retain existing customers. Many of the customers of the Group are universities and research institutions which are funded by the PRC government and the ability to operate successfully will depend on the Group's ability to secure new contracts from these customers. The Group has a number of competitive strengths that have enabled it to successfully compete in the analytical instruments, life science equipment and laboratory instruments industries in PRC and that will enable it to continue to compete successfully in this market in the future.

BASIS OF PREPARATION

The Company is a limited liability company incorporated in Bermuda on 26 January 2004. The principal activities of the Group are design, development, manufacture and distribution of analytical instruments, life science equipment and laboratory instruments. The consolidated financial information of the Group was prepared in accordance with the IFRS under the historical cost convention. The consolidated financial information is presented in USD.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Group's consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values and in accordance with the following accounting policies which conform to IFRSs. These policies have been consistently applied throughout the Track Record Period.

In addition, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The selected critical accounting policies and estimates are set out below.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when goods are delivered and legal title is passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Property, plant and equipment

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

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

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

Intangible assets

Research and development expenditure

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

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

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;

- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

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

Intangible assets acquired in a business combination

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

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight line basis over their estimated useful lives.

Intangible assets acquired separately

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Impairment of financial assets

Financial assets other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimate future cash flows of the financial assets have been affected.

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

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

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of loans and receivables, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

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

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

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve.

DESCRIPTION OF CERTAIN ITEMS IN THE CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Revenue

Revenue is measured at the fair value of the consideration received or receivable. It is stated net of estimated customer returns, rebates and other similar allowances. The revenue is recognized from the sale of manufacturing and distribution products, including sales through import and export agents, upon delivery of goods and pass of title and risk.

The following table sets out a breakdown of the revenue and percentage from the manufacturing segment and the distribution segment during the Track Record Period:

	Year ended 31 December						For the six months ended 30 June			
	2008		2009		2010		2010		2011	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*
Manufacturing	13,623	16.8	19,897	19.0	39,753	31.3	15,111	29.5	20,116	33.1
Distribution	67,406	83.2	84,884	81.0	87,337	68.7	36,098	70.5	40,695	66.9
Total	81,029	100.0	104,781	100.0	127,090	100.0	51,209	100.0	60,811	100.0

During the Track Record Period, the Group's revenue were approximately US$81.0 million, US$104.8 million, US$127.1 million and US$60.8 million respectively. The CAGR for the three years ended 31 December 2010 was 25.2%. This increase in the revenue of the Group has resulted primarily from the significant growth in both manufacturing and distribution during this period. Revenue in both segments increased primarily due to increased demand of the products in Asia, especially from customers situated in the PRC. The growth in manufacturing business was also contributed by the increase in sales in France of approximately US$4.4 million and Switzerland of approximately US$6.1 million for the year ended 31 December 2010 after the acquisition of HCC Group and Precisa Gravimetrics in July 2009 and in February 2010, respectively.

During the Track Record Period, revenue from manufacturing and distribution segments comprised 16.8% and 83.2%, 19.0% and 81.0%, 31.3% and 68.7% and 33.1% and 66.9% of the Group's revenue, respectively. Revenue from manufacturing segment is principally from the manufacture and sale of deep freezer, incubator, oven, balance, UV-Vis spectrophotometers, gas chromatographs, centrifuges, biological safety cabinets, and turnkey laboratories, etc.. Revenue from distribution segment is principally from the distribution and servicing of products obtained from suppliers such as Hitachi High-Tech, Hitachi Koki, Horiba Jobin Yvon and Nuaire.

The following table sets out a breakdown of the total revenue of the Group by geographical segment during the Track Record Period:

	For the year ended 31 December						For the six months ended 30 June			
	2008		2009		2010		2010		2011	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000* (unaudited)	*%*	*US$'000*	*%*
PRC	67,270	83.0	81,199	77.5	91,878	72.3	38,563	75.3	46,753	76.9
Hong Kong and Macau	2,443	3.0	2,433	2.3	1,896	1.5	810	1.6	966	1.6
Indonesia	1,337	1.7	2,007	1.9	2,969	2.3	711	1.4	494	0.8
India	3,752	4.6	4,971	4.8	5,728	4.5	1,532	3.0	1,744	2.9
France	—	0.0	4,227	4.1	8,655	6.8	4,141	8.1	3,941	6.5
Switzerland	—	0.0	—	0.0	6,075	4.8	2,758	5.4	3,816	6.3
Other regions *(Note)*	6,227	7.7	9,894	9.4	9,889	7.8	2,694	5.2	3,097	5.0
Total	81,029	100.0	104,781	100.0	127,090	100.0	51,209	100.0	60,811	100.0

Note: Other regions include: Europe (other than France and Switzerland), the United States, Japan, South Asia (other than India), Southeast Asia (other than Indonesia), Middle East and Australia

Cost of sales

During the Track Record Period, cost of sales accounted for approximately 70.2%, 71.5%, 67.5% and 69.5% of the Group's revenue, respectively.

Manufacturing

Cost of sales relating to manufacturing business principally consists of components and materials, including integrated circuit chips, resistors, capacitors, lamp connectors, wires, PCB and metal chassis, for the manufacturing and direct labour and other direct overhead costs. Component and raw material costs typically accounts for more than 70% of the cost of sales relating to manufacturing.

Distribution

Cost of sales relating to distribution business principally consists of cost of products purchased from the suppliers. The price of the products paid by the Group to the suppliers is determined by the suppliers and the price is updated periodically due to demand and supply of the products as well as foreign exchange rate fluctuations.

Gross profit and gross profit margin

The following table sets out the Group's total gross and gross profit margin during the Track Record Period:

	For the year ended 31 December						For the six months ended 30 June			
	2008		2009		2010		2010		2011	
							(unaudited)			
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*
Manufacturing segment	6,408	47.0	10,112	50.8	16,826	42.3	5,712	37.8	8,532	42.4
Distribution segment	17,774	26.4	19,751	23.3	24,502	28.1	9,331	25.8	10,028	24.6
Overall	24,182	29.8	29,863	28.5	41,328	32.5	15,043	29.4	18,560	30.5

Gross profit for the six months ended 30 June 2011 was approximately US$18.6 million, an increase of approximately 23.4% from approximately US$15.0 million for the six months ended 30 June 2010. Gross profit margin increased by approximately 1.1 percentage point from approximately 29.4% for the six months ended 30 June 2010 to approximately 30.5% for the six months ended 30 June 2011. The gross profit margin of distribution segment for the six months ended 30 June 2011 decreased by approximately 1.2 percentage point compared to six months ended 30 June 2010 and the gross profit margin of manufacturing segment for the six months ended 30 June 2011 increased by approximately 4.6 percentage point compared to six months ended 30 June 2010. The increase of the overall gross profit margin was primarily due to the Group higher portion of revenue as well as gross profit was generated from the Group's manufacturing business with higher gross profit margin for the six months ended 30 June 2011.

Gross profit for the year ended 31 December 2010 was approximately US$41.3 million, an increase of approximately 38.4% from approximately US$29.9 million for the year ended 31 December 2009. The increase in gross profit was attributed to the growth in the Group's revenue. The overall gross profit margin increased by approximately 4.0 percentage point from approximately 28.5% for the year ended 31 December 2009 to approximately 32.5% for the year ended 31 December 2010. The gross profit margin of distribution segment for the year ended 31 December 2010 increased by approximately 4.8 percentage point compared to year ended 31 December 2009 and the gross profit margin of manufacturing segment for the year ended 31 December 2010 decreased by approximately 8.5 percentage point compared to year ended 31 December 2009 mainly due to the acquisition of Precisa Gravimetrics with lower gross profit margin for the year ended 31 December 2010.

The Group has gained a higher portion of revenue as well as gross profit from the manufacturing business with higher gross profit margin for the year ended 31 December 2010 and the Group was able to transfer part of the cost arising from the foreign exchange differences to the customers by adjusting the price and discounts offered to the customers. This resulted in increase in overall gross profit margin of the Group for the year ended 31 December 2010 of approximately 4.0 percentage point.

Gross profit for the year ended 31 December 2009 was approximately US$29.9 million, an increase of approximately 23.5% from approximately US$24.2 million for the year ended 31 December 2008. The overall gross profit margin decreased by approximately 1.3 percentage point from approximately 29.8% for the year ended 31 December 2008 to approximately 28.5 percentage point for the year ended 31 December 2009. The gross profit margin of the distribution segment for the year ended 31 December 2009 decreased by approximately 3.1 percentage point compared to year ended 31 December 2008 and the gross profit margin of manufacturing segment for the year ended 31 December 2009 increased by approximately 3.8 percentage point as compared to year ended 31 December 2008. The decrease of the overall gross profit margin was primarily due to the appreciation of JPY and RMB where a significant portion of the Group's purchases are denominated in these currencies. For the distribution segment, the purchases made from the Japanese suppliers were denominated in JPY and the payments received by the Group in sales were denominated in mainly USD and other currencies such as RMB and HKD. For the manufacturing segment, a majority of the purchases were made from suppliers in the PRC, which were denominated in RMB. The payment of sales of product of manufacturing segment outside the PRC received by the Group were denominated in mainly USD and other currencies except RMB. The appreciation of JPY and RMB against USD for the year ended 31 December 2009 increased the cost of the products sold. Hence, the gross profit margin decreased for the period.

Segment profit and segment profit margin

The following table sets out the profit and profit margin by business segment during the Track Record Period:

	For the year ended 31 December			For the six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000*
Manufacturing	2,078	3,639	3,513	292	441
Distribution	887	3,945	6,797	1,299	1,085
Unallocated income	333	314	687	—	8
Unallocated expenses	(337)	(69)	(197)	(104)	(889)
Profit before tax	2,961	7,829	10,800	1,487	645
Segment profit margin					
Manufacturing	15.3%	18.3%	8.8%	1.9%	2.2%
Distribution	1.3%	4.6%	7.8%	3.6%	2.7%

The segment profit margin for the manufacturing segment is generally higher than that for the distribution segment for each of three years ended 31 December 2010, as the business from provision of products from manufacturing segment requires comprehensive capabilities of research and development, manufacturing as well as sales and after sales services while provision of products from distribution segment only involves trading and after sales services. The segment profit margin of the manufacturing segment was lower than the distribution segment in the first half of the year 2010 and 2011.

The significant decrease in the Group's manufacturing segment profit margin for the year ended 31 December 2010 was mainly due to the increase in selling and administrative expenses incurred after the Group's acquisition of HCC Group and Precisa Gravimetrics for the expansion of their sales team and production operation for the year ended 31 December 2010. The Directors believe the acquisition of the European factories can enhance the Group's presence in Europe, expand its sales networks and acquire the technology know-how which in turn increase the profit of the Group in long term and improve the profit after tax margins.

Other income, gains and losses

Other income, gains and losses includes maintenance service income, gain or loss of foreign exchange translations, changes in fair value of financial instruments, changes in fair value of held for trading investment, interest income from bank deposits, and gain or loss from the disposal of properties, plant and equipment, gain on disposal of a jointly controlled entity and sundry income. Maintenance service income comprises income derived from customers when products were serviced which were no longer under warranty.

Distribution costs

Distribution costs consist principally of sales commissions paid to employees and third party distributors and agencies, salaries of sales, servicing and marketing personnel, freight and transportation charges, promotional expenses and tendering expenses.

Administrative expenses

Administrative expenses comprised mainly staff costs, amortisation of intangible assets, travelling and entertainment expenses, bank charges, rental expenses, allowance for doubtful debts, research and development costs and and other operating expenses incurred by the Group.

Finance costs

Finance cost consists mainly of interest expenses on bills and trust receipt facilities, bank overdraft facilities and bank loans. See the section "Indebtedness" for a description of the Group's bank facilities.

Income tax expense

The income tax expense for the Group is calculated at the respective statutory tax rates prevailing in the relevant jurisdictions. See the section "Taxation" for a description of respective statutory tax rates prevailing in the relevant jurisdictions.

Overview for the period from 1 July 2011 to the Latest Practicable Date

The Group expects the market demand for its products to grow steadily in the Asia region, particularly in China and India. It also anticipates that the trend of a stronger second half year will continue.

The management believes that the demand for the Company's products from the European markets will remain steady. The Group will continue to strengthen its market position in Europe through expansion of its channel network in Europe and introduction of the group's range of products. The Group is constantly looking for new collaborations or M&A opportunities to expand its international business.

The Directors do not expect any materials adverse change in the aspects of the operation and financial position of the Group during the period from 1 July 2011 to the Latest Practicable Date.

RESULTS OF OPERATION

The following table presents the consolidated statements of comprehensive income for the Track Record Period.

	Year ended 31 December			For the six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000*
Revenue	81,029	104,781	127,090	51,209	60,811
Cost of sales	(56,847)	(74,918)	(85,762)	(36,166)	(42,251)
Gross profit	24,182	29,863	41,328	15,043	18,560
Other income, gains and losses	(1,071)	1,483	1,710	496	241
Distribution costs	(9,501)	(10,466)	(11,769)	(5,279)	(6,692)
Administrative expenses	(10,142)	(12,479)	(19,767)	(8,528)	(11,004)
Share of results of a jointly controlled entity	(55)	(69)	7	—	—
Share of results of an associate	—	—	(144)	—	(132)
Finance costs	(452)	(503)	(565)	(245)	(328)
Profit before tax	2,961	7,829	10,800	1,487	645
Income tax credit (expense)	47	(345)	(585)	(61)	(143)
Profit for the year/period	3,008	7,484	10,215	1,426	502
Other comprehensive income (expense)					
— exchange differences arising on translation of foreign operations	383	318	336	(193)	674
— share of exchange reserve of a jointly controlled entity	(6)	3	—	—	—
— share of exchange reserve of an associate	—	—	19	—	8
— exchange reserve released upon disposal of a jointly controlled entity	—	—	3	—	—
Other comprehensive income (expense) for the year/period	377	321	358	(193)	682
Total comprehensive income for the year/period	3,385	7,805	10,573	1,233	1,184
Earnings per share *(US cents)*					
— Basic	1.32	3.17	4.52	0.62	0.26
— Diluted	1.32	3.16	4.39	0.60	0.25

Six months ended 30 June 2011 compared to six months ended 30 June 2010

Revenue

Revenue for the six months ended 30 June 2011 was approximately US$60.8 million, an increase of approximately 18.8% from approximately US$51.2 million for the six months ended 30 June 2010. The increase was mainly due to the strong demand in PRC and other Asian markets. The revenue generated from the sales in PRC increased by approximately US$8.2 million from approximately US$38.6 million for the six months ended 30 June 2010 to approximately US$ 46.8 million for the six months ended 30 June 2011.

Cost of sales

Cost of sales for the six months ended 30 June 2011 was approximately US$42.3 million, an increase of approximately 16.8% from approximately US$36.2 million for the six months ended 30 June 2010. The increase was due to the increase in purchasing of raw materials and cost of direct labour of manufacturing business as well as increase in purchasing finished products for re-selling of distribution business. The appreciation of Japanese Yen as well as RMB during the period leaded the increase of cost of purchasing products of the distribution segment and increase of cost of the manufacturing operation.

Gross profit and gross profit margin

Gross profit for the six months ended 30 June 2011 was approximately US$18.6 million, an increase of approximately 23.4% from approximately US$15.0 million for the six months ended 30 June 2010. Gross profit margin increased by 1.1 percentage point from approximately 29.4% for the six months ended 30 June 2010 to approximately 30.5% for the six months ended 30 June 2011. The gross profit margin of distribution segment for the six months ended 30 June 2011 decreased 1.2 percentage point compared to six months ended 30 June 2010 and the gross profit margin of manufacturing segment for the six months ended 30 June 2011 increased 4.6 percentage point compared to six months ended 30 June 2010. The increase of the overall gross profit margin was primarily due to higher portion of revenue as well as gross profit was generated from the Group's manufacturing business with higher gross profit margin for the six months ended 30 June 2011.

Other income, gains and losses

Other income, gains and losses for the six months ended 30 June 2011 was approximately US$0.2 million, an decrease of approximately 51.4% from approximately US$0.5 million for the six months ended 30 June 2010. The decrease of other income, gains and losses was mainly due to the decrease in aggregate amount of net foreign exchange difference and sundry income of approximately US$0.4 million from approximately US$0.6 million for the six months ended 2010 to approximately US$0.2 million for the six months ended 2011.

Distribution costs

Distribution costs for the six months ended 30 June 2011 were approximately US$6.7 million, an increase of approximately 26.8% from approximately US$5.3 million for the six months ended 30 June 2010 which was due to increase in sales and marketing activities during the period.

Administrative expenses

Administrative expenses for the six months ended 30 June 2011 were approximately US$11.0 million, an increase of approximately 29.0% from approximately US$8.5 million for the six months ended 30 June 2010. The increase was due to the increase in business activities and the listing expenses of approximately US$0.8 million being provided for the application of the Listing.

Finance costs

Finance costs for the six months ended 30 June 2011 were approximately US$328,000, an increase of approximately 33.9% from approximately US$245,000 for the six months ended 30 June 2010. The increase was mainly due to higher average balances of bank borrowings during the period.

Profit before tax

Profit before tax was decreased approximately US$0.9 million from approximately US$1.5 million for the six months ended 30 June 2010 to approximately US$0.6 million for the six months ended 30 June 2011. The decrease was mainly due to the listing expenses of approximately US$0.8 million incurred during the period.

The segment profit margins of the manufacturing segment and distribution for the six months ended 30 June 2011 was approximately 2.2% and 2.7% respectively, which was significantly lower than the segment profit margins of the manufacturing segment and distribution for the year ended 31 December 2010 of approximately 8.8% and 7.8% respectively. The higher profit margin for both segments for the year ended 31 December 2010 than that for the six months ended 30 June 2011 was due to (i) the Group's customers tend to spend their annual budget in the second half of the year, which lead to a higher demand of the Group's product in the second half of the year than the first half of the year; (ii) favourable selling price of the Group's products resulted from a higher demand in the second half of the year; and (iii) the relative increase in administrative, distribution and other overhead costs for the second half of the year was much lower than the increase in revenue and gross profit margin for the same period.

Income tax expense

Income tax expenses for the six months ended 30 June 2011 were approximately US$143,000, an increase of approximately 134.4% from approximately US$61,000 for the six months ended 30 June 2010.

As stated in the Decree Law No. 58/59/M of 18 October 1999, the profit from the Macau subsidiary is exempted from Macao Complementary Tax.

The effective tax rate was approximately 22.2% for the six months ended 30 June 2011 increased 18.1 percentage point from 4.1% for the six months ended 30 June 2010. The increase was mainly due to the increase in taxable profit in HCC Group. Although the HCC Group recorded an overall loss of US$1.1 million for the six months ended 30 June 2011, however certain subsidiaries of the HCC Group recorded a profit, which lead to a higher taxable profit and hence increase in income tax. The income tax rate of HCC Group is 33.3%. The income tax for the six months ended 30 June 2011 was approximately US$65,000 and under-provision of approximately US$57,000 was arising from the tax provision made in previous year. The income tax expenses of approximately US$122,000 incurred in the HCC Group, approximately 85.3% of the total income tax expenses incurred for the six month ended 30 June 2011.

The Directors are of the view that the transfer pricing position of relevant major entities (including the PRC) should be complied in accordance with the requirements under the relevant PRC transfer pricing regulations and rules aforementioned, and the Directors consider that the Group would not be exposed to any significant challenge from the tax authorities in this respect for the Track Record Period.

Profit for the period

Profit for the period for the six months ended 30 June 2011 was approximately US$0.5 million, a decrease of approximately 64.8% from approximately US$1.4 million for the six months ended 30 June 2010. The decrease was mainly due to the decrease in profit before tax of approximately US$0.9 million and the increase of income tax expense of approximately US$0.1 million.

Total comprehensive income for the period

Total comprehensive income for the six months ended 30 June 2011 and 30 June 2010 remained stable at approximately US$1.2 million.

Year ended 31 December 2010 compared to year ended 31 December 2009

Revenue

Revenue for the year ended 31 December 2010 was approximately US$127.1 million, an increase of approximately 21.3% from approximately US$104.8 million for the year ended 31 December 2009. The increase in revenue was mainly result of the strong demand in PRC and other Asian markets. The revenue growth in manufacturing business was also contributed by the increase in sales in France of approximately US$4.4 million and Switzerland of approximately US$8.1 million for the year ended 31 December 2010 after the acquisition of HCC Group and Precisa Gravimetrics in July 2009 and in February 2010, respectively.

Cost of sales

Cost of sales for the year ended 31 December 2010 was approximately US$85.8 million, an increase of approximately 14.5% from approximately US$74.9 million for the year ended 31 December 2009. The increase was mainly due to the increase in purchasing of raw materials and cost of direct labour of manufacturing business.

Gross profit and gross profit margin

Gross profit for the year ended 31 December 2010 was approximately US$41.3 million, an increase of approximately 38.4% from approximately US$29.9 million for the year ended 31 December 2009. The increase in gross profit was attributed to the growth in revenue of the Group. The overall gross profit margin increased by 4.0 percentage point from approximately 28.5% for the year ended 31 December 2009 to approximately 32.5% for the year ended 31 December 2010. The gross profit margin of distribution segment for the year ended 31 December 2010 increased 4.8 percentage point as compared to year ended 31 December 2009 and the gross profit margin of manufacturing segment for the year ended 31 December 2010 decreased 8.5 percentage point compared to year ended 31 December 2009 mainly due to the acquisition of Precisa Gravimetrics with lower gross profit margin for the year ended 31 December 2010. However, the Group has gained a higher portion revenue as well as gross profit from the manufacturing business with higher gross profit margin for the year ended 31 December 2010 and the Group was able to transfer part of the cost arising from the appreciation of Japanese Yen as well as RMB to the customers by adjusting the price and discounts offered to the customers. This resulted an increase in overall gross profit margin of the Group for the year ended 31 December 2010 by 4.0 percentage point.

Other income, gains and losses

Other income, gains and losses for the year ended 31 December 2010 was approximately US$1.7 million, an increase of approximately 15.3% from approximately US$1.5 million for the year ended 31 December 2009. There was a gain on disposal of a jointly controlled entity of US$0.7 million for the year ended 31 December 2010.

Distribution costs

Distribution costs for the year ended 31 December 2010 were approximately US$11.8 million, an increase of approximately 12.4% from approximately US$10.5 million for the year ended 31 December 2009. The increase was mainly attributable to the expansion of the Group's sales and service force in Europe as well as in Asia.

Administrative expenses

Administrative expenses for the year ended 31 December 2010 were approximately US$19.8 million, an increase of approximately 58.4% from approximately US$12.5 million for the year ended 31 December 2009. The increase resulted from the increase in business activities and the acquisition of HCC Group and Precisa Gravimetrics in July 2009 and

February 2010 respectively. The acquisition of the European business resulted an increase in staff costs of approximately 75% and hence resulted in the increase administrative expenses.

Finance costs

Finance costs for the year ended 31 December 2010 were approximately US$0.6 million, an increase of approximately 12.3% from approximately US$0.5 million for the year ended 31 December 2009. The increase was mainly due to high average balances of bank borrowings and increase in average effective interest rate during the year.

Profit before tax

Profit before tax for the year ended 31 December 2010 was approximately US$10.8 million, an increase of approximately 37.9% from approximately US$7.8 million for the year ended 31 December 2009.

The manufacturing segment profit of the Group for the year ended 31 December 2010 was approximately US$3.5 million, a decrease of approximately 3.5% from approximately US$3.6 million for the year ended 31 December 2009. The decrease was mainly due to a post acquisition operating loss of US$1.0 million incurred by Precisa Gravimetrics, a company incorporated in Switzerland which was acquired by the Group in February 2010 for the year ended 31 December 2010. Hence, the segment profit margin from the manufacturing segment of the Group decreased by approximately 9.5 percentage point from approximately 18.3% for the year ended 31 December 2009 to approximately 8.8% for the year ended 31 December 2010. The Directors are of the view that despite Precisa Gravimetrics incurred a loss at the time of the acquisition by the Group, it allowed the Group to expand its business operations by offering new production line and products and to approach new market in Europe. The Directors are also of the view that the operation and financial performance of Precisa Gravimetrics is turning around under the cost saving synergy adopted by the Group by relocating high cost assembling procedures to the Group's Shanghai production plant.

The distribution segment profit of the Group for the year ended 31 December 2010 was approximately US$6.8 million, an increase of approximately 72.3% from approximately US$3.9 million for the year ended 31 December 2009. The increase was mainly due to the fact that the Group transferred the purchasing costs to the customers by adjusting the price and discounts offered to the customers which improved the gross margins on the orders. Hence, the segment profit margin from the distribution segment of the Group increased by approximately 3.2 percentage point from approximately 4.6% for the year ended 31 December 2009 to approximately 7.8% for the year ended 31 December 2010.

Income tax expense

Income tax expense for the year ended 31 December 2010 was approximately US$0.6 million, an increase of approximately 69.6% from approximately US$0.3 million for the year ended 31 December 2009.

As stated in the Decree Law No. 58/59/M of 18 October 1999, the profit from the Macau subsidiary is exempted from Macao Complementary Tax.

The effective tax rate was approximately 5.4% for the year ended 31 December 2010 because (i) Techcomp Macau is either exempted from tax or not subject to taxation in any jurisdiction; (ii) Shanghai Techcomp Bio-Equipment is entitled to exemption from PRC income tax for the two years commencing from its first profit making year of operation and thereafter, it will be entitled to a 50% relief from PRC income tax for the following three years ("Tax Holiday"). The Tax Holiday enjoyed by such subsidiary will expire at the end of 2011; (iii) Shanghai Techcomp Instrument and Shanghai Sanco were officially endorsed as a High-New Technology Enterprise in 2008. Pursuant to the EIT Law, a High-New Technology Enterprise shall be entitled to a preferential tax rate of 15% for three years starting from 2008 and; (iv) the Group's BVI subsidiaries are exempted from tax.

The Directors are of the view that the transfer pricing position of relevant major entities (including PRC) should be complied with in accordance with the requirements under the relevant PRC transfer pricing regulations and rules aforementioned, and the Directors consider that the Group would not be exposed to any significant challenge from the tax authorities in this respect for the Track Record Period.

Profit for the year

Profit for the year for the year ended 31 December 2010 was approximately US$10.2 million, an increase of approximately 36.5% from approximately US$7.5 million for the year ended 31 December 2009. The increase was mainly due to the increase in profit margin in the distribution segment of the Group.

Total comprehensive income for the year

Total comprehensive income for the year for the year ended 31 December 2010 was approximately US$10.6 million, an increase of approximately 35.5% from approximately US$7.8 million for the year ended 31 December 2009.

Year ended 31 December 2009 compared to year ended 31 December 2008

Revenue

Revenue for the year ended 31 December 2009 was approximately US$104.8 million, an increase of approximately 29.3% from approximately US$81.0 million for the year ended 31 December 2008. The increase was mainly due to the increase of revenue generated in the PRC of approximately US$13.9 million for the year ended 31 December 2009 and in France of approximately US$4.3 million after the acquisition of HCC Group for the year ended 31 December 2009.

Cost of sales

Cost of sales for the year ended 31 December 2009 was approximately US$74.9 million, an increase of approximately 31.8% from approximately US$56.8 million for the year ended 31 December 2008. The increase was due to the increase in sales of distribution products, which were purchased from various suppliers and re-sold to the customers.

Gross profit and gross profit margin

Gross profit for the year ended 31 December 2009 was approximately US$29.9 million, an increase of approximately 23.5% from approximately US$24.2 million for the year ended 31 December 2008. The overall gross profit margin decreased by approximately 1.3 percentage point from approximately 29.8% for the year ended 31 December 2008 to approximately 28.5% for the year ended 31 December 2009. The gross profit margin of distribution segment for the year ended 31 December 2009 decreased by approximately 3.1 percentage point as compared to year ended 31 December 2008 and the gross profit margin of manufacturing segment for the year ended 31 December 2009 increased by approximately 3.8 percentage point as compared to year ended 31 December 2008. The decrease of the overall gross profit margin was primarily due to the appreciation of the Japanese Yen and the Renminbi where a significant portion of the Group's purchases are denominated in these currencies. For the distribution segment, the purchases made from the Japanese suppliers were denominated in JPY and the payments received by the Group in sales were denominated in mainly USD and other currencies such as RMB and HKD. For the manufacturing segment, majority of the purchases were made from suppliers in the PRC, which were denominated in RMB. The payment of sales of product of manufacturing segment outside the PRC received by the Group were denominated in mainly USD and other currencies except RMB. The appreciation of JPY and RMB against USD for the year ended 31 December 2009 increased the cost of the products sold. Hence, the gross profit margin decreased for the period.

Other income, gains and losses

Other income, gains and losses for the year ended 31 December 2009 was approximately US$1.5 million, and the Group recorded other income, gains and losses of approximately US$1.1 million for the year ended 31 December 2008. The turnaround of losses to gains was mainly due to the turnaround of the foreign exchange loss of approximately US$1.6 million for the year ended 31 December 2008 to gain of approximately US$0.6 million for the year ended 31 December 2009.

Distribution costs

Distribution costs for the year ended 31 December 2009 were approximately US$10.5 million, an increase of approximately 10.2% from approximately US$9.5 million for the year ended 31 December 2008 which was in line with the increase in revenue.

Administrative expenses

Administrative expenses for the year ended 31 December 2009 were approximately US$12.5 million, an increase of approximately 23.0% from approximately US$10.1 million for the year ended 31 December 2008. The increase was due to the increase in business activities and the acquisition of HCC Group in July 2009.

Finance costs

Finance costs for the year ended 31 December 2009 were approximately US$503,000, an increase of approximately 11.3% from approximately US$452,000 for the year ended 31 December 2008. The increase was mainly due to higher average balances of bank borrowings during the year.

Profit before tax

Profit before tax for the year ended 31 December 2009 was approximately US$7.8 million, an increase of approximately 164.4% from approximately US$3.0 million for the year ended 31 December 2008. The increase was mainly due to the relatively small base of profit before tax for the year ended 31 December 2008 when there was a foreign exchange loss incurred.

The manufacturing segment profit of the Group for the year ended 31 December 2009 was approximately US$3.6 million, an increase of approximately 75.1% from approximately US$2.1 million for the year ended 31 December 2008. The increase was mainly attributable to the growth in revenue arising from the demands in the PRC and Asian markets as well as the acquisition of HCC Group in July 2009 which enabled the Group to enter into the French market with revenue of approximately US$4.3 million generated for the year ended 31 December 2009. Hence, the segment profit margin from the manufacturing segment of the Group increased by approximately 3.0 percentage point from approximately 15.3% for the year ended 31 December 2008 to approximately 18.3% for the year ended 31 December 2009.

The segment profit of distribution segment of the Group for the year ended 31 December 2009 was approximately US$3.9 million, an increase of approximately 344.8% from approximately US$0.9 million for the year ended 31 December 2008. The increase was mainly due to the recovery of gross margins on orders for the year ended 31 December 2009 where such margins were adversely affected by the rapid appreciation of JPY in the middle of year 2008, which a significant portion of the Group's purchases on distribution products are denominated in. Hence, the segment profit margin from the distribution segment of the Group increased by approximately 3.3 percentage point from approximately 1.3% for the year ended 31 December 2008 to approximately 4.6% for the year ended 31 December 2009.

Income tax expense

Income tax expenses for the year ended 31 December 2009 were approximately US$345,000, and the Group recorded an income tax credit of approximately US$47,000 for the year ended 31 December 2008. The tax credit of US$47,000 for the year ended 31

December 2008 was mainly due to the net of current tax of approximately US$117,000 for the year ended 31 December 2008 and the deferred tax credit of US$104,000 which included credit of US$53,000 in respect of tax losses arising from the Group's subsidiaries in PRC for the year ended 31 December 2008 and overprovision of profit/income tax of US$60,000. The overprovision was mainly due to the adjustments made on the assessable/taxable profits of respective subsidiaries of the Company after the Group's financial statements were issued.

As stated in the Decree Law No. 58/59/M of 18 October 1999, the profit from the Macau subsidiary is exempted from Macao Complementary Tax.

The effective tax rate was approximately 4.4% for the year ended 31 December 2009 because (i) Techcomp Macau is either exempted from tax or not subject to taxation in any jurisdiction; (ii) Shanghai Techcomp Bio-Equipment is entitled to exemption from PRC income tax for the two years commencing from its first profit making year of operation and thereafter, it will be entitled to a 50% relief from PRC income tax for the following three years ("Tax Holiday"). The Tax Holiday enjoyed by such subsidiary will expire in 2011; (iii) Shanghai Techcomp Instrument and Shanghai Sanco were officially endorsed as a High-New Technology Enterprise in 2008. Pursuant to the EIT Law, a High-New Technology Enterprise shall be entitled to a preferential tax rate of 15% for three years starting from 2008; and (iv) the Group's BVI subsidiaries are exempted from tax.

The Directors are of the view that the transfer pricing position of relevant major entities (including the PRC) should be complied in accordance with the requirements under the relevant PRC transfer pricing regulations and rules aforementioned, and the Directors consider that the Group would not be exposed to any significant challenge from the tax authorities in this respect for the Track Record Period.

Profit for the year

Profit for the year for the year ended 31 December 2009 was approximately US$7.5 million, an increase of approximately 148.8% from approximately US$3.0 million for the year ended 31 December 2008. The increase was mainly due to the increase in revenue and turnaround of foreign exchange loss to foreign exchange gain.

Total comprehensive income for the year

Total comprehensive income for the year ended 31 December 2009 was approximately US$7.8 million, an increase of approximately 130.6% from approximately US$3.4 million for the year ended 31 December 2008.

TAXATION

The income tax expense for the Group is calculated at the respective statutory tax rates prevailing in the relevant jurisdictions the statutory tax rates of the major subsidiaries of the Group are set out below:

	For the year ended 31 December			For the six months ended 30 June	
	2008	2009	2010	2011	Segment involved
Techcomp China	25.0%	25.0%	25.0%	25.0%	Manufacturing and Distribution
Shanghai Techcomp Instrument	15.0%	15.0%	15.0%	25.0%*	Manufacturing
Shanghai Techcomp Trading	25.0%	25.0%	25.0%	25.0%	Manufacturing and Distribution
Shanghai Techcomp Bio-Equipment	0.0%	12.5%	12.5%	12.5%	Manufacturing
Shanghai Sanco	15.0%	15.0%	15.0%	25.0%*	Manufacturing
Techcomp Hong Kong	16.5%	16.5%	16.5%	16.5%	Manufacturing and Distribution
Techcomp Macau	0.0%	0.0%	0.0%	0.0%	Manufacturing and Distribution
Techcomp Singapore	18.0%	17.0%	17.0%	17.0%	Manufacturing and Distribution
HCC Group	—	33.3%	33.3%	33.3%	Manufacturing and Distribution
Techcomp India	—	15.0%	30.1%	30.1%	Manufacturing and Distribution
Precisa Gravimetrics	—	—	8.5%	8.5%	Manufacturing

*Note**: Shanghai Techcomp Instrument and Shanghai Sanco were officially endorsed as a High-New Technology Enterprise in 2008. Pursuant to the EIT Law, a High-New Technology Enterprise shall be entitled to a preferential tax rate of 15% for three years starting from 2008 (i.e. up to and including 2010). As at the Latest Practicable Date, both Shanghai Techcomp Instrument and Shanghai Sanco were still in the process of renewing their respective status as a High-New Technology Enterprise and shall be able to enjoy the preferential tax rate of 15% should such renewing applications be successful.

Hong Kong Profits Tax for the Track Record Period is calculated at 16.5% of the estimated assessable profit for the year.

Singapore Income Tax is calculated at 18%, 17% and 17% for the year ended 31 December 2008, 2009 and 2010 respectively of the estimated assessable profit for the year.

PRC Enterprise Income Tax is calculated at the applicable tax rates ranging from 15% to 25%, 12.5% to 25% and 12.5% to 25% for the year ended December 2008, 2009 and 2010 respectively in accordance with the relevant laws and regulations in the PRC. Under the Enterprise Income Tax Law (the "**EIT Law**"), the income tax rate for both domestic and foreign-investment enterprise would be unified at 25% effective from 1 January 2008. Pursuant to the relevant laws and regulations in the PRC, Shanghai Techcomp Bio-Equipment is entitled to exemption from PRC income tax for the two years commencing from its first profit making year of operation and thereafter, it will be entitled to a 50% relief from PRC income tax for the following three years ("**Tax Holiday**"). The Tax Holiday enjoyed by such subsidiary will expire by end of 2011.

Shanghai Techcomp Instrument and Shanghai Sanco were officially endorsed as a High-New Technology Enterprise in 2008. Pursuant to the EIT Law, a High-New Technology Enterprise shall be entitled to a preferential tax rate of 15% for three years starting from 2008.

The profit from the Macau subsidiary is either exempted from tax or not subject to taxation in any jurisdiction.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, the Group's operations were primarily financed through a combination of internally generated cash flows and bank borrowings and facilities. The principal uses of cash have been, and are expected to continue to be, operational costs and funding for acquisition activities.

Cash flows

The following table presents the summary of cash flows for the Track Record Period.

	For the year ended 31 December			For the six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000*
Net cash from (used in) operating activities	442	6,371	6,344	(902)	(6,658)
Net cash used in investing activities	(1,229)	(4,955)	(8,528)	(3,838)	(421)
Net cash from (used in) financing activities	9,535	(4,076)	3,963	732	(27)
Net increase (decrease) in cash and cash equivalents	8,748	(2,660)	1,779	(4,008)	(7,106)
Cash and cash equivalents at the beginning of the year/ period	8,341	17,181	14,699	14,699	16,813
Effects of foreign exchange rate changes	92	178	335	84	246
Cash and cash equivalents at the end of the year/period	17,181	14,699	16,813	10,775	9,953

Net cash (used in) generated from operating activities

The net cash flow generated from operating activities of the Group reflects the profit before taxation, as adjusted for non-cash items, such as depreciation and amortisation, and the effects of changes in working capital, such as increases or decreases in trade and other receivables, inventories, trade and other payables.

For the six months ended 30 June 2011, the net cash used in operating activities of the Group was approximately US$6.7 million, as a result of an increase in trade and other receivables and inventories of approximately US$1.7 million and US$4.1 million respectively and the decrease in trade and other payables of approximately US$2.3 million. The increase in inventories was attributable to increase the raw materials and finished products in order to meet the expected increase in manufacturing and distribution activities respectively. The increase in trade and other receivables was attributable to the growth in revenue.

For the year ended 31 December 2010, the net cash from operating activities of the Group was approximately US$6.3 million, primarily as a result of increase in operating profit of approximately US$10.8 million, an increase in trade and other receivables and trade and other payables of approximately US$8.5 million and US$2.6 million respectively. The increase in trade and other receivables and trade and other payables was attributable to the growth in revenue.

For the year ended 31 December 2009, the net cash from operating activities of the Group was approximately US$6.4 million, primarily as a result of operating profit of approximately US$7.8 million, and an increase in trade and other receivables of approximately US$2.2 million respectively. The increase in trade and other receivables was attributable to the growth in revenue.

For the year ended 31 December 2008, the net cash from operating activities of the Group was approximately US$442,000, primarily as a result of operating profit of approximately US$3.0 million, an increase in trade and other receivables, inventories and trade and other payables of approximately US$3.4 million, US$3.5 million and US$2.8 million respectively. The increase in inventories was attributable to meet delivery requirement of the increased orders received by the Group towards the end of year. The increase in trade and other receivables and trade and other payables was attributable to the growth in revenue.

Net cash used in investing activities

The cash flow from the Group's investment activities primarily consists of proceeds on disposal of properties, plant and equipment, proceeds from disposal of property classified as held for sales, proceed from disposal of a jointly controlled entity and interest received. The cash used in investing activities of the Group primarily consists of purchase of properties, plant and equipment, purchase of available-for-sale investments, product development costs paid, acquisition of subsidiaries and advances to a jointly controlled entity.

For the six months ended 30 June 2011, the net cash used in investing activities of the Group was approximately US$0.4 million, primarily as a result of approximately US$0.8 million used for product development costs and approximately US$0.4 million used for the purchases of properties, plant and equipment; and US$0.7 million repayment received from a non-controlling interest of approximately US$0.7 million.

For the year ended 31 December 2010, the net cash used in investing activities of the Group was approximately US$8.5 million, primarily as a result of approximately US$5.6 million used for the acquisition of properties, plant and equipment; and US$2.9 million used for the acquisition of a subsidiary.

For the year ended 31 December 2009, the net cash used in investing activities of the Group was approximately US$5.0 million, primarily as a result of approximately US$2.6 million used for the acquisition of a subsidiary and approximately US$1.2 million used for the advances to a jointly controlled entity.

For the year ended 31 December 2008, the net cash used in investing activities of the Group was approximately US$1.2 million, primarily as a result of approximately US$0.7 million used for the product development costs and approximately US$0.3 million used for the purchase of property, plant and equipment.

Net cash from (used in) financing activities

The cash flow from financing activities of the Group primarily consists of interest paid, new bank loans raised, repayment of bank loans and dividends paid.

For the six months ended 30 June 2011, the net cash used in financing activities of the Group was approximately US$27,000, primarily as a result of approximately US$2.2 million generated from the net of proceeds and repayment from bank loans and approximately US$1.9 million dividends paid.

For the year ended 31 December 2010, the net cash generated from financing activities of the Group was approximately US$4.0 million, primarily as a result of approximately US$5.9 million generated from the net of proceeds and repayment from bank borrowings and approximately US$0.9 million generated from capital contribution by non-controlling interest.

For the year ended 31 December 2009, the net cash used in financing activities of the Group was approximately US$4.1 million, primarily as a result of approximately US$2.3 million used for the net of proceeds and repayment from bank borrowings and approximately US$1.3 million dividends paid.

For the year ended 31 December 2008, the net cash from financing activities of the Group was approximately US$9.5 million, primarily as a result of approximately US$11.3 million generated from the net of proceeds and repayment from bank borrowings and approximately US$1.4 million dividend paid.

DESCRIPTION OF CERTAIN ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	At 31 December			At 30 June
	2008	2009	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*
Non-current assets				
Property, plant and equipment	7,301	7,135	12,666	13,092
Goodwill	512	512	512	512
Intangible assets	1,673	3,869	6,043	6,305
Available-for-sale investments	40	534	534	534
Derivative financial instruments	221	285	—	—
Interest in a jointly controlled entity	196	130	—	—
Interest in an associate	—	—	654	530
	9,943	12,465	20,409	20,973
Current assets				
Inventories	14,410	18,580	24,419	29,377
Trade and other receivables	30,061	33,807	42,762	44,480
Income tax recoverable	14	18	17	14
Investments carried at fair value through profit or loss	668	648	675	683
Amount due from an associate	—	—	718	1,755
Amount due from a jointly controlled entity	252	1,280	—	—
Amount due from a non-controlling interest	—	—	640	—
Derivative financial instruments	—	83	—	—
Bank balances and cash	17,215	14,937	17,768	10,652
	62,620	69,353	86,999	86,961
Current liabilities				
Trade and other payables	16,103	19,003	23,919	22,249
Liabilities for trade bills discounted with recourse	1,132	113	807	509
Taxation payable	201	672	575	626
Amount due to a jointly controlled entity	152	—	—	—
Amount due to a non-controlling interest	—	—	1,191	1,380
Derivative financial instruments	5	30	—	—
Bank borrowings — due within one year	16,061	15,008	17,624	20,447
Bank overdrafts	34	238	955	699
	33,688	35,064	45,071	45,910
Net current assets	28,932	34,289	41,928	41,051
Total assets less current liabilities	38,875	46,754	62,337	62,024

	At 31 December			At 30 June
	2008	2009	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*
Non-current liabilities				
Bank borrowings — due over one year	416	651	4,487	4,787
Deferred tax liabilities	64	171	319	243
Derivative financial instruments	115	45	—	—
	595	867	4,806	5,030
	38,280	45,887	57,531	56,994
Capital and reserves				
Share capital	7,750	7,750	11,625	11,625
Reserves	30,332	36,816	42,954	42,752
Equity attributable to owners of the Company	38,082	44,566	54,579	54,377
Non-controlling interests	198	1,321	2,952	2,617
	38,280	45,887	57,531	56,994

Non-current assets

Properties, plant and equipment

The properties, plant and equipment of the Group comprise leasehold properties, machinery and equipment, furniture and fixtures and motor vehicles. As at 31 December 2008, 2009, 2010 and 30 June 2011, the net book value of the properties, plant and equipment of the Group was approximately US$7.3 million, US$7.1 million, US$12.7 million and US$13.1 million respectively.

Intangible assets

The Group's intangible assets comprise development costs incurred for the manufacture of analytical instruments and payments made to acquire technical know-how. The development costs and technical know-how have finite useful lives and are amortised on a straight line basis over their estimated useful lives of five years and three years and nine months respectively. As at 31 December of the years of the Track Record Period, the net book value of the intangible assets were approximately US$1.7 million, US$3.9 million, US$6.0 million and US$6.3 million respectively.

Current assets

Inventory

The following table sets out a summary of the inventory balances of the Group as at the respective statement of financial position dates of the Track Record Period.

	At 31 December			At 30 June
	2008	**2009**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Inventories				
— Raw materials	2,976	4,781	5,863	6,177
— Work-in-progress	1,180	1,967	5,796	6,707
— Finished goods	10,254	11,832	12,760	16,493
Total	14,410	18,580	24,419	29,377

The Group's inventory balance increased by approximately 28.9% from approximately US$14.4 million as at 31 December 2008 to approximately US$18.6 million as at 31 December 2009, which was mainly due to the increase in inventory of raw materials value of approximately US$1.8 million. This increase was mainly due to the acquisition of HCC Group in July 2009.

The Group's inventory balance increased by approximately 31.4% from approximately US$18.6 million as at 31 December 2009 to approximately US$24.4 million as at 31 December 2010, which was due to the increase in raw materials purchased for production as well as inventory of work-in-progress value. Inventory of work-in-progress value increased from approximately US$2.0 million as at 31 December 2009 to approximately US$5.8 million as at 31 December 2010 was mainly due to material amount of the inventory of raw materials has been converted and processed into inventory of work-in-progress and the acquisition of Precisa Gravimetrics in February 2010. The overall increase was in line with the Group's intention to diversify the product line and build up the manufacturing business. Also the increase in inventory was the result from the manufacturing business expansion in Switzerland and in the PRC for the year ended 31 December 2010.

Inventory balance of the Group increased by approximately 20.3% from approximately US$24.4 million as at 31 December 2010 to approximately US$29.4 million as at 30 June 2011, which was mainly due to the increase in level of inventory of raw materials and finished products in order to meet the expected increase in manufacturing and distribution activities respectively.

The following table sets out the average inventory turnover days for the Track Record Period.

	Year ended 31 December			Six months ended 30 June
	2008	2009	2010	2011
	days	*days*	*days*	*days*
Average inventory turnover days (Raw materials and work-in-progress) *(Note 1)*	175	203	147	191
Average inventory turnover days *(Note 2)*	80	80	92	115

Notes:

1. Average inventory turnover days (raw materials and work-in-progress) is calculated by dividing the average of the beginning balance and the ending balance of the sum of the raw material and work-in-progress of the Group for the relevant year/period by the quotient of cost of sales of the Group attributable to the manufacturing segment of the relevant year/period and 365 (in case of full financial year) or 180 (in case of six-month period).

2. Average inventory turnover days is calculated by dividing the average of the beginning balance and the ending balance of inventory of the Group for the relevant year/period by the quotient of cost of sales of the Group of the relevant year/period and 365 (in case of full financial year) or 180 (in case of six-month period).

As at the respective statement of financial position dates during the Track Record Period, the average inventory turnover days of the Group was approximately 80 days, 80 days, 92 days and 115 days respectively. The increase in average inventory turnover days by approximately 23 days and 12 days for the six months ended 30 June 2011 and for the year ended 31 December 2010 respectively were primarily due higher portion of manufacturing business which has longer inventory turnover days (in terms of the sum of raw material and work-in-progress) as compared to that for distribution segment for the corresponding period. During the Track Record Period, revenue of manufacturing business represented approximately 16.8%, 19.0%, 31.3% and 33.1% of the Group's revenue respectively. The manufacturing segment normally has longer inventory turnover days from raw materials to finished goods during the production cycles, of which are ranged from three to six months depend on different products. The Group maintains an inventory of sufficient supply of spare parts and production components in accordance with the production plan. For the distribution segment, the inventory turnover days during the Track Record Period were expected to be lower than the inventory turnover days of the Group due to the manufacturing segment normally has longer inventory turnover days which ranged from 147 days to 203 days for the average inventory turnover days of the combined value of raw materials and work-in-progress and is in-line with the Group's inventory policy of maintaining one and a half months inventory level of the distribution segment.

Trade and other receivables

The following table sets out a breakdown of trade and other receivables of the Group as at the respective statement of financial position dates of the Track Record Period.

	At 31 December			At 30 June
	2008	**2009**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Trade and bills receivables	26,819	31,095	39,505	40,468
Less: Allowance for doubtful debts	(669)	(1,089)	(1,557)	(1,552)
	26,150	30,006	37,948	38,916
Trade bills receivable discounted with recourse	1,132	113	807	509
Prepayments	920	1,529	575	1,377
Deposits and other receivables	1,859	2,159	3,432	3,678
	30,061	33,807	42,762	44,480

As at the respective statement of financial position dates of the Track Record Period, trade and bills receivables balance was approximately US$26.8 million, US$31.1 million, US$39.5 million and US$40.5 million respectively. Included in the Group's trade receivables balance were debtors with carrying amount of approximately US$3.2 million, US$2.8 million, US$3.8 million and US3.9 million as at 31 December 2008, 2009, 2010 and 30 June 2011 respectively, which were past due at the end of the reporting period for which the Group had not provided for any impairment loss as there had not been a significant change in credit quality of the customers and the amounts were still considered recoverable. The Group did not hold any collateral over these balances.

As at the respective statement of financial position dates of the Track Record Period, deposits and other receivables balance was approximately US$1.9 million, US$2.2 million, US$3.4 million and US$3.7 million respectively.

The following table sets out the aging analysis of the trade and bills receivables of the Group, net of allowance of doubtful debts as at the respective statement of financial position dates of the Track Record Period.

	As at 31 December			As at 30 June
	2008	2009	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*
0 to 90 days	17,788	21,576	31,435	24,947
91 to 120 days	1,721	4,128	2,509	4,876
121 to 365 days	1,914	1,896	1,422	6,736
1 to 2 years	3,793	1,527	2,333	2,036
Over 2 years	934	879	249	321
Total	26,150	30,006	37,948	38,916

The following table sets out the average net trade receivables turnover days for the Track Record Period.

	Year ended 31 December			Six months ended 30 June
	2008	2009	2010	2011
	days	*days*	*days*	*days*
Average trade receivables turnover	113	98	98	114

The average interest free credit period on sale of goods granted to customers by the Group ranges from 30 to 90 days within the Track Record Period. The Group's average trade receivables turnover days ranged from 98 days to 114 days during the Track Record Period which was longer than the average interest free credit period on sale of goods granted to customers due to the normal industry practice that customers keep small portion of retention money to be paid off after the warranty period of normally 1 year. The retention money was amounted of approximately US$3.7 million, US$3.3 million, US$4.2 million and US$4.3 million, approximately 13.9%, 10.7%, 10.7% and 10.7% of the trade receivables balance as at the respective statement of financial position dates of the Track Record Period.

Current liabilities

Trade and other payables

The following table sets out a breakdown of trade and other payables of the Group as at the respective statement of financial position dates of the Track Record Period.

	At 31 December			At 30 June
	2008	**2009**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Trade payables	12,488	13,226	15,773	14,455
Accruals	403	1,011	2,017	1,747
Customers deposits	2,105	2,082	2,753	3,494
Other payables	1,107	2,684	3,376	2,553
	16,103	19,003	23,919	22,249

As at the respective statement of financial position dates of the Track Record Period, trade payables balance was approximately US$12.5 million, US$13.2 million, US$15.8 million and US$14.5 million respectively.

The following table sets out the aging analysis of the trade payables of the Group as at the respective statement of financial position dates of the Track Record Period.

	At 31 December			At 30 June
	2008	**2009**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*
0 to 60 days	11,231	11,597	14,250	11,933
61 to 180 days	1,116	1,393	1,268	1,764
181 to 365 days	121	214	231	609
Over 365 days	20	22	24	149
	12,488	13,226	15,773	14,455

The following table sets out the average trade payables turnover days for the Track Record Period.

	Year ended 31 December			Six months ended 30 June
	2008	2009	2010	2011
	days	*days*	*days*	*days*
Average trade payables turnover	74	63	62	65

The average interest free credit period on purchases of goods granted to the Group by the suppliers ranges from 30 to 90 days within the Track Record Period. The Group's average trade payables turnover days ranged from approximately 62 days to 74 days during the Track Record Period which was within the average interest free credit period on purchases of goods granted to the Group.

CAPITAL COMMITMENTS

As at the Latest Practicable Date for ascertaining information for disclosure in this section, the Group did not have any significant capital commitments.

CAPITAL EXPENDITURES

The Group's capital expenditures consist primarily of expenditures to acquire property, plant and equipments, expenditures of product development and expenditures to acquire subsidiaries. During the Track Record Period, the Group's capital expenditures were approximately US$0.9 million, US$3.4 million, US$9.8 million and US$1.1 million respectively. The increase of approximately US$2.5 million for the year ended 31 December 2009 compared to the year ended 31 December 2008, the increase was due to the acquisition of HCC Group in July 2009. The increase of approximately US$6.4 million for the year ended 31 December 2010 compared to the year ended 31 December 2009, the increase was due to the acquisition of the production facilities after the acquisition of Precisa Gravimetrics in July 2009. These capital expenditures were funded by bank borrowings and funds generated internally from operating activities.

INDEBTEDNESS

As at the close of business on 30 September 2011, being the latest practicable date for determining the indebtedness of the Group, the Group had (i) outstanding bank borrowings of approximately US$25.1 million (of which approximately US$5.5 million was secured by certain Group's assets); (ii) bank overdrafts of approximately US$1.7 million; and (iii) amount due to a non-controlling interest of approximately US$1.3 million.

At 30 September 2011, the Group also had unutilised banking facilities of approximately US$182.9 million. Up to the latest practicable date for determining the indebtedness of the Group, the Group had no intention to raise material external debt financing for other specific purposes other than general trade financing for funding its business operations.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, as at 30 September 2011, the Group did not have any outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, finance lease commitments, guarantees or other material contingent liabilities.

INTEREST RATE

The following table sets out the effective interest rates paid on the bank borrowings of the Group as at the period indicated.

	At 31 December			At 30 June	At 30 September
	2008	2009	2010	2011	2011
	%	%	%	%	%
Trust receipt loans (Unsecured)	3.7	3.0	3.2	2.8	2.8
Other bank loans (Unsecured)	3.6	2.0	3.1	2.5	2.9
Mortgage loan (Secured)	3.8	2.7	2.4	2.6	2.6
Bank overdrafts (Unsecured)	4.9	4.2	6.1	4.9	5.3

The Group's bank borrowings were denominated in USD, JPY and EUR. The average effective interest rate for the Track Record Period was ranged from 3.6% to 4.9%, 2.0% to 4.2%, 2.4% to 6.1% and 2.5% to 4.9% respectively.

WORKING CAPITAL

Taking into account the financial resources available to the Group including internally generated funds and the available banking facilities, the Directors are of the opinion that the Group has sufficient working capital for its present requirements and for the next 12 months from the date of this document.

The following table sets out the current assets and liabilities of the Group as at the respective statement of financial position dates of the Track Record Period.

	At 31 December			At 30 June
	2008	2009	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*
Current assets				
Inventories	14,410	18,580	24,419	29,377
Trade and other receivables	30,061	33,807	42,762	44,480
Income tax recoverable	14	18	17	14
Investments carried at fair value through profit or loss	668	648	675	683
Amount due from an associate	—	—	718	1,755
Amount due from a jointly controlled entity	252	1,280	—	—
Amount due from a non-controlling interest	—	—	640	—
Derivative financial instruments	—	83	—	—
Bank balances and cash	17,215	14,937	17,768	10,652
	62,620	69,353	86,999	86,961
Current liabilities				
Trade and other payables	16,103	19,003	23,919	22,249
Liabilities for trade bills discounted with recourse	1,132	113	807	509
Taxation payable	201	672	575	626
Amount due to a jointly controlled entity	152	—	—	—
Amount due to a non-controlling interest	—	—	1,191	1,380
Derivative financial instruments	5	30	—	—
Bank borrowings — due within one year	16,061	15,008	17,624	20,447
Bank overdrafts	34	238	955	699
	33,688	35,064	45,071	45,910
Net current assets	28,932	34,289	41,928	41,051

The Group's net current assets as at the respective statement of financial position dates of the Track Record Period were US$29.0 million, US$34.3 million, US$41.9 million and US$41.1 million respectively.

During the Track Record Period, the Group's operations were primarily financed through both internally generated cash flows and bank borrowings. The Directors believe that the Group's operations will be funded from internally generated cash flows and, if necessary, additional equity financing and bank borrowings.

MAJOR FINANCIAL RATIOS

The following table sets out the major financial ratios of the Group as at the respective statement of financial position dates of the Track Record Period.

	As 31 December			At 30 June
	2008	2009	2010	2011
Return on equity[1]	8.1%	17.8%	19.8%	—
Return on assets[2]	4.7%	9.7%	10.8%	—
Current ratio[3]	1.9 times	2.0 times	1.9 times	1.9 times
Debt to equity ratio[4]	43.1%	34.6%	40.1%	45.5%

Notes:

(1) Return on equity equals the profit for the year divided by the average total equity of the Group over the year and multiplied by 100%.

(2) Return on assets equals the profit for the year divided by the average total assets over the year and multiplied by 100%.

(3) Current ratio equals total current assets divided by total current liabilities as at the end of the year /period.

(4) Debt to equity ratio equals total borrowings divided by total equity as at the end of the year/period and multiplied by 100%.

Return on equity for the year ended 31 December 2010 increased to approximately 19.8% from approximately 17.8% for the year ended 31 December 2009, which was due to the increase in demand in Asia, successfully transferring the increased costs to customers and implementing stringent pricing and cost control. Return on equity for the year ended 31 December 2009 increased to approximately 17.8% from approximately 8.1% for the year ended 31 December 2009, which was due to the relatively small base of profit before tax for the year ended 31 December 2008, when there was a foreign exchange loss incurred.

Return on assets for the year ended 31 December 2010 increased to approximately 10.8% from approximately 9.7% for the year ended 31 December 2009, which was due to larger increase in profit mainly due from increase demand in Asia, the successful cost transferring to our customers and effective pricing and cost control. Total asset also increased but at a relatively less degree which was mainly due to the R&D capabilities and technical know-how arising from the acquisition of Precisa for the year ended 31 December 2010 and capitalisation of development costs incurred for new manufactured products. Return on assets for the year ended 31 December 2009 increased to approximately 9.7% from approximately 4.7% for the year ended 31 December 2008, which was due to the increase in the profit for the year.

Current ratio for the Track Record Period was 1.9 times, 2.0 times, 1.9 times and 1.9 times respectively. The current ratios remained stable during the Track Record Period.

Debt to equity ratio as at 30 June 2011 increased to approximately 45.5% from approximately 40.1% as at 31 December 2010, which was mainly due to the increase in balance of bank borrowings and overdrafts of approximately US$2.9 million during the six months ended 30 June in 2011 to fund the increased business activities and operations. Debt to equity ratio as at 31 December 2010 increased to approximately 40.1% from approximately 34.6% as at 31 December 2009, which was mainly due to a new mortgage loan of approximately CHF3.6 million taken up for the year ended 31 December 2010. Debt to equity ratio decreased to approximately 34.6% as at 31 December 2009 from approximately 43.1% as at 31 December 2008, which was due to the increase in retained earnings for the year ended 31 December 2009.

PROPERTY INTERESTS AND PROPERTY VALUATION

BMI Appraisals, an independent property valuer, has valued the property interests attributable to the Group, as of 30 September 2011, at approximately HK$131.2 million. The text of its letter, summary of valuation and valuation certificates are set out in the section headed "Property Valuation" in Appendix II in this document.

FINANCIAL RISKS

Foreign exchange risk

Several subsidiaries of the Company have sales and purchases denominated in foreign currencies, which expose the Group to foreign currency risk and could result in foreign exchange loss. The Group's sales are principally in USD and RMB. Most of the Group's purchases are made in JPY, RMB and USD. Other operating expenses incurred are generally denominated in the functional currencies of the respective group entities.

For the Hong Kong group entities, as HKD is pegged to the USD, the currency risk associated with USD is considered minimal. The PRC and Europe entities do not have significant mismatch between the sales and expenses in RMB and EUR respectively. As a result, the major foreign currency giving rise to this foreign exchange risk is primarily JPY. The Group currently does not have a designated foreign currency hedging policy. However, the management closely monitors foreign exchange exposure and engages in certain hedging activities by using foreign currency derivatives from time to time.

The Group has adopted written policies and procedures in relation to entering into the foreign currency forwards and monitoring such positions and exposures during the Track Record Period. The management reviews the exposure of the foreign exchange risk from time to time by reviewing the expected foreign currency needs in the coming six-month period on a monthly basis and decides whether any hedging activity is appropriate to mitigate the foreign exchange risk. Once the hedging activity is engaged, the management reviews the position and exposure of such forward on a monthly basis or in a shorter period of time when the market is volatile.

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings, which are substantially denominated in USD, JYP, CHF and EUR. Interests charged on the Group's borrowings are at variable rates and are pegged at various margins above the Hong Kong interbank offer rates ("HIBOR"), the Hong Kong prime lending rates of the banks, the Euro — London Interbank Offered Rate ("LIBOR"), or the CHF — LIBOR. The Group currently does not have a policy on cash flow hedges of interest rate risk. However, the management monitors closely interest rate exposure and engages in certain hedging activities by using interest rate swap from time to time.

The Group has adopted written policies and procedures in relation to entering into the interest rate swap contracts and monitoring such positions and exposures during the Track Record Period. The management reviews the exposure of the interest rate risk from time to time by reviewing the trends of interest rate movement in the coming six-month period on a monthly basis and decides whether any hedging activity is appropriate to mitigate the interest rate risk. Once the hedging activity is engaged, the management reviews the position and exposure of such forward on a monthly basis or in a shorter period of time when the market is volatile.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at the end of each reporting period in relation to each class of recognised financial assets is the carrying amount of those assets stated in the consolidated statements of financial position.

The Group's credit risk is primarily attributable to its trade and other receivables. In order to minimise the credit risk, the Group's management continuously monitors the level of exposure to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is adequately managed and mitigated.

The credit risk in relation to the Group's bank balances and cash is not significant because the counterparties are banks including state-owned banks in the PRC with good reputation.

Other than concentration of credit risk on the Group's trade receivables located in the PRC, trade receivables consist of a large number of customers spread across diverse industries. The management has considered the strong financial background and good credit standing of these customers, mainly universities, research institutions and third party agencies acting for the government and is of the view that there is no significant credit risk on these receivables in the PRC.

Liquidity risk

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

DIVIDEND AND DIVIDEND POLICY

The Group paid dividends for each of the three consecutive years ended 31 December 2010 and the six months ended 30 June 2011 of approximately US$1.4 million, US$1.3 million, US$1.4 million and US$1.9 million respectively.

The Group does not have a dividend policy. The dividend that the Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by the Board:

- the level of cash and retained earnings;
- the actual and projected financial performance;
- the projected levels of capital expenditure and other investment plans; and
- restrictions on payment of dividends imposed on the Group by its financing arrangements (if any).

The Company may declare annual dividends with the sanction of the Shareholders in a general meeting, and subject to Section 54 of the Companies Act, the amount of such dividend shall not exceed the amount recommended by the Directors. The Directors may also declare interim dividends.

Dividends are paid by the Group as and when approved by the Shareholders and Directors. Any such dividend payments will be subject to the level of future earnings, cash flow, financial condition and other factors, including such legal or contractual restrictions as may apply from time to time. Past dividends paid are not necessarily reflective of future dividend payments.

DISTRIBUTABLE RESERVES

As at 30 June 2011, the aggregate amount of reserves available for distribution to equity shareholders of the Company was approximately US$3.2 million.

NO MATERIAL ADVERSE CHANGE

The Directors confirm that there has been no material adverse change in the Group's financial or trading position or prospects since 30 June 2011, being the date to which the latest audited financial statements were prepared.

PROSPECTS

According to Strategic Direction International, Inc. in its Global Assessment Report (of October 2010), the worldwide demand for analytical and life science instrumentation have been growing steadily. The total demand is forecasted to reach approximately US$ 48.3 billion in 2014. The demand from PRC as well as other Pacific Rim (excluding Japan) grows at a faster pace and is forecasted to reach approximately US$ 3.5 billion and US$3.1 billion respectively in 2014.

The Directors believe that the prospects for the analytical and life science instrumentation are as follows:

Strong demand from Emerging markets and moderate demand recovering from Europe

Strategic Directions International, Inc. expects the growth from emerging markets to be the fastest growing region worldwide, especially China, India and Latin America.

The above average growth rate in PRC for analytical and life science instrumentation mainly came from the government's major investment in science and technology, and continuous support on R&D spending, and the public healthcare.

According to "The National Bureau of Statistics", the PRC government's total R&D spending was approximately US$ 85 billion, or approximately 1.7% of GDP in 2009, which represents an average annual increase of approximately 23% since 2000, excluding inflation.

The management believes that the demand from European markets has been recovering at a moderate rate as well as certain industries' rebounding, e.g. pharmaceutical, biotechnology etc. are believed to benefit the Group. Furthermore, a number of governments have increased the healthcare spending in the territories that the group operate in. The Directors believe that it could lead to an increase in demand for our analytical and life science instrumentation.

Asian markets and operation became more and more mature

The Directors noticed that Asian markets have become more and more mature. End users are more focused on products' service and support, which is believed to be favourable to the Group which is able to provide comprehensive product services and supports. With our expanding Asian operation, our network become more effective as a result of a better economy of scale.

European markets become more price conscious

The Directors believe that as European market is still weak, customers from European market become more price conscious. The Group anticipates such trend will increase demand for the Group's products, which offers a good price to quality ratio.

Future Plans

The Group's objective is to become one of the leading manufacturers and distributors of analytical and life science instrumentation in Asia with a global distribution network and clientele.

The Group has implemented a growth strategy comprising of five principal components. The strategy focuses on further strengthen its network in the PRC and Asia, expanding the European network to increase its product awareness, further strengthen R&D to shorten the new product development cycles, leveraging on the Group's current cost effective manufacturing base in the PRC to achieve cost saving synergy for manufacturing subsidiaries in Europe, and future acquisitions and joint ventures.

- *Further strengthen distribution network in the PRC as well as Asia*

  The Group intends to further strengthen its distribution network in both PRC and Asia by increasing the size of direct sales and marketing team as well as expanding the number of strategic representative sales offices. By increasing the sales and marketing presence in strategic locations within the PRC as well as Asia, the Group intends to establish a more extensive Asian distribution network to have better access to potential and existing customers, thereby further increasing its market share.

- *Expand the European network to increase products awareness*

  The Group intends to expand its European distribution network by increasing the size of direct sales and marketing team as well as expanding the number of strategic representative sales office to increase its products awareness.

- *Further strengthen the Group's R&D*

  The Group intends to further enhance its R&D capability and its manufacturing expertise to shorten the new product development cycle in order to have better product advantages.

- *Achieve cost saving synergy for the production facilities in Europe leveraging on PRC cost competitive manufacturing*

  The Group intends to achieve cost saving synergy for two manufacturing subsidiaries in Europe by sourcing components and reduce production cost by outsourcing high cost assembling procedure to lower cost and achieve better economy scale. The Directors believe that would further reduce the Group's costs of operations and enable the Group to compete more effectively.

- *Expand through selective acquisitions and joint venture*

  In addition to the above mentioned internal growth strategies, the Directors intend to grow the Group by selective acquisitions and forming joint ventures with selective partners. Although the Group has not entered any agreements or understandings regarding any material acquisitions or joint venture at the Latest Practicable Date, the Directors constantly review any potential acquisitions and joint ventures to further expand the business.

The Group intends to further enhance its research and development capability by acquiring advanced technology. The Directors believe that it would shorten new product development cycle, increase the variety of the products offering, improve the reputation of the Group as a manufacturer of high quality analytical and life science products, and differentiate the Group from most of its competitors which manufacture or distribute a limited range of products.

The Group intends to penetrate those markets in countries which the Group currently does not have a strong presence through acquisition and joint venture, which enables the Group to improve its products' awareness as well as more access to the customers.

The Group intends to acquire more production facilities that could further enhance the economies of scale in production. The Directors believe that increasing the scale of manufacturing activities of the Group would further reduce the costs of operations and enable the Group to compete more effectively among its competitors.

The Directors are of the opinion that, taking into consideration the financial resources available to the Group, including cash flows from the operations, the working capital available to the Group is sufficient for operations for at least the next 12 months from the date of publication of this document. Should the Group require any debt or equity financing to implement its future plan, the Company will announce further details of the future plan and the use of proceeds when available in accordance with the Listing Rules.

1. LISTINGS

The Company currently has a primary listing of Shares on the SGX-ST, which it intends to maintain alongside its proposed dual primary listing of Shares on the Stock Exchange.

2. REGISTRATION

The principal register of members of the Company (the "**Bermuda Principal Share Register**") is maintained in Bermuda by Appleby Management (Bermuda) Ltd. (the "**Bermuda Principal Registrar**") whose address is Argyle House, 41A Cedar Avenue, PO Box HM 1179, Hamilton HM 12, Bermuda. The Company has established a branch register of members in Hong Kong (the "**Hong Kong Branch Share Register**") which is maintained by Tricor Investor Services Limited (the "**Hong Kong Branch Share Registrar**") whose address is 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

The transfer agent for members of the Company in Singapore is M & C Services Private Limited (the "**Singapore Transfer Agent**") whose address is 138 Robinson Road, #17–00, The Corporate Office, Singapore 068906. Certificates in respect of the Shares registered on the Hong Kong Branch Share Register will, as far as practicable, and unless otherwise requested, be issued in board lots of 1,000 Shares. The Bermuda Principal Registrar will keep in Bermuda duplicates of the Hong Kong Branch Share Register received from the Hong Kong Branch Share Registrar from time to time.

3. CERTIFICATES

Only certificates for Shares issued by the Hong Kong Branch Share Registrar will be valid for delivery in respect of dealings effected on the Stock Exchange. The Share certificates issued by the Hong Kong Branch Share Registrar will be green in colour.

4. DEALINGS

Dealings in Shares on the Stock Exchange and SGX-ST will be conducted in Hong Kong dollars and Singapore dollars respectively. The Shares are traded on SGX-ST and will be traded on the Stock Exchange in board lots of 1,000 Shares.

The transaction costs of dealings in the Shares on the Stock Exchange include a trading fee of 0.005%, a SFC transaction levy of 0.003%, a transfer deed stamp duty of HK$5 per transfer deed and ad valorem stamp duty on both the buyer and the seller charged at the rate of 0.1% each of the consideration or, if higher, the fair value of the Shares transferred. The brokerage commission in respect of trades of Shares on the Stock Exchange is freely negotiable.

The brokerage commission in respect of trades of Shares on the SGX-ST is freely negotiable. A clearing fee in Singapore is payable at the rate of 0.04% of the transaction value, subject to a maximum of S$600 per transaction. The clearing fee is subject to goods and services tax in Singapore (currently at 7.0%).

5. SETTLEMENT

5.1 Settlement of dealings in Singapore

Shares listed and traded on the SGX-ST are trading under the book-entry settlement system of the CDP and all dealings in and transactions of Shares through the SGX-ST are effected in accordance with the terms and conditions for the operation of securities accounts with the CDP, as amended from time to time.

The CDP, a wholly-owned subsidiary of the Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. The CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with the CDP.

Shares will be registered in the name of the CDP or its nominees and held by the CDP for and on behalf of persons who maintain, either directly or through depository agents, securities accounts with the CDP. The Companies Act and the Bye-laws only recognise the registered owners or holders of the Shares as members. CDP depositors and depository agents on whose behalf CDP holds Shares, may not be accorded the full rights of membership, such as voting rights, the right to appoint proxies, or the right to receive Shareholders' circulars, proxy forms, annual reports, prospectuses and take over documents. CDP depositors and depository agents will be accorded only such rights as CDP may make available to them pursuant to CDP's terms and conditions to act as depository for foreign securities.

Persons holding Shares in a securities account with the CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will not, however, be valid for delivery pursuant to trades transacted on the SGX-ST, although they will be prima facie evidence of title and may be transferred in accordance with the Bye-laws of the Company. A fee of S$10.00 for each withdrawal of 1,000 Shares or less and a fee of S$25.00 for each withdrawal of more than 1,000 Shares will be payable upon withdrawing our Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of S$2.00 (or such other amounts as the Directors may decide) will be payable to share registrar for each share certificate issued. Persons holding physical share certificates who wish to trade on the SGX-ST must deposit with the CDP their share certificates together with the duly executed instruments of transfer in favour of the CDP, and have their respective securities accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of S$10.00 is payable upon the deposit of each instrument of transfer with the CDP.

Transactions in Shares under the book-entry settlement system will be reflected by the seller's securities account being debited with the number of Shares sold and the buyer's securities account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for the transfer of the Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in Shares on the SGX-ST is payable at the rate of 0.04% of the transaction value, subject to a maximum of S$600.00 per transaction. The clearing fee, instrument of transfer deposit fees and share withdrawal fee are subject to Singapore goods and services tax of 7.0%.

Dealings in the Shares will be carried out in Singapore dollars and will be effected for settlement in the CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the third market day following the transaction date, and payment for the securities is generally settled on the following day. The CDP holds securities on behalf of investors in securities accounts. An investor may open a direct securities account with the CDP or a securities sub-account with a depository agent. A depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

5.2 Settlement of dealings in Hong Kong

Investors in Hong Kong must settle their trades executed on the Stock Exchange through their brokers directly or through custodians. For an investor in Hong Kong who has deposited his Shares in his stock account or in his designated CCASS Participant's stock account maintained with CCASS, settlement will be effected in CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. For an investor who holds the physical certificates, settlement certificates and the duly executed transfer forms must be delivered to his broker or custodian before the settlement date.

An investor may arrange with his broker or custodian on a settlement date in respect of his trades executed on the Stock Exchange. Under the Listing Rules and the General Rules of CCASS and CCASS Operational Procedures in effect from time to time, the date of settlement must not be later than the second business day following the trade date on which the settlement services of CCASS are open for use by CCASS Participants (T + 2). For trades settled under CCASS, the General Rules of CCASS and CCASS Operational Procedures in effect from time to time provide that the defaulting broker may be compelled to compulsorily buy-in by HKSCC the day after the date of settlement (T + 3), or if it is not practicable to do so on T + 3, at any time thereafter. HKSCC may also impose fines from T + 2 onwards.

The CCASS stock settlement fee payable by each counterparty to a trade in the Stock Exchange is currently 0.002% of the gross transaction value subject to a minimum fee of HK$2 and a maximum fee of HK$100 per trade.

5.3 Dividends

Dividends are declared in Singapore Dollars and will be converted into Hong Kong dollars before being paid to the Shareholders that carried out the trading activities on the Hong Kong Stock Exchange.

5.4 Foreign exchange risk

Investors in Singapore who trade in the Shares on the SGX-ST should note that their trades will be effected in Singapore dollars. Investors in Hong Kong who trade in the Shares on the Hong Kong Stock Exchange should note that their trades will be effected in Hong Kong dollars. Accordingly, investors should be aware of the foreign exchange risks associated with such trading if they are buying and selling in different stock exchanges under different jurisdictions.

5.5 Transfer of Shares

All duties, fees and expenses specified herein are subject to changes from time to time.

5.6 Removal of Shares

Currently, all the Shares are registered on the Bermuda Principal Share Register. For the purpose of trading on the Stock Exchange, the Shares must be registered on the Hong Kong Branch Share Register. Shares may be transferred between the Bermuda Principal Share Register and the Hong Kong Branch Share Register. An investor who wishes to trade on the SGX-ST must have his/her Shares registered on the Bermuda Principal Share Register and an investor who wishes to trade on the Stock Exchange must have his/her Shares registered on the Hong Kong Branch Share Register by removing them from the Bermuda Principal Share Register to the Hong Kong Branch Share Register. A resolution has been passed by the Directors authorizing the removal of Shares between the Bermuda Principal Share Register and the Hong Kong Branch Share Register as may from time to time be requested by the members of the Company.

5.7 From Bermuda Principal Share Register to Hong Kong Branch Share Register

If an investor whose Shares are traded on the SGX-ST wishes to trade his/her Shares on the Stock Exchange, he/she must effect a removal of the Shares from the Bermuda Principal Share Register to the Hong Kong Branch Share Register.

A removal of the Shares from the Bermuda Principal Share Register to the Hong Kong Branch Share Register involves the following procedures:

(1) If the investor's Shares have been deposited with CDP, the investor must first withdraw his Shares from CDP by submitting (i) Withdrawal of Securities Form (CDP Form 3.1 - available from CDP); (ii) transfer deed; (iii) Certificate of Stamp Duty (if applicable) and (iv) a bank draft for the amount as prescribed by CDP from time to time to the CDP.

(2) The investor shall complete a removal request form (the "**Removal Request Form**") (in duplicate) obtained from the Singapore Transfer Agent and submit the Removal Request Form (in duplicate) together with a bank draft for the amount as prescribed by the Singapore Transfer Agent and the Hong Kong Branch Share Registrar from time to time to the Singapore Transfer Agent.

(3) CDP will then send a duly completed transfer form, Certificate of Stamp Duty (if applicable) and the relevant share certificate(s) registered under the name of CDP to the Singapore Transfer Agent directly.

(4) Upon receipt of the documents referred to above and the relevant payment, the Singapore Transfer Agent shall take all actions necessary to effect the transfer and removal of Shares from the Bermuda Principal Share Register to the Hong Kong Branch Share Register. Copies of the relevant documents will be sent from the Singapore Transfer Agent to the Bermuda Principal Registrar.

(5) On completion, the Singapore Transfer Agent shall then notify the Hong Kong Branch Share Registrar of the removal whereupon the Hong Kong Branch Share Registrar shall update the Hong Kong Branch Share Register and issue share certificate(s) in the name of the investor and send such share certificate(s) to the address specified by the investor. Despatch of share certificate(s) will be made at the risk and expense of the investor as specified in the Removal Request Form.

(6) If the investor's Shares upon being registered on the Hong Kong Branch Share Register are to be deposited with CCASS, the investor must deposit the Shares into CCASS for credit to his CCASS investor participant stock account or his designated CCASS Participant's stock account. For deposit of Shares into CCASS or to effect sale of Shares in Hong Kong, the investor should execute a transfer form which is in use in Hong Kong and which can be obtained from the offices of the Hong Kong Branch Share Registrar and deliver it together with his share certificate(s) issued by the Hong Kong Branch Share Registrar to HKSCC directly if he intends to deposit the Shares into CCASS for credit to his CCASS investor participant stock account, or via a CCASS Participant if he wants the Shares to be credited to his designated CCASS Participant's stock account.

Note: Under normal circumstances, steps (1) to (5) generally require 14 business days to complete. Generally, expedited Share removal and transfer services at a turnaround time of approximately ten business days are available at Shareholders' request but are subject to the discretion of the Hong Kong Branch Share Registrar and the CDP and are not available during peak operation seasons of the Hong Kong Branch Share Registrar and the CDP.

5.8 From Hong Kong Branch Share Register to Bermuda Principal Share Register

If an investor whose Shares are traded on the Hong Kong Stock Exchange wishes to trade his Shares on the SGX-ST, he must effect a transfer and removal of the Shares from the Hong Kong Branch Share Register to the Bermuda Principal Share Register. Such removal and deposit of the Shares would involve the following procedures:

(1) If the investor's Shares have been deposited with CCASS, the investor must first withdraw such Shares from his CCASS investor participant stock account with CCASS or from the stock account of his designated CCASS Participant.

(2) If the investor's Shares are registered in the investor's own name, the investor shall complete the Combined Share Removal and Transfer Form and Delivery Instruction Form (the "**HK Removal Request Form**") (in duplicate) available from the Hong Kong Branch Share Registrar and submit the same together with the share certificate(s) in his name, bank drafts for the amounts as prescribed by the Singapore Transfer Agent and the Hong Kong Branch Share Registrar from time to time and a bank draft for the amount of deposit fee (where applicable) as prescribed by CDP from time to time, to the Hong Kong Branch Share Registrar. If the investor's Shares have been deposited with CCASS, the investor must first withdraw such Shares from his CCASS investor participant stock account with CCASS or from the stock account of his designated CCASS Participant by submitting the relevant share transfer form(s) executed by HKSCC Nominees Limited in addition to the aforementioned documents for the removal of Shares registered in the investor's own name.

(3) Upon receipt of the HK Removal Request Form, the relevant share certificate(s) and where appropriate, the completed share transfer form(s) executed by HKSCC Nominees Limited, the Hong Kong Branch Share Registrar shall take all actions necessary to effect the transfer and the removal of the Shares from the Hong Kong Branch Share Register to the Bermuda Principal Share Register.

(4) The Hong Kong Branch Share Registrar shall then notify the Singapore Transfer Agent of the transfer and removal whereupon the Singapore Transfer Agent will notify the Bermuda Principal Registrar to update the Bermuda Principal Share Register. Upon completion, the Singapore Transfer Agent shall issue the relevant share certificate(s) in the name of the investor or CDP (as the case may be) for onward transmission to the investor or CDP accordingly.

(5) In accordance with the delivery instruction set out in the Removal Request Form duly completed and signed by the investor, the Singapore Transfer Agent will arrange with CDP to credit the Shares into the investor's securities account with CDP or sub-account with a CDP depository agent. The investor

must ensure that he has a securities account in his own name or sub-account with a CDP depository agent before he can complete and sign off on delivery instruction set out in the HK Removal Request Form.

Note: Under normal circumstances, steps (2) to (4) generally require 15 business days to complete. Generally, expedited Share removal and transfer services at a turnaround time of approximately ten business days are available at Shareholders' request but are subject to the discretion of the Singapore Transfer Agent, the Hong Kong Branch Share Registrar and the CDP and are not available during peak operation seasons of the Singapore Transfer Agent, the Hong Kong Branch Share Registrar and the CDP.

5.9 Stamp duty

For those Shares which are registered on the Hong Kong Branch Share Register, any transfer thereof or dealings therein will be subject to Hong Kong stamp duty.

5.10 Costs

All costs attributable to the removal of Shares from the Hong Kong Branch Share Register to the Bermuda Principal Share Register and any removal of Shares from the Bermuda Principal Share Register to the Hong Kong Branch Share Register shall be borne by the Shareholder requesting the removal. In particular, Shareholders should note that the Hong Kong Branch Share Registrar will charge HK$300 for each removal of Shares, HK$20 for postage (if required) and a fee of HK$2.50 (or such other amount as may from time to time be stipulated under the Listing Rules) for each Share certificate cancelled or issued by it and any applicable fee as stated in the removal request forms used in Hong Kong or Singapore. In addition, the Singapore Transfer Agent will charge S$30.00 for each removal of Shares, a fee of S$2.00 (plus applicable stamp duties) for each transfer form in respect of transfer of Shares, a fee of S$2.00 for each Share certificate cancelled or issued by it and any applicable fee as stated in the removal request forms used in Hong Kong or Singapore. The fees charged by the Singapore Transfer Agent are subject to Singapore goods and services tax (currently at 7%).

5.11 Special arrangements to facilitate transfers prior to the Listing

Special arrangements have been made to facilitate transfers of Shares prior to the Listing. In connection with the Listing, the Company will make arrangement for three batch-transfers of Singapore-listed Shares for Shareholders seeking to transfer their Shares to the Hong Kong Branch Share Register prior to the Listing. The key dates in relation to such batch-transfer exercise (the "**Batch-Transfers**") are set out below:

Events	First Batch-Transfer	Second Batch-Transfer	Third Batch-Transfer
Final date to submit Withdrawal of Securities Form (together with a transfer deed) to CDP and Removal Request Form to the Singapore Transfer Agent	5 December 2011	12 December 2011	19 December 2011
Share certificates available for collection from the Hong Kong Branch Share Registrar's office	15 December 2011	22 December 2011	30 December 2011

Shareholders who hold their Shares directly in CDP and who wish to participate in the Batch-Transfer will need to complete and submit the Withdrawal of Securities Form (together with a transfer deed), together with a bank draft for the amount as prescribed by CDP from time to time, to CDP and the Removal Request Form to the Singapore Transfer Agent before the relevant dates stipulated above.

The Singapore Transfer Agent and the Hong Kong Branch Share Registrar have agreed to waive their charges to Shareholders in respect of the Batch-Transfers. CDP's existing charges will still apply, together with any other costs to be levied by Shareholders' own brokers, nominees or custodians (where relevant).

The Sponsor has made arrangements to inform the Shareholders and the Singapore investing public of details of the Listing and the Batch-Transfers procedures by way of announcement to be published on the websites of on the Stock Exchange and SGX-ST. Please refer to the sub-section headed "Disclosure of the Bridging Arrangements" below for details.

6. BRIDGING ARRANGEMENTS

6.1 Intended arbitrage activities during the Bridging Period

Upon the Listing and during the Bridging Period, the Bridging Dealer, on its own account, will seek to undertake arbitrage activities in circumstances as described below. Such arbitrage activities are expected thereby to contribute to the liquidity of trading in the Shares on the Hong Kong market upon the Listing as well as to reduce potential material divergence between Share prices on the Hong Kong and the Singapore markets:

(1) The Bridging Dealer will seek to carry out arbitrage trades in line with market practice in the context of dual listed stocks. The arbitrage trades are envisaged to be carried out where there exists a meaningful price differential between prices of Shares quoted on the Stock Exchange and those quoted on the SGX-ST. In relation to the Listing, it is envisaged that a typical arbitrage trade would be executed if and when prices of Shares quoted on the Stock Exchange are meaningfully higher than those on the SGX-ST, in which case the Bridging Dealer will seek to purchase Shares at the lower price in Singapore and sell Shares at the higher price in Hong Kong.

The typical cost of executing an arbitrage trade is minimal and should constitute a small percentage of the Share price. In the Hong Kong context, the typical cost comprises stamp duty (0.1%), trading fee (0.005%) and transaction levy (0.003%) while in the Singapore context, there is a clearing fee (0.04% up to a maximum of S$600) and trading fee (0.0075%). Nonetheless, as the Bridging Dealer envisages, that for arbitrage trades to occur, the Share price differential would need to exceed such transaction costs and the risk premium as perceived by the Bridging Dealer (including but not limited to factors such as price volatility and market liquidity on both markets).

The Bridging Dealer intends to carry out arbitrage trades where (a) there exists a meaningful Share price differential between the Hong Kong and Singapore markets (as determined by the Bridging Dealer), and (b) the Bridging Dealer is able to purchase or procuse sufficient quantities of Shares to address such price differentials when they arise and thereby to contribute towards trading liquidity. The bridging arrangements and the role of the Bridging Dealer will terminate and cease at the expiry of the Bridging Period.

(2) For the Bridging Dealer to contribute towards liquidity of trading in the Shares on the Stock Exchange, there should be no trading or exchange disruption in or early closure (other than due to different trading hours) of one or both stock exchanges. There should be concurrent availability of Shares on both stock exchanges. The Bridging Dealer has also entered into the Stock Borrowing Agreement to ensure it will have ready access to appropriate quantities of Shares for settlement purposes upon the Listing and during the Bridging Period.

(3) There is a Stock Borrowing Agreement between Mr. Lo and the Bridging Dealer. Pursuant to the Stock Borrowing Agreement, Mr. Lo shall, upon request from time to time by the Bridging Dealer, lend up to a maximum of 58,125,000 Shares, representing 25% of Shares in issue in aggregate to the Bridging Dealer, and an equivalent number of Shares shall be returned to Mr. Lo not later than 13 business days after the expiry of the Bridging Period (being the 30-day period from and including the Listing Date), subject to compliance with applicable laws, rules and regulations in Singapore and Hong Kong and certain terms and conditions, including but without limitation that the lending and the subsequent acceptance of redelivery of any Shares by Mr. Lo, and the borrowing and the subsequent redelivery of any Shares by the Bridging Dealer, will not lead to either party being obliged to make a mandatory general offer under the Takeovers Code and/or the Singapore Code. Such Shares will be used for settlement in connection with the arbitrage trades carried out by the Bridging Dealer in Hong Kong. These Shares will have been registered on the Hong Kong Branch Share Register prior to the Listing. The total number of Shares subject to such Share Borrowing Arrangement and the Sale and Repurchase Agreement is in excess of the aggregate of the daily trading volumes of the Shares on the SGX-ST for the 15 trading days immediately before and up to the Latest Practicable Date.

The Stock Borrowing Agreement provides, inter alia, that all the Shares borrowed shall be returned to Mr. Lo not later than 13 business days after the Bridging Period End Date. All applicable laws, rules and regulations in connection with the Stock Borrowing Agreement will be complied with.

(4) To facilitate the role of the Bridging Dealer commencing from the pre-opening period on the first day of the Listing, the Bridging Dealer has established a mechanism in place to build up an ownership of a small inventory of Shares prior to the commencement of trading. Mr. Chan and the Bridging Dealer entered into Sale and Repurchase Agreement for an aggregate of 9,300,000 Shares (representing 4% of the Shares in issue) at a sale price of S$0.395 per Share, being the closing price of the Shares quoted on the SGX-ST on the day immediately before the date of the Sale and Repurchase Agreement.

Additionally, the Bridging Dealer shall sell and Mr. Chan shall repurchase the equivalent number of Shares it sold under the Sale and Repurchase Agreement, at the same price as such Shares were sold, not later than 13 business days after the expiry of the Bridging Period. All applicable laws, rules and regulations in connection with the Sale and Repurchase Agreement will be complied with.

(5) The purpose of the Sale and Repurchase Agreement is to facilitate the Bridging Dealer in contributing towards trading liquidity in the Shares on the Stock Exchange, by making available a quantity of Shares to facilitate

arbitrage trades commencing from the pre-opening period during the Bridging Period. Under the arrangement described in paragraph (4) of this paragraph above, Mr. Chan will maintain a neutral position in respect of its shareholdings in the Company.

(6) The Bridging Dealer will continue to replenish its Share inventory while carrying out the arbitrage trades. When a buy order has been executed on the Singapore market and a sale order has been executed on the Hong Kong market, the Bridging Dealer will instruct the Singapore Transfer Agent to transfer and remove the Shares purchased on the Singapore market to Hong Kong to replenish their Share inventory for further trading. While such transfer of Shares takes place, the Bridging Dealer will utilise the Shares borrowed under the Stock Borrowing Agreement for settlement of the sale made in Hong Kong.

(7) The Bridging Dealer has set up a designated dealer identity number 8181 solely for the purposes of carrying out arbitrage trades under the bridging arrangement in Hong Kong, in order to ensure identification and thereby enhance transparency of such trades on the Hong Kong market. Any change in such designated dealer identity number will be disclosed as soon as practicable by way of announcement on both the Hong Kong Stock Exchange and the SGX-ST, and will be posted by the Company on its website. The Bridging Dealer has also set up another designated dealer identity number 8170 which will only be used in emergency and unforeseen situation if the aforesaid identity number for arbitrage trades cannot be used.

(8) The Bridging Dealer will enter into such bridging arrangement (including the arbitrage activities) on a voluntary and discretionary basis with a view to contributing towards the liquidity of Shares in Hong Kong, and intend for such bridging arrangements to constitute proprietary transactions.

It is emphasized that other than the Bridging Dealer, arbitrage activities and bridging arrangements may be carried out by market participants who have access to the Shares. Also, other existing Shareholders who may have transferred part or all of their shareholdings from Singapore to Hong Kong upon the commencement of trading (or thereafter) can also carry out arbitrage trades in the Shares. Such activities will depend on the extent of price differentials between the two stock exchanges, and the number of market participants (other than the Bridging Dealer) who elect to enter into such arbitrage activities and bridging arrangements.

The arbitrage activities of the Bridging Dealer and any persons acting for it will be entered into in accordance with all applicable laws, rules and regulations of Hong Kong. The bridging arrangements being implemented in connection with the Listing are within the circumstances under paragraph 2.3 of the SFC's Guidance Note on Short Selling Reporting and Stock Lending Record Keeping Requirements and accordingly, are not regarded as short

selling in breach of section 170 of the SFO. The bridging arrangements being implemented in connection with the Listing are not equivalent to the price stabilization activities which may be undertaken in connection with an initial public offering. In addition, the Bridging Dealer is not acting as market maker and does not undertake to create or make a market in Shares on the Hong Kong market.

6.2 Spread of shareholdings

It is expected that the following measures and factors will assist in creating and/or improving the spread of holdings of the Shares available for trading on the Stock Exchange following the Listing:

— As the Shares are of one and the same class, Shareholders may at their discretion transfer Shares from Singapore to Hong Kong upon or after the Listing, as described in the paragraph headed "Transfer of Shares" above. Special arrangements have been made to facilitate transfers of Shares, and to incentivize existing Shareholders to transfer their Shares to Hong Kong prior to the Listing by enabling them to do so at a reduced cost. Details of such arrangements are set out in the paragraph headed "Transfer of Shares — Special arrangements to facilitate transfers prior to the Listing" above. To the extent that existing Shareholders elect to transfer Shares to Hong Kong before or shortly after the Listing, such Shares may help contribute to the general liquidity of the Shares on the Hong Kong market.

— Mr. Lo has confirmed to the Sponsor that he will transfer and remove, and/or procure the transfer and removal of, up to 58,125,000 Shares representing an aggregate of 25% of the Shares in issue to the Hong Kong Branch Share Register prior to the Listing. As indicated in paragraph (3) of the sub-paragraph headed "6.1 — Intended arbitrage activities during the Bridging Period" above, Mr. Lo will lend and make available to the Bridging Dealer Shares which will be used solely for settlement in connection with the arbitrage trades carried out by the Bridging Dealer in Hong Kong.

— In conducting arbitrage activities in circumstances as described in the sub-paragraph headed "6.1 — Intended arbitrage activities during the Bridging Period" above, the Bridging Dealer is effectively acting as a conduit to transfer some of the trading liquidity of the Shares in the Singapore market to the Hong Kong market.

The Sponsor considers that having regard to the special arrangements described in sub-paragraph headed "Special arrangements to facilitate transfers prior to the Listing", the paragraph headed "Bridging arrangements" and the paragraph headed "Investor education" in this section of this document, all reasonable efforts have been made to facilitate the migration of Shares to the Hong Kong Branch Share Register to provide the basis for an open market at the time of the Listing.

6.3 Benefits of the bridging arrangements

It is believed that the bridging arrangements will benefit the Listing in the following ways:

— As arbitrage trades are intended to be carried out by the Bridging Dealer during the Bridging Period where there exists a meaningful price differential in the Share prices, the bridging arrangements are expected thereby to contribute to the liquidity of the Shares on the Hong Kong market upon the Listing.

— Arbitrage trades, by their nature, would typically contribute to reducing potential material divergence between Share prices on the Hong Kong and the Singapore markets.

— The bridging arrangements are perceived to be a mechanism which is fair to all market participants who have access to the Shares, as it is open to all the Shareholders and other market participants who have such access to carry out arbitrage trades similar to those to be carried out by the Bridging Dealer.

6.4 Disclosure of the bridging arrangements

In order to enhance transparency of the arbitrage activities carried out under the bridging arrangements, various measures to provide information to the market and potential investors will be undertaken as described in paragraph headed "Investor education" in this section.

Further, the Company will, as soon as practicable and in any event during a period of three business days before the first day of the Listing, release an announcement on the Stock Exchange and the SGX-ST to inform the investing public of the following information as at the latest practicable date prior to such announcement:

— the number of Shares in respect of which the Singapore Transfer Agent has received instructions from Shareholders for the transfer of such Shares to the Hong Kong Branch Share Register (whether under the Batch-Transfer arrangements or otherwise); and

— the total number of Shares which have been registered on the Hong Kong Branch Share Register.

In respect of the arbitrage trades to be carried out by the Bridging Dealer, the Bridging Dealer has set up a designated dealer identity number 8181 solely for the purposes of carrying out such trades in Hong Kong, in order to ensure identification and thereby enhance transparency of the trades on the Hong Kong market. The Bridging Dealer has also set up another designated dealer identity number 8170 which will only be used in emergency and unforeseen situation if the aforesaid identity number for arbitrage trades cannot be used.

In addition, where applicable, the arbitrage trades carried out by the Bridging Dealer, and the transactions under the Stock Borrowing Agreement and the Sale and Repurchase Agreement, will also be disclosed in accordance with the deemed application of the disclosure of interests regime under the relevant provisions of Part XV of the SFO.

7. INVESTOR EDUCATION

7.1 Arrangements involving the Company and the Sponsor

Prior to the Listing, the Company and the Sponsor will cooperate to inform the investor community in Hong Kong of general information about the Company, as well as the developments and/or changes to the bridging arrangements as disclosed in this document. After the Listing has taken place, the Company and the Sponsor may continue to take measures to educate the public. The following measures will be taken to enhance transparency of the Company and the bridging arrangements:

— there will be media briefings and press interviews to inform investors of the arrangements;

— briefings in relation to the bridging arrangements will be conducted for, amongst others, private bank divisions, a syndicate of brokerage houses and other institutional investors;

— Information factsheets on the Company generally, and on the Share transfer procedures as summarised in paragraph headed "Special arrangements to facilitate transfers prior to the Listing" in this section above will be posted on the website of the Company;

— Information, including the Company's previous day closing price, trading volume and other relevant historical data, will be posted on the website of the Company.

The Bridging Dealer will apply to the Stock Exchange for 2 broker identification numbers (one for normal usage and the other for back up use in case of emergency) to be used solely for executing arbitrage trades for the Company during the Bridging Period. The Bridging Dealer will not use these broker identification numbers to execute non-arbitrage trades in the Shares or any other trades in any other securities. The Bridging Dealer will deploy measures to ensure such exclusivity including that a trading system template be set up for trading in the Shares to maximise execution automation thus minimising propensity for human error.

Furthermore, during a period of three business days prior to the commencement of dealings in the Shares on the Stock Exchange, a daily announcement will be released by the Company on the Stock Exchange and the SGX-ST, disclosing the Company's previous day closing price on the SGX-ST, as well as any relevant developments and updates with regard to the bridging arrangements; and

— Electronic copies of this document will be disseminated through the website of the Company and the websites of the Stock Exchange and the SGX-ST. In addition, physical copies of this document will be made available for collection at the following locations:

— Office of the Company in Hong Kong at 6th Floor, Mita Center, 552–566 Castle Peak Road, Kwai Chung, Hong Kong; and

— Office of the Sponsor at 27th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong.

7.2 Other sources of information

Real-time trading information in respect of the Shares can be obtained from the following sources:

— the website of SGX-ST at http://www.sgx.com/wps/portal/marketplace/mp-en/prices_indices_statistics/securities/stocks, at no cost; or

— through service providers that provide such facilities at investors' own expense. Such service will be provided on and subject to the terms and conditions of the relevant service provider.

The following is the text of a report received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

Deloitte.
德勤

德勤·關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

9 December 2011

The Directors
Techcomp (Holdings) Limited
Oriental Patron Asia Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") regarding Techcomp (Holdings) Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for each of the three years ended 31 December 2010 and the six months ended 30 June 2011 (the "Track Record Period"), for inclusion in the listing document of the Company dated 9 December 2011 (the "Listing Document") in connection with the proposed listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") by way of introduction.

The Company was incorporated and registered as an exempted company with limited liability in Bermuda under The Companies Act 1981 of Bermuda ("The Bermuda Companies Act") on 26 January 2004. The Company was listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") on 12 July 2004. Its registered office is at Canon's Court, 22 Victoria Street, Hamilton Hm12, Bermuda. The principal activities of the Group comprise of design, development, manufacture and distribution of analytical instruments, life science equipment and laboratory instruments.

Throughout the Track Record Period and at the date of this report, the Company has direct and indirect interests in the following subsidiaries, the particulars of which are set out below:

Name of company	Place of incorporation/ establishment/operation	Date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group					Principal activities
				31 December			30 June	At the date of this report	
				2008	2009	2010	2011		
Directly-owned subsidiaries									
Glory Union Investments Limited	Hong Kong	10 December 2009	HK$10,000	—	—	100%	100%	100%	Investment holding
Graceful Sky Investments Limited	Hong Kong	26 November 2009	HK$10,000	—	—	100%	100%	100%	Investment holding
Regent Lite Pte. Ltd.	Singapore	29 June 2009	SGD1	—	100%	100%	100%	100%	Investment holding
Richwell Hightech Systems Inc.	British Virgin Islands ("BVI")	21 November 2002	US$81	68%	68%	68%	68%	68%	Investment holding
Sunny Time Investments Limited	Hong Kong	19 August 2010	HK$10,000	—	—	100%	100%	100%	Investment holding
Techcomp Instrument Limited	BVI	4 February 2004	US$50,000	100%	100%	100%	100%	100%	Investment holding
Techcomp Scientific Limited	BVI	4 February 2004	US$50,000	100%	100%	100%	100%	100%	Investment holding
Indirectly-owned subsidiaries									
Aura Scientific Limited	United Kingdom	17 June 2010	GBP1	—	—	100%	100%	100%	Sale of scientific instruments
Bestwit Consultants Ltd.	BVI	19 April 2004	US$1	100%	100%	100%	100%	100%	Distributor and insurer of the Group's analytical and laboratory instruments
Bibby Scientific (Asia) Limited	Hong Kong	9 May 2008	HK$100,000	100%	100%	100%	100%	100%	Trading of analytical and laboratory instruments
Cheetah Scientific Limited	Hong Kong	17 December 2009	HK$10,000	—	—	100%	100%	100%	Inactive
Craponne Tolerie SARL	France	6 January 1993	EURO75,000	—	75%	100%	100%	100%	Manufacturing of industrial metallurgy
Dynamica GmbH	Austria	25 February 2008	EURO200,000	70%	70%	100%	100%	100%	Trading of analytical and laboratory instruments
Dynamica (Asia) Limited	Hong Kong	10 February 2011	HK$10,000	—	—	—	100%	100%	Trading of analytical and laboratory instruments
Frilabor SRL	Romania	17 May 2005	RON37,500	—	75%	100%	100%	100%	Manufacturing and trading of analytical and laboratory instruments
Froilabo SAS	France	23 November 1998	EURO1,000,000	—	75%	100%	100%	100%	Manufacturing and trading of analytical and laboratory instruments
HCC SAS	France	27 April 2005	EURO2,300,000	—	75%	100%	100%	100%	Investment holding
Precisa Gravimetrics AG	Switzerland	16 February 2006	CHF5,000,000	—	—	80%	80%	80%	Manufacturing and trading of analytical and laboratory instruments
Precisa Real Estate AG	Switzerland	13 September 2010	CHF500,000	—	—	100%	100%	100%	Properties holding
Shanghai Sanco Instrument Co., Ltd. (上海三科儀器有限公司)	People's Republic of China ("PRC")	15 December 1992	US$350,000	55%	55%	55%	55%	55%	Manufacturing and trading of analytical and laboratory instruments
Shanghai Techcomp Instrument Co., Ltd. (上海天美科學儀器有限公司)	PRC	10 June 1994	US$3,350,000	100%	100%	100%	100%	100%	Manufacturing of analytical and laboratory instruments
Shanghai Techcomp Bio-Equipment Co., Limited (上海天美生化儀器設備工程有限公司)	PRC	9 October 2005	US$2,000,000	100%	100%	100%	100%	100%	Manufacturing of analytical and laboratory instruments

Name of company	Place of incorporation/ establishment/operation	Date of incorporation/ establishment	Issued and fully paid share capital/registered capital	Attributable equity interest of the Group					Principal activities
				31 December			30 June	At the date of this	
				2008	2009	2010	2011	report	
Indirectly-owned subsidiaries									
Techcomp (China) Co., Limited (天美(中國)科學儀器有限公司)	PRC	2 April 2008	US$10,000,000	100%	100%	100%	100%	100%	Trading of analytical and laboratory instruments
Techcomp (Guangzhou) Limited (天美(廣州保稅區)科技有限公司)	PRC	5 April 2002	US$200,000	100%	100%	100%	100%	100%	International extreport and commercial trade and exhibitions (within Free Trade Zone)
Techcomp (Macau Commercial Offshore) Limited	Macau	3 October 2006	MOP10,000,000	100%	100%	100%	100%	100%	Trading of analytical and laboratory instruments
Techcomp (Shanghai) Co., Ltd. (天肯(上海)貿易有限公司)	PRC	13 August 2001	US$200,000	100%	100%	100%	100%	100%	International extreport and commercial trade and exhibitions (within Free Trade Zone)
Techcomp (Singapore) Pte. Ltd.	Singapore	8 March 2004	SGD100,000	100%	100%	100%	100%	100%	Trading of analytical and laboratory instruments
Techcomp (Tianjin) Co., Ltd. (天美(天津)國際貿易有限公司)	PRC	10 April 2002	US$1,300,000	100%	100%	100%	100%	100%	International trade, consultancy of China and sales of clinical analytical instruments and basic medical testing equipment
Techcomp India Private Limited	India	7 August 2009	RUPEES500,000	—	100%	100%	100%	100%	Trading of analytical and laboratory instruments
Techcomp Jingke Scientific Instruments (Shanghai) Co. Ltd. (上海精科天美科學儀器有限公司)	PRC	1 September 2010	RMB40,000,000	—	—	51%	51%	51%	Manufacturing and trading of analytical and laboratory instruments
Techcomp Limited	Hong Kong	22 January 1991	HK$20,000,000	100%	100%	100%	100%	100%	Trading of analytical and laboratory instruments
Tiande (Tianjin) Co., Ltd. (天德國際貿易(天津)有限公司)	PRC	16 May 2005	US$200,000	100%	100%	100%	100%	100%	Trading of analytical and laboratory instruments
Well All Consultants Ltd.	BVI/PRC	19 July 2004	US$1	100%	100%	100%	100%	100%	Provision of installation and maintenance services

All companies now comprising the Group have adopted 31 December as their financial year end date, except for Techcomp India Private Limited, which has adopted 31 March as its financial year end date.

The statutory financial statements of the entities comprising the Group were audited by the following certified public accountants registered in their respective jurisdictions. These statutory financial statements were prepared in accordance with the relevant accounting principles and financial regulations applicable to the entities in their respective jurisdictions.

Name of group entity	Financial period	Name of statutory auditor
Aura Scientific Limited	For the period ended from date of incorporation to 31 December 2010	Hardcastle Burton LLP
Bibby Scientific (Asia) Limited	For the period from date of incorporation to 31 December 2008 and for each of the two years ended 31 December 2010	Deloitte Touche Tohmatsu, Hong Kong
Cheetah Scientific Limited	For the period from the date of incorporation to 31 December 2010	Poon Wing Ho CPA
Froilabo SAS	For each of the two years ended 31 December 2010	Cabinet AVVENS. basic
Glory Union Investments Limited	For the period from the date of incorporation to 31 December 2010	Poon Wing Ho CPA
Graceful Sky Investments Limited	For the period from the date of incorporation to 31 December 2010	Poon Wing Ho CPA
HCC SAS	For each of the two years ended 31 December 2010	Cabinet AVVENS. basic
Precisa Gravimetrics AG	For the year ended 31 December 2010	Pricewaterhouse Coopers AG
Regent Lite Pte. Ltd.	For the period from date of incorporation to 31 December 2009 and the year ended 31 December 2010	Deloitte & Touche LLP, Singapore
Shanghai Sanco Instrument Co. Ltd. (上海三科儀器有限公司)	For each of the three years ended 31 December 2010	Shanghai Jian Xin Ba Da Certified Public Accountants Co. Ltd. (上海建信八達會計師事務所有限公司)
Shanghai Techcomp Bio-equipment Co., Limited (上海天美生化儀器設備工程有限公司)	For each of the three years ended 31 December 2010	Shanghai Linfang Certified Public Accountants (上海琳方會計師事務所有限公司)

Name of group entity	Financial period	Name of statutory auditor
Shanghai Techcomp Instrument Co., Ltd. (上海天美科學儀器有限公司)	For each of the three years ended 31 December 2010	Shanghai Linfang Certified Public Accountants (上海琳方會計師事務所有限公司)
Techcomp (China) Co., Ltd (天美(中國)科學儀器有限公司)	For the period from date of establishment to 31 December 2008 and for each of the two years ended 31 December 2010	Beijing Daotongfangyuan Certified Public Accountants (北京道通方圓會計師事務所)
Techcomp (Guangzhou) Limited (天美(廣州保税區)科技有限公司)	For each of the three years ended 31 December 2010	Guangzhou Da Gong Certified Public Accountants Co. Ltd. (廣州市大公會計師事務所有限公司)
Techcomp (Macau Commercial Offshore) Limited	For each of the three years ended 31 December 2010	Deloitte Touche Tohmatsu, Macau
Techcomp (Shanghai) Co., Ltd. (天肯(上海)貿易有限公司)	For each of the three years ended 31 December 2010	Shanghai JinRui Certified Public Accountants (上海錦瑞會計師事務所)
Techcomp (Singapore) Pte. Ltd.	For each of the three years ended 31 December 2010	Deloitte & Touche LLP, Singapore
Techcomp (Tianjin) Co., Ltd. (天美(天津)國際貿易有限公司)	For each of the three years ended 31 December 2010	Beijing Daotongfangyuan Certified Public Accountants (北京道通方圓會計師事務所)
Techcomp India Private Limited	For the period from date of incorporation to 31 March 2010 and for the year ended 31 March 2011	Sethi Agarwal & Associates
Techcomp Jingke Scientific Instruments (Shanghai) Co. Ltd. (上海精科天美科學儀器有限公司)	For the period from date of incorporation to 31 December 2010	Shanghai JinRui Certified Public Accountants (上海錦瑞會計師事務所)
Techcomp Limited	For each of the three years ended 31 December 2010	Deloitte Touche Tohmatsu, Hong Kong
Tiande (Tianjin) Co., Ltd. (天德國際貿易(天津)有限公司)	For each of the three years ended 31 December 2010	Beijing Daotongfangyuan Certified Public Accountants (北京道通方圓會計師事務所)

As at the date of this report, no audited statutory financial statements have been prepared for the subsidiaries which were incorporated in British Virgin Islands as they were incorporated in jurisdiction where there are no statutory audit requirements. Also no audited statutory financial statements have been prepared for the subsidiaries — Dynamica GmbH, Frilabor SRL and Craponne Tolerie SARL as the jurisdictions where they are incorporated do not require them to have audited statutory financial statements.

No audited statutory financial statements have been prepared for Dynamica (Asia) Limited and Sunny Time Investments Limited as it has not reached their first financial year end in accordance with rules and regulations in Hong Kong.

No audited statutory financial statements has been prepared for Precisa Real Estate AG as it has not reached its first financial year end in accordance with rules and regulations in Switzerland.

The directors of the Company have prepared consolidated financial statements of the Group for each of the three years ended 31 December 2010 and for six months ended 30 June 2011 in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (the "IASB") (the "Underlying Financial Statements"). The auditors' reports on the Underlying Financial Statements of the Group for each of the three years ended 31 December 2010 were issued by Deloitte & Touche LLP, Singapore, in accordance with Singapore Standards on Auditing. For the purpose of this report, we have conducted audit procedures on the consolidated financial statements of the Group for each of the three years ended 31 December 2010 in accordance with Hong Kong Standards on Auditing and have undertaken independent audit of the consolidated financial statements of the Group for the six months ended 30 June 2011 in accordance with Hong Kong Standards on Auditing.

We have examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the Hong Kong Institute of Certified Public Accountant ("HKICPA").

The Financial Information of the Group for the Track Record Period as set out in this report has been prepared from the Underlying Financial Statements based on the accounting policies set out in note 3 in Section F below which are in conformity with IFRSs. No adjustments was considered necessary to the Underlying Financial Statements in preparing our report for inclusion in the Listing Document.

The Underlying Financial Statements are the responsibility of the directors of the Company who approved their issue. The directors of the Company are responsible for the contents of the Listing Document in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Company and the Group as at 31 December 2008, 31 December 2009, 31 December 2010 and 30 June 2011 and of the consolidated results and consolidated cash flows of the Group for the Track Record Period in accordance with IFRSs.

The comparative consolidated statements of comprehensive income, cash flows and changes in equity of the Group for the six months ended 30 June 2010 together with the notes thereon have been extracted from the Group's unaudited consolidated financial information for the same period (the "30 June 2010 Financial Information") which was prepared by the directors of the Company solely for the purpose of this report. We have conducted review procedures on the 30 June 2010 Financial Information in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. Our review procedures on the 30 June 2010 Financial Information consisted of making enquires, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion on the 30 June 2010 Financial Information. Based on the review procedures conducted by us, nothing has come to our attention that causes us to believe that the 30 June 2010 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with IFRSs.

A. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 31 December			Six months ended 30 June	
		2008	2009	2010	2010	2011
	Notes	*US$'000*	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000*
Revenue	7	81,029	104,781	127,090	51,209	60,811
Cost of sales		(56,847)	(74,918)	(85,762)	(36,166)	(42,251)
Gross profit		24,182	29,863	41,328	15,043	18,560
Other income, gains and losses	8	(1,071)	1,483	1,710	496	241
Distribution costs		(9,501)	(10,466)	(11,769)	(5,279)	(6,692)
Administrative expenses		(10,142)	(12,479)	(19,767)	(8,528)	(11,004)
Share of results of a jointly controlled entity	20	(55)	(69)	7	—	—
Share of results of an associate	21	—	—	(144)	—	(132)
Finance costs	9	(452)	(503)	(565)	(245)	(328)
Profit before tax		2,961	7,829	10,800	1,487	645
Income tax credit (expense)	10	47	(345)	(585)	(61)	(143)
Profit for the year/period	11	3,008	7,484	10,215	1,426	502
Other comprehensive income (expense)						
— exchange differences arising on translation of foreign operations		383	318	336	(193)	674
— share of exchange reserve of a jointly controlled entity		(6)	3	—	—	—
— share of exchange reserve of an associate		—	—	19	—	8
— exchange reserve released upon disposal of a jointly controlled entity		—	—	3	—	—
Other comprehensive income (expense) for the year/period		377	321	358	(193)	682
Total comprehensive income for the year/period		3,385	7,805	10,573	1,233	1,184

	Note	Year ended 31 December 2008 US$'000	2009 US$'000	2010 US$'000	Six months ended 30 June 2010 US$'000 (unaudited)	2011 US$'000
Profit for the year/period attributable to:						
Owners of the Company		3,079	7,370	10,504	1,433	604
Non-controlling interests		(71)	114	(289)	(7)	(102)
		3,008	7,484	10,215	1,426	502
Total comprehensive income attributable to:						
Owners of the Company		3,460	7,672	10,963	1,387	1,314
Non-controlling interests		(75)	133	(390)	(154)	(130)
		3,385	7,805	10,573	1,233	1,184
Earnings per share						
— Basic	13	1.32 cents	3.17 cents	4.52 cents	0.62 cents	0.26 cents
— Diluted		1.32 cents	3.16 cents	4.39 cents	0.60 cents	0.25 cents

B. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		At 31 December			At 30 June
		2008	2009	2010	2011
	Notes	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Non-current assets					
Property, plant and equipment	15	7,301	7,135	12,666	13,092
Goodwill	16	512	512	512	512
Intangible assets	17	1,673	3,869	6,043	6,305
Available-for-sale investments	18	40	534	534	534
Derivative financial instruments	19	221	285	—	—
Interest in a jointly controlled entity	20 (a)	196	130	—	—
Interest in an associate	21 (a)	—	—	654	530
		9,943	12,465	20,409	20,973
Current assets					
Inventories	23	14,410	18,580	24,419	29,377
Trade and other receivables	24	30,061	33,807	42,762	44,480
Income tax recoverable		14	18	17	14
Investments carried at fair value through profit or loss	25	668	648	675	683
Amount due from an associate	21 (b)	—	—	718	1,755
Amount due from a jointly controlled entity	20 (b)	252	1,280	—	—
Amount due from a non-controlling interest	26	—	—	640	—
Derivative financial instruments	19	—	83	—	—
Bank balances and cash	27	17,215	14,937	17,768	10,652
		62,620	69,353	86,999	86,961
Current liabilities					
Trade and other payables	28	16,103	19,003	23,919	22,249
Liabilities for trade bills discounted with recourse	29	1,132	113	807	509
Taxation payable		201	672	575	626
Amount due to a jointly controlled entity	20 (b)	152	—	—	—
Amount due to a non-controlling interest	26	—	—	1,191	1,380
Derivative financial instruments	19	5	30	—	—
Bank borrowings — due within one year	30	16,061	15,008	17,624	20,447
Bank overdrafts	30	34	238	955	699
		33,688	35,064	45,071	45,910
Net current assets		28,932	34,289	41,928	41,051
Total assets less current liabilities		38,875	46,754	62,337	62,024

	Notes	At 31 December 2008 US$'000	2009 US$'000	2010 US$'000	At 30 June 2011 US$'000
Non-current liabilities					
Bank borrowings — due over one year	30	416	651	4,487	4,787
Deferred tax liabilities	31	64	171	319	243
Derivative financial instruments	19	115	45	—	—
		595	867	4,806	5,030
		38,280	45,887	57,531	56,994
Capital and reserves					
Share capital	32	7,750	7,750	11,625	11,625
Reserves		30,332	36,816	42,954	42,752
Equity attributable to owners of the Company		38,082	44,566	54,579	54,377
Non-controlling interests		198	1,321	2,952	2,617
		38,280	45,887	57,531	56,994

C. STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		At 31 December			At 30 June
		2008	2009	2010	2011
	Notes	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Non-current assets					
Investments in subsidiaries	22	6,995	8,193	8,785	8,785
Amounts due from subsidiaries	22	14,610	12,445	18,081	15,232
Derivative financial instruments	19	221	285	—	—
Interest in a jointly controlling entity	20 (a)	257	257	—	—
		22,083	21,180	26,866	24,017
Current assets					
Other receivables		—	5,000	48	264
Amount due from a jointly controlled entity	20 (b)	—	783	—	—
		—	5,783	48	264
Current liabilities					
Other payables		—	—	—	9
Amounts due to subsidiaries	22	110	—	—	—
Amount due to a jointly controlled entity	20 (b)	152	—	—	—
		262	—	—	9
Net current (liabilities) assets		(262)	5,783	48	255
Total assets less current liabilities		21,821	26,963	26,914	24,272
Non-current liability					
Derivative financial instruments	19	(25)	(45)	—	—
		21,796	26,918	26,914	24,272
Capital and reserves					
Share capital	32	7,750	7,750	11,625	11,625
Reserves	34	14,046	19,168	15,289	12,647
		21,796	26,918	26,914	24,272

D. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital *US$'000*	Share premium *US$'000*	Contributed surplus *US$'000 (note 34)*	Merger reserve *US$'000 (note a)*	Currency translation reserve *US$'000*	Legal reserve *US$'000 (note b)*	Capital reserve *US$'000 (note c)*	Special reserve *US$'000 (note d)*	Share option reserve *US$'000*	Retained earnings *US$'000*	Attributable to owners of the Company *US$'000*	Non-controlling interests *US$'000*	Total *US$'000*
At 1 January 2008	7,750	11,974	394	(4,112)	1,342	274	3,003	—	—	15,333	35,958	—	35,958
Exchange differences arising on translation of foreign operations	—	—	—	—	387	—	—	—	—	—	387	(4)	383
Share of exchange reserve of a jointly controlled entity	—	—	—	—	(6)	—	—	—	—	—	(6)	—	(6)
Profit for the year	—	—	—	—	—	—	—	—	—	3,079	3,079	(71)	3,008
Total comprehensive income for the year	—	—	—	—	381	—	—	—	—	3,079	3,460	(75)	3,385
Dividend paid	—	—	—	—	—	—	—	—	—	(1,372)	(1,372)	—	(1,372)
Acquisition of a non-wholly owned subsidiary	—	—	—	—	—	—	—	—	—	—	—	184	184
Incorporation of a non-wholly owned subsidiary	—	—	—	—	—	—	—	—	—	—	—	89	89
Share-based payment expense	—	—	—	—	—	—	—	—	36	—	36	—	36
At 31 December 2008	7,750	11,974	394	(4,112)	1,723	274	3,003	—	36	17,040	38,082	198	38,280
Exchange differences arising on translation of foreign operations	—	—	—	—	299	—	—	—	—	—	299	19	318
Share of exchange reserve of a jointly controlled entity	—	—	—	—	3	—	—	—	—	—	3	—	3
Profit for the year	—	—	—	—	—	—	—	—	—	7,370	7,370	114	7,484
Total comprehensive income for the year	—	—	—	—	302	—	—	—	—	7,370	7,672	133	7,805
Dividend paid	—	—	—	—	—	—	—	—	—	(1,283)	(1,283)	(11)	(1,294)
Acquisition of non-wholly owned subsidiaries	—	—	—	—	—	—	—	—	—	—	—	1,001	1,001
Share-based payment expense	—	—	—	—	—	—	—	—	95	—	95	—	95
At 31 December 2009	7,750	11,974	394	(4,112)	2,025	274	3,003	—	131	23,127	44,566	1,321	45,887
Exchange differences arising on translation of foreign operations	—	—	—	—	437	—	—	—	—	—	437	(101)	336
Share of exchange reserve of an associate	—	—	—	—	19	—	—	—	—	—	19	—	19
Exchange reserve released upon disposal of a jointly controlled entity	—	—	—	—	3	—	—	—	—	—	3	—	3
Profit for the year	—	—	—	—	—	—	—	—	—	10,504	10,504	(289)	10,215
Total comprehensive income for the year	—	—	—	—	459	—	—	—	—	10,504	10,963	(390)	10,573
Dividend paid	—	—	—	—	—	—	—	—	—	(1,371)	(1,371)	(49)	(1,420)
Issue of bonus shares *(note 32)*	3,875	(3,875)	—	—	—	—	—	—	—	—	—	—	—
Incorporation of a non-wholly owned subsidiary	—	—	—	—	—	—	—	—	—	—	—	2,923	2,923
Acquisition of a non-wholly owned subsidiary	—	—	—	—	—	—	—	—	—	—	—	1	1
Acquisition of additional interest in subsidiaries	—	—	—	—	—	—	—	(37)	—	—	(37)	(854)	(891)
Share-based payment expense	—	—	—	—	—	—	—	—	458	—	458	—	458
At 31 December 2010	11,625	8,099	394	(4,112)	2,484	274	3,003	(37)	589	32,260	54,579	2,952	57,531
Exchange difference arising on translation of foreign operations	—	—	—	—	702	—	—	—	—	—	702	(28)	674
Share of exchange reserve of an associate	—	—	—	—	8	—	—	—	—	—	8	—	8
Profit for the period	—	—	—	—	—	—	—	—	—	604	604	(102)	502
Total comprehensive income for the period	—	—	—	—	710	—	—	—	—	604	1,314	(130)	1,184
Dividend paid	—	—	—	—	—	—	—	—	—	(1,890)	(1,890)	(205)	(2,095)
Share-based payment expense	—	—	—	—	—	—	—	—	374	—	374	—	374
At 30 June 2011	11,625	8,099	394	(4,112)	3,194	274	3,003	(37)	963	30,974	54,377	2,617	56,994

	Share capital *US$'000*	Share premium *US$'000*	Contributed surplus *US$'000 (note 34)*	Merger reserve *US$'000 (note a)*	Currency translation reserve *US$'000*	Legal reserve *US$'000 (note b)*	Capital reserve *US$'000 (note c)*	Special reserve *US$'000 (note d)*	Share option reserve *US$'000*	Retained earnings *US$'000*	Attributable to owners of the Company *US$'000*	Non-controlling interests *US$'000*	Total *US$'000*
At 1 January 2010	7,750	11,974	394	(4,112)	2,025	274	3,003	—	131	23,127	44,566	1,321	45,887
Exchange differences arising on translation of foreign operations	—	—	—	—	(46)	—	—	—	—	—	(46)	(147)	(193)
Profit for the period	—	—	—	—	—	—	—	—	—	1,433	1,433	(7)	1,426
Total other comprehensive income for the period	—	—	—	—	(46)	—	—	—	—	1,433	1,387	(154)	1,233
Dividend paid	—	—	—	—	—	—	—	—	—	(1,371)	(1,371)	(49)	(1,420)
Issue of bonus shares	3,875	(3,875)	—	—	—	—	—	—	—	—	—	—	—
Acquisition of non-wholly owned subsidiary	—	—	—	—	—	—	—	—	—	—	—	1	1
Share-based payment expense	—	—	—	—	—	—	—	—	227	—	227	—	227
At 30 June 2010 (unaudited)	11,625	8,099	394	(4,112)	1,979	274	3,003	—	358	23,189	44,809	1,119	45,928

Notes:

(a) The merger reserve represents the difference between the combined share capital of the entities in the merged group and the share capital of the Company as at the date of the group reorganisation undertaken in 2004.

(b) As stipulated by the relevant laws and regulations for foreign investment enterprises in the PRC, the Company's PRC subsidiaries are required to maintain a statutory surplus reserve fund. Appropriation to such reserve is made out of net profit after taxation as reflected in the statutory financial statements of the PRC subsidiaries in accordance with relevant laws and regulations applicable to PRC enterprises. The statutory surplus reserve fund can be used to make up prior years' losses, if any, and can be applied in conversion into capital by means of capitalisation issue.

(c) The capital reserve arose from capitalisation of retained earnings by a PRC subsidiary in 2004. The amount is non-distributable.

(d) The special reserve represented the difference between the consideration paid for acquisition of additional interests in subsidiaries during year 2010 and the adjustment to the non-controlling interest.

E. CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six months ended	
	2008	2009	2010	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000*
Operating activities					
Profit before tax	2,961	7,829	10,800	1,487	645
Adjustments for:					
Depreciation of property, plant and equipment	829	878	1,112	512	605
Interest income	(98)	(117)	(136)	(26)	(24)
Finance costs	452	503	565	245	328
Loss on disposal of property, plant and equipment	10	2	2	—	—
Allowance (reversal) for doubtful debts	74	425	486	54	(5)
Amortisation of intangible assets	348	623	1,356	642	765
Changes in fair value of derivatives financial instruments	(333)	(192)	53	27	—
Changes in fair value of investments carried at fair value through profit or loss	282	(122)	(27)	77	(8)
Share of results of a jointly controlled entity	55	69	(7)	—	—
Share of results of an associate	—	—	144	—	132
Gain on disposal of a jointly controlled entity	—	—	(653)	—	—
Impairment loss on intangible assets	—	—	61	—	—
Share-based payment expense	36	95	458	227	374
Operating cash flows before movements in working capital	4,616	9,993	14,214	3,245	2,812
Increase in inventories	(3,536)	(1,241)	(1,207)	(9,493)	(4,057)
(Increase) decrease in trade and other receivables	(3,434)	(2,201)	(8,475)	3,925	(1,655)
Increase (decrease) in trade and other payables	2,807	522	2,613	(608)	(2,256)
Increase (decrease) in liabilities for trade bills discounted with recourse	697	(1,019)	694	2,116	(298)
Increase in amount due from an associate	—	—	(718)	—	(1,037)
(Increase) decrease in investments carried at fair value through profit or loss	(950)	142	—	—	—
Cash from (used in) operations	200	6,196	7,121	(815)	(6,491)
PRC Enterprise Income Tax refund (paid)	37	(36)	(216)	(32)	(56)
Hong Kong Profits Tax refund (paid)	220	(55)	(181)	—	(17)
Tax (paid) refund in other jurisdictions	(15)	266	(380)	(55)	(94)
Net cash from (used in) operating activities	442	6,371	6,344	(902)	(6,658)

	Year ended 31 December			Six months ended	
	2008	2009	2010	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000*
Investing activities					
Interest received	98	117	136	26	24
Purchase of property, plant and equipment	(275)	(199)	(5,579)	(72)	(371)
Proceeds from disposal of property, plant and equipment	28	25	3	—	—
Proceeds on disposal of property classified as held for sale *(note 36)*	168	—	—	—	—
Purchase of available-for-sale investments	—	(494)	—	—	—
Product development costs paid	(660)	(576)	(1,055)	(130)	(773)
Acquisition of subsidiaries *(note 35)*	(231)	(2,648)	(2,944)	(2,944)	—
Investment in a jointly controlled entity	(257)	—	—	—	—
(Advances to) repayment from a jointly controlled entity	(100)	(1,180)	1,280	456	—
Investment in an associate	—	—	(779)	—	—
Proceed from disposal of a jointly controlled entity	—	—	1,033	—	—
(Advance to) repayment from a non-controlling interest	—	—	(623)	(1,174)	699
Net cash used in investing activities	(1,229)	(4,955)	(8,528)	(3,838)	(421)
Financing activities					
Interest paid	(452)	(503)	(565)	(245)	(328)
Dividends paid to non-controlling interests	—	(11)	(49)	—	—
Dividends paid	(1,372)	(1,283)	(1,371)	(1,371)	(1,890)
New bank loans raised	49,569	65,630	59,357	5,738	6,301
Repayment of bank loans	(38,299)	(67,909)	(53,440)	(3,390)	(4,110)
Acquisition of additional interests in subsidiaries	—	—	(891)	—	—
Capital contribution by non-controlling interests	89	—	922	—	—
Net cash from (used in) financing activities	9,535	(4,076)	3,963	732	(27)
Net increase (decrease) in cash and cash equivalents	8,748	(2,660)	1,779	(4,008)	(7,106)
Cash and cash equivalents at begining of the year/period	8,341	17,181	14,699	14,699	16,813
Effects of foreign exchange rate changes	92	178	335	84	246
Cash and cash equivalents at end of the year/period	17,181	14,699	16,813	10,775	9,953
Analysis of the balances of cash and cash equivalents					
Bank balances and cash	17,215	14,937	17,768	10,968	10,652
Bank overdrafts	(34)	(238)	(955)	(193)	(699)
	17,181	14,699	16,813	10,775	9,953

F. NOTES TO THE FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company was incorporated in Bermuda with its registered office at Canon's Court, 22 Victoria Street, Hamilton Hm12, Bermuda. The Company is listed on the SGX-ST.

The functional currency of the Company is United States dollars ("US$/USD"), which is also the presentation currency for the consolidated financial statements. The choice of presentation currency is to better reflect the currency that mainly determines economic effects of transactions, events and conditions of the Group.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

For the purpose of preparing and presenting the Financial Information, the Group has applied a number of new and revised International Accounting Standards ("IASs"), International Financial Reporting Standards ("IFRSs"), amendments and the related Interpretations ("IFRICs") (hereinafter collectively referred to as "new and revised IFRSs") which are effective for accounting period beginning on 1 January 2011, throughout the Track Record Period. The application of the new and revised IFRSs has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

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

IFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
IFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets[1]
IFRS 9	Financial Instruments[2]
IFRS 10	Consolidated Financial Statements[2]
IFRS 11	Joint Arrangements[2]
IFRS 12	Disclosure of Interests in Other Entities[2]
IFRS 13	Fair Value Measurement[2]
IAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[4]
IAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[3]
IAS 19 (Revised 2011)	Employee Benefits[2]
IAS 27 (Revised 2011)	Separate Financial Statements[2]
IAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[2]
IFRIC Interpretation 20	Stripping Costs in the Production Phase of Surface Mine[2]

[1] Effective for annual periods beginning on or after 1 July 2011.
[2] Effective for annual periods beginning on or after 1 January 2013.
[3] Effective for annual periods beginning on or after 1 January 2012.
[4] Effective for annual periods beginning on or after 1 July 2012.

IFRS 9 Financial Instruments issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

- IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 "Financial instruments: Recognition and measurement" to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of

principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- The most significant effect of IFRS 9 regarding financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. In the opinion of the directors of the Company, based on the Group's financial instruments as at 30 June 2011, the application of IFRS 9 will affect the classification and measurement of the available-for-sale instruments but do not expect the application of IFRS 9 will have a material effect on the financial liabilities and other financial assets of the Group.

IFRS 10 replaces the parts of IAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements. Under IFRS 10, there is only one basis for consolidation, that is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its investments with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios. Overall, the application of IFRS 10 requires a lot of judgments. The directors of the Company are currently in the process of assessing the impact of IFRS 10.

The directors of the Company anticipate that the application of the other new and revised IFRSs will have no material impact on the Financial Information of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values and in accordance with the following accounting policies which conform with IFRSs. These policies have been consistently applied throughout the Track Record Period.

In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The principal accounting policies are set out below.

Basis of consolidation

The Financial Information incorporates the financial information of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the Track Record Period are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Business combinations

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 "Income taxes" and IAS 19 "Employee benefits" respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with IFRS 2 "Share-based payment" at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations" are measured in accordance with that standard.

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the

acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or another measurement basis required by another standard.

Goodwill

Goodwill arising on an acquisition of a business or is carried at cost less any accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment at end of each reporting period, or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Investment in an associate

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in this Financial Information using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and

fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's Financial Information only to the extent of interests in the associate that are not related to the Group.

Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in this Financial Information using the equity method of accounting. Under the equity method, investments in jointly controlled entities are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the jointly controlled entities. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of a jointly controlled entity recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a jointly controlled entity. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of a jointly controlled entity that results in the Group losing joint control over that jointly controlled entity, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with IAS 39. The difference between the previous carrying amount of the jointly controlled entity attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the jointly controlled entity. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that jointly controlled entity on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that jointly controlled entity would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses joint control over that jointly controlled entity.

When a group entity transacts with its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognised in the Group's consolidated financial statements only to the extent of interests in the jointly controlled entity that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when goods are delivered and legal title is passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Property, plant and equipment

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

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

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Intangible assets

Research and development expenditure

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

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

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

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

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

Intangible assets acquired in a business combination

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

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight line basis over their estimated useful lives.

Intangible assets acquired separately

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are mainly classified into (i) financial assets at fair value through profit or loss ("FVTPL"), (ii) loans and receivables and (iii) available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

Financial assets at fair value through profit or loss

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or

- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active market. At the end of each reporting period subsequent to initial recognition, loans and receivables (including amounts due from subsidiaries/a jointly controlled entity/an associate/a non-controlling interest, trade and other receivables, and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimate future cash flows of the financial assets have been affected.

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

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

- significant financial difficulty of the issuer or counterparty; or

- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of loans and receivables, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

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

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

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at FVTPL and other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL has two subcategories, including financial liabilities held for trading and those designated at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are measured at fair value, with changes in fair value arising on remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liabilities.

Other financial liabilities

Other financial liabilities including trade and other payables, amounts due to subsidiaries/a jointly controlled entity/a non-controlling interest, liabilities for trade bills discounted with recourse, bank borrowings and bank overdrafts, are subsequently measured at amortised cost, using the effective interest method.

Equity instrument

Equity instrument issued by the Company and the group entity are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to fair values at the end of each reporting period. The resulting gain or loss is recognised to profit or loss immediately.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee contract liabilities are recognised initially at their fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the financial guarantee contract liabilities are measured at the higher of: (i) the amount determined in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with IAS 18 "Revenue".

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets.

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

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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

Taxation

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

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

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

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

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of preparing the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. United States dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the translation reserve).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Operating leases

Operating lease payments are recognised as an expense on a straight line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight line basis.

Share options granted to employees

Equity-settled share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium/other reserve. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will continue to be held in share options reserve.

Retirement benefits costs

Payments to defined contribution retirement benefit plans are charged as expenses when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, state-sponsored retirement benefit scheme in the PRC and Mandatory Provident Fund in Hong Kong, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

4. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the group entities will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged during the Track Record Period.

The capital structure of the Group consists of debt comprising the bank borrowings disclosed in note 30 and cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital reserves and retained earnings.

The management of the Group reviews the capital structure on an on-going basis. As a part of this review, the directors consider the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through the payment of dividends, new share issues of the Company as well as the issue of new debt or the repayment of existing debt.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key sources of estimation uncertainty

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

(a) Allowances for trade receivables

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

Management considered the procedures that have been in place to monitor this risk as a significant proportion of the Group's working capital is devoted to trade receivables. In determining whether allowance for bad and doubtful debts is required, management takes into consideration the aging status and the likelihood of collection. Specific allowance is made for trade receivables that are unlikely to be collected. In this regard, management is satisfied that the allowance for doubtful debts made by the Group amounting to US$669,000, US$1,089,000, US$1,557,000 and US$1,552,000 is adequate as at 31 December 2008, 2009, 2010 and 30 June 2011 respectively. The carrying amount of trade receivables is disclosed in note 24.

(b) Recoverable amounts of development costs

Management reconsidered the recoverability of internally-generated intangible asset arising from the Group's development costs incurred for the manufacture of analytical instruments. The carrying amount included in the Group's consolidated statement of financial position is US$1,673,000, US$3,869,000, US$6,043,000, and US$6,305,000 as at 31 December 2008, 2009, 2010 and 30 June 2011 respectively. Impairment losses are made if recoverable amounts fall short of the carrying amounts. Recoverable amounts are estimated based on value in use. The estimated value in use is in turn based on cash flow forecasts consistent with the most up-to-date budgets and plans formally approved by the management and on reasonable and supportable assumptions, including the discount rates and useful lives. The estimation of the number of years that future economic benefits can be generated by the capitalised development costs takes into account the expected changes in market demand for the products and the expected actions of competitors and potential competitors. This situation will be closely monitored, and adjustments made in future periods, if future market activity indicates that such adjustments are appropriate.

(c) Allowances for inventories

In determining the net realisable value of the Group's inventories, management estimated the recoverable amount of inventories based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration the fluctuations in price, the balance on hand relative to sales prospects and the condition of the inventories. In this regard, management is satisfied that no allowance for inventories is required as at 31 December 2008, 2009, 2010 and 30 June 2011. The carrying amount of inventories is disclosed in note 23.

6. FINANCIAL INSTRUMENTS

The following table sets out the financial instruments as at the end of the reporting period:

Categories of financial instruments

	THE GROUP				THE COMPANY			
	At 31 December			At 30 June	At 31 December			At 30 June
	2008	2009	2010	2011	2008	2009	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Financial assets								
Fair value through profit or loss ("FVTPL")								
— Held for trading	541	648	675	683	—	—	—	—
— Designated as at FVTPL	127	—	—	—	—	—	—	—
— Derivative financial instruments	221	368	—	—	221	285	—	—
Loans and receivables (including cash and cash equivalents)	46,608	48,495	60,287	55,185	14,610	18,228	18,129	15,232
Available-for-sale investments	40	534	534	534	—	—	—	—
	47,537	50,045	61,496	56,402	14,831	18,513	18,129	15,232
Financial liabilities								
Amortised costs	31,000	29,990	43,257	44,340	262	—	—	—
Derivative financial instruments	120	75	—	—	25	45	—	—
	31,120	30,065	43,257	44,340	287	45	—	—

Financial risk management objectives and policies

The Group's major financial instruments include FVTPL, available-for-sale investments, trade and other receivables, bank balances and cash, trade and other payables, derivative financial instruments, liabilities for trade bills discounted with recourse, amount due from an associate, amounts due from/to a jointly controlled entity, amounts due from/to non-controlling interest, bank borrowings and bank overdrafts. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The Company's major financial instruments are derivative financial instruments, amounts due from/to subsidiaries, other receivables and amounts due from/to jointly controlled entity. The management considers the risks associated with these financial instruments are minimal.

Currency risk management

Several subsidiaries of the Company have sales and purchases denominated in foreign currencies, which expose the Group to foreign currency risk and could result in foreign exchange loss. The Group's sales are principally in USD and Renminbi ("RMB"). Most of the Group's purchases are made in Japanese Yen ("JPY"), "RMB" and "USD". Other operating expenses incurred are generally denominated in the functional currencies of the respective group entities.

For the Hong Kong group entities, as Hong Kong dollars ("HKD") is pegged to the USD, the currency risk associated with USD is considered minimal. The PRC and Europe entities do not have significant mismatch between the sales and expenses in RMB and Euro ("EUR") respectively. As a result, the major foreign currency giving rise to this foreign exchange risk is primarily JPY. The Group currently has adopted a designated foreign currency hedging policy during the Track Record Period. Also, the management closely monitors foreign exchange exposure and engages in certain hedging activities by using foreign currency derivatives from time to time (note 19).

The carrying amounts of major foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	ASSETS				LIABILITIES			
	At 31 December			At 30 June	At 31 December			At 30 June
	2008	2009	2010	2011	2008	2009	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
THE GROUP								
JPY	4,145	4,329	4,022	2,670	19,296	14,121	18,263	17,934
USD	33,338	28,667	28,395	33,670	8,569	7,707	6,137	7,441

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates.

If the relevant foreign currency weakens by 5% against the functional currency of each Group entity, profit for the year/period will increase (decrease) by:

		At 31 December			At 30 June
		2008	2009	2010	2011
	Notes	*US$'000*	*US$'000*	*US$'000*	*US$'000*
THE GROUP					
JPY	(i)	633	409	595	763
USD	(ii)	(1,034)	(875)	(929)	(1,311)

There would be an equal and opposite impact on the profit for the year/period if the relevant foreign currency strengthens by 5% against the functional currency of each Group entity.

Notes:

(i) This is mainly attributable to the exposure on trade payables and bank borrowings denominated in JPY at the end of the reporting period.

(ii) This is mainly attributable to the exposure on bank balances and trade receivables denominated in USD at the end of the reporting period.

Interest rate risk management

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings, which are substantially denominated in USD, JPY, Swiss franc ("CHF") and EUR. Interests charged on the Group's borrowings are at variable rates and are pegged at various margins above the Hong Kong interbank offer rates ("HIBOR"), the Hong Kong prime lending rates of the banks, the Euro — London Interbank Offered Rate ("LIBOR"), or the Swiss Franc — LIBOR. The Group currently does not have a policy on cash flow hedges of interest rate risk. However, the management monitors closely interest rate exposure and engages in certain hedging activities by using interest rate swap from time to time (note 19).

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate bank borrowings at the end of the reporting period. The analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates on bank borrowings had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2008, 2009, 2010 and for the six months ended 30 June 2011 would decrease/increase by US$69,000, US$66,000, US$96,000 and US$108,000 respectively.

The Company's cash flow interest risk is mainly concentrated on the fluctuation of the HIBOR arising from the Company's amounts due from subsidiaries which are denominated in USD.

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate amounts due from subsidiaries at the end of the reporting period. The analysis is prepared assuming the amount of assets outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates on amounts due from subsidiaries had been 50 basis points higher/lower and all other variables were held constant, the Company's profit for the year ended 31 December 2008, 2009, 2010 and for the six months ended 30 June 2011 would increase/decrease by US$60,000, US$53,000, US$76,000 and US$64,000 respectively.

Credit risk management

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at the end of each reporting period in relation to each class of recognised financial assets is the carrying amount of those assets stated in the consolidated statements of financial position.

The Group's credit risk is primarily attributable to its trade and other receivables. In order to minimise the credit risk, the Group's management continuously monitors the level of exposure to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is adequately managed and mitigated.

The credit risk in relation to the Group's bank balances is not significant because the counterparties are banks including state-owned banks in the PRC with good reputation.

Other than concentration of credit risk on the Group's trade receivables located in the PRC, trade receivables consist of a large number of customers spread across diverse industries. The management has considered the strong financial background and good credit standing of these customers, mainly universities, research institutions and third party agencies acting for the government and is of the view that there is no significant credit risk on these receivables in the PRC.

The Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Company is arising from:

- the carrying amount of the respective recognised financial assets as stated in the statement of financial position; and

- the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 40.

The Company has concentration of credit risk of the amounts due from subsidiaries and financial guarantee contracts supporting the Group's subsidiaries' bank borrowings. The Company has not made any allowance as the directors of the Company are of the view that these receivables are collectible.

Liquidity risk management

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

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up to reflect the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. Specially, bank borrowings with repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise the right. The maturity dates for other non-derivatives financial liabilities are based on the agreed repayment date. The table includes both interest and principal cash flows.

The management considers that the undiscounted cash outflows associated with the derivative financial instruments are insignificant, so they are not presented as below.

THE GROUP

	Weighted average effective interest rate	On demand or within 1 year	1–5 year	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 31 December 2008						
Non-derivative financial liabilities						
Trade and other payables	—	13,205	—	—	13,205	13,205
Liabilities for trade bills discounted with recourse	—	1,132	—	—	1,132	1,132
Amounts due to a jointly controlled entity	—	152	—	—	152	152
Bank borrowings	3.7	16,658	444	—	17,102	16,477
Bank overdrafts	4.9	34	—	—	34	34
		31,181	444	—	31,625	31,000
At 31 December 2009						
Non-derivative financial liabilities						
Trade and other payables	—	13,980	—	—	13,980	13,980
Liabilities for trade bills discounted with recourse	—	113	—	—	113	113
Bank borrowings	2.7	15,439	664	—	16,103	15,659
Bank overdrafts	4.2	238	—	—	238	238
		29,770	664	—	30,434	29,990
At 31 December 2010						
Non-derivative financial liabilities						
Trade and other payables	—	18,193	—	—	18,193	18,193
Liabilities for trade bills discounted with recourse	—	807	—	—	807	807
Amount due to a non-controlling interest	—	1,191	—	—	1,191	1,191
Bank borrowings	3.4	18,452	1,770	3,244	23,466	22,111
Bank overdrafts	6.1	955	—	—	955	955
		39,598	1,770	3,244	44,612	43,257

	Weighted average effective interest rate	On demand or within 1 year	1–5 year	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 30 June 2011						
Non-derivative financial liabilities						
Trade and other payables	—	16,518	—	—	16,518	16,518
Liabilities for trade bills discounted with recourse	—	509	—	—	509	509
Amount due to a non-controlling interest	—	1,380	—	—	1,380	1,380
Bank borrowings	2.7	21,091	1,426	4,024	26,541	25,234
Bank overdrafts	4.9	699	—	—	699	699
		40,197	1,426	4,024	45,647	44,340

Bank loans with a repayment on demand clause are included in the "on demand or within 1 year" time band in the above maturity analysis. As at 31 December 2008, 2009, 2010 and 30 June 2011, the aggregate undiscounted principal amounts of these bank loans amounted to US$2,432,000, US$2,251,000, US$3,125,000 and US$3,040,000 respectively. Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank loans will be repaid within one to five years after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to US$2,618,000, US$2,423,000 and US$3,381,000 and US$3,270,000, as at 31 December 2008, 2009, 2010 and 30 June 2011 respectively.

THE COMPANY

	Weighted average effective interest rate	On demand	Within 1 year	Total undiscounted amount	Total carrying amount
	%	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 31 December 2008					
Amounts due to subsidiaries	—	110	—	110	110
Amount due to a jointly controlled entity	—	—	152	152	152
Financial guarantee contracts	—	—	44,622	44,622	—
		110	44,774	44,884	262
At 31 December 2009					
Financial guarantee contracts	—	—	55,531	55,531	—
At 31 December 2010					
Financial guarantee contracts	—	—	68,190	68,190	—
At 30 June 2011					
Financial guarantee contracts	—	—	68,190	68,190	—

The amounts included above for financial guarantee contracts are the maximum amounts the Company could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on the expectation of the Company, the Company considers that it is more likely that no amount will be payable under the arrangement as at 31 December 2008, 2009, 2010 and 30 June 2011 respectively. However, this estimate is subject to change depending on the probability of the counterparty which suffers credit losses on the financial receivables and claims under the guarantee.

Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively;

- the fair value of other financial assets and financial liabilities (except for derivative financial instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and

- the fair value of derivative financial instruments (interest rate swap and forward foreign exchange contracts) are calculated using quoted prices. The fair value of derivative financial instruments of call and put options in a jointly controlled entity are determined on the basis of valuations carried by independent valuers (note 19).

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in this Financial Information approximate their fair values.

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instruments measured at fair value

	Level 1 *US$'000*	**Level 2** *US$'000*	**Level 3** *US$'000*	**Total** *US$'000*
At 31 December 2008				
Financial assets				
THE GROUP				
FVTPL	—	668	—	668
Derivative financial instruments	—	—	221	221
Total	—	668	221	889
THE COMPANY				
Derivative financial instruments	—	—	221	221
Financial liabilities				
THE GROUP				
Derivative financial instruments	—	95	25	120
THE COMPANY				
Derivative financial instruments	—	—	25	25

	Level 1 *US$'000*	Level 2 *US$'000*	Level 3 *US$'000*	Total *US$'000*
At 31 December 2009				
Financial assets				
THE GROUP				
FVTPL	—	648	—	648
Derivative financial instruments	—	83	285	368
Total	—	731	285	1,016
THE COMPANY				
Derivative financial instruments	—	—	285	285
Financial liabilities				
THE GROUP				
Derivative financial instruments	—	30	45	75
THE COMPANY				
Derivative financial instruments	—	—	45	45
At 31 December 2010				
Financial assets				
THE GROUP				
FVTPL	—	675	—	675
At 30 June 2011				
Financial assets				
THE GROUP				
FVTPL	—	683	—	683

There were no transfers between Levels during the Track Record Period.

Financial instruments measured at fair value based on level 3

	Derivative financial instruments	
	Financial assets	**Financial liabilities**
	US$'000	*US$'000*
THE GROUP AND THE COMPANY		
At 1 January 2008	—	—
Total gain (loss) recognised in profit or loss	221	(25)
At 31 December 2008	221	(25)
Total gain (loss) recognised in profit or loss	64	(20)
At 31 December 2009	285	(45)
Total (loss) gain recognised in profit or loss (included in gain on disposal of a jointly controlled entity in *note 20*)	(285)	45
At 31 December 2010 and 30 June 2011	—	—

Of the other income, gains or losses for the year ended 31 December 2008, 2009, 2010 and for the six months ended 30 June 2010 and 2011 included in profit or loss, US$196,000, US$44,000, nil, nil (unaudited) and nil relates to call/put options in a jointly controlled entity held at end of the reporting period. Fair value gains or losses on are included in 'Other income, gain and losses'.

7. REVENUE AND SEGMENT INFORMATION

The Group has consistently applied IFRS 8 "Operating segments" throughout the Track Record Period. IFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the "CODM"), the board of directors, in order to allocate resources to segments and to assess their performance.

The Group is organised into two operating divisions namely distribution and manufacturing, based on which information is prepared and reported to the Group's CODM for the purposes of resource allocation and assessment of performance.

Principal activities of each of the operating segments are as follows:

Distribution — distribution of analytical and laboratory instruments and life science equipment; and

Manufacturing — the sale of analytical and laboratory instruments and life science equipment which have been designed and manufactured by the Group.

The following is an analysis of the Group's revenue and results by operating segments during the Track Record Period:

Segment revenues and results

	Distribution	Manufacturing	Total
	US$'000	*US$'000*	*US$'000*
Year ended 31 December 2008			
Segment revenue to external customers	67,406	13,623	81,029
Results			
Segment profit	887	2,078	2,965
Unallocated income			333
Unallocated expenses			(337)
Profit before tax			2,961
Year ended 31 December 2009			
Segment revenue to external customers	84,884	19,897	104,781
Results			
Segment profit	3,945	3,639	7,584
Unallocated income			314
Unallocated expenses			(69)
Profit before tax			7,829
Year ended 31 December 2010			
Segment revenue to external customers	87,337	39,753	127,090
Results			
Segment profit	6,797	3,513	10,310
Unallocated income			687
Unallocated expenses			(197)
Profit before tax			10,800
Six months ended 30 June 2010 (unaudited)			
Segment revenue to external customers	36,098	15,111	51,209
Results			
Segment profit	1,299	292	1,591
Unallocated expenses			(104)
Profit before tax			1,487
Six months ended 30 June 2011			
Segment revenue to external customers	40,695	20,116	60,811
Results			
Segment profit	1,085	441	1,526
Unallocated income			8
Unallocated expenses			(889)
Profit before tax			645

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of share of results of a jointly controlled entity/an associate, changes in fair value of derivative financial instruments, changes in fair value of investments carried at fair value through profit or loss, gain on disposal of a jointly controlled entity, listing expenses and income tax credit/expense. There are no reconciling items for revenue and there are no inter-segment sales. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

The following is an analysis of the Group's assets, liabilities and other segment information by operating segments:

Segment assets and liabilities

	Distribution *US$'000*	**Manufacturing** *US$'000*	**Total** *US$'000*
At 31 December 2008			
Assets			
Segment assets	52,651	18,521	71,172
Unallocated assets			1,391
Consolidated total assets			72,563
Liabilities			
Segment liabilities	30,802	2,944	33,746
Unallocated liabilities			537
Consolidated total liabilities			34,283
Other segment information			
Amounts included in the measure of segment profits or segment assets:			
Addition to non-current assets *(note)*	180	764	944
Depreciation and amortisation	368	809	1,177
Finance costs	418	34	452
Interest income	91	7	98
At 31 December 2009			
Assets			
Segment assets	52,548	26,292	78,840
Unallocated assets			2,978
Consolidated assets			81,818
Liabilities			
Segment liabilities	29,055	5,958	35,013
Unallocated liabilities			918
Consolidated total liabilities			35,931

	Distribution	Manufacturing	Total
	US$'000	*US$'000*	*US$'000*
Other segment information			
Amounts included in the measure of segment profits or segment assets:			
Addition to non-current assets *(note)*	109	3,303	3,412
Depreciation and amortisation	283	1,218	1,501
Finance costs	477	26	503
Interest income	105	12	117
At 31 December 2010			
Assets			
Segment assets	59,845	44,325	104,170
Unallocated assets			3,238
Consolidated assets			107,408
Liabilities			
Segment liabilities	33,973	13,819	47,792
Unallocated liabilities			2,085
Consolidated total liabilities			49,877
Other segment information			
Amounts included in the measure of segment profits or segment assets:			
Addition to non-current assets *(note)*	113	9,686	9,799
Depreciation and amortisation	176	2,292	2,468
Finance costs	507	58	565
Interest income	74	62	136
At 30 June 2011			
Assets			
Segment assets	60,552	43,866	104,418
Unallocated assets			3,516
Consolidated assets			107,934
Liabilities			
Segment liabilities	34,328	14,363	48,691
Unallocated liabilities			2,249
Consolidated total liabilities			50,940

	Distribution	Manufacturing	Total
	US$'000	*US$'000*	*US$'000*
Other segment information			
Amounts included in the measure of segment profits or segment assets:			
Addition to non-current assets *(note)*	37	1,107	1,144
Depreciation and amortisation	120	1,250	1,370
Finance costs	295	33	328
Interest income	5	19	24

Note: Non-current assets excluded goodwill, financial instruments, interests in a jointly controlled entity and an associate.

All assets are allocated to reportable segments other than investments carried at fair value through profit or loss (note 25), interest in a jointly controlled entity and amount due from a jointly controlled interest (note 20), interest in an associate and amount due from an associate (note 21), available-for-sale investments (note 18), derivative financial instruments (note 19), income tax recoverable and amount due from a non-controlling interest (note 26). Goodwill has been allocated to operating segment based on the subsidiary's operating division which is the manufacturing division of Richwell Hightech Systems Inc.

All liabilities are allocated to reportable segments other than taxation payable, amount due to a jointly controlled entity (note 20(b)), amount due to a non-controlling interest (note 26), derivative financial instruments (note 19) and deferred tax liabilities (note 31).

Geographical information

The Group operates principally in PRC, Hong Kong, Macau, Indonesia, India, France and Switzerland.

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

	Year ended 31 December			Six months ended 30 June	
	2008	2009	2010	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000*
PRC (excluding Hong Kong and Macau)	67,270	81,199	91,878	38,563	46,753
Hong Kong and Macau	2,443	2,433	1,896	810	966
Indonesia	1,337	2,007	2,969	711	494
India	3,752	4,971	5,728	1,532	1,744
France	—	4,277	8,655	4,141	3,941
Switzerland	—	—	6,075	2,758	3,816
Others *(note a)*	6,227	9,894	9,889	2,694	3,097
Total	81,029	104,781	127,090	51,209	60,811

The Group's information about its non-current assets excluding available-for-sale investments and derivative financial instruments by geographical locations of assets, are detailed below:

	Year ended 31 December			Six months ended 30 June
	2008	2009	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*
PRC (excluding Hong Kong and Macau)	7,350	7,043	7,861	8,065
Hong Kong	1,560	1,396	1,337	1,316
France	—	2,288	2,034	2,088
Switzerland	—	—	7,436	7,880
Others *(note b)*	772	919	1,207	1,090
Total	9,682	11,646	19,875	20,439

Notes:

(a) "Others" include Europe (other than France and Switzerland), the United States of America, Japan, Pakistan, South Asia, Middle East and Australia.

(b) "Others" include Macau, Singapore and Austria.

Information about major customers

No customer contributing over 10% of the total sales of the Group during the Track Record Period.

8. OTHER INCOME, GAINS AND LOSSES

	Year ended 31 December			Six months ended 30 June	
	2008	2009	2010	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000*
Change in fair value of derivative financial instruments	333	192	(53)	(27)	—
Change in fair value of investments carried at fair value through profit or loss	(282)	122	27	(77)	8
Gain on disposal of a jointly controlled entity *(note 20(a))*	—	—	653	—	—
Interest income on bank deposit	98	117	136	26	24
Loss on disposal of property, plant and equipment	(10)	(2)	(2)	—	—
Maintenance service income	68	62	26	—	8
Net foreign exchange (loss) gain	(1,611)	566	(16)	192	(88)
Sundry income	333	426	939	382	289
	(1,071)	1,483	1,710	496	241

9. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2008	2009	2010	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000*
Interests on bank borrowings:					
— wholly repayable within five years	452	503	561	243	326
— not wholly repayable within five years	—	—	4	2	2
	452	503	565	245	328

10. TAXATION

	Year ended 31 December			Six months ended 30 June	
	2008	2009	2010	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000*
Current tax:					
Hong Kong Profits Tax	72	115	101	—	—
PRC Enterprise Income Tax	44	201	497	52	71
Others	1	35	63	20	70
	117	351	661	72	141
(Over) under provision:					
Hong Kong Profits Tax	(3)	(10)	—	—	—
PRC Enterprise Income Tax	(57)	(46)	(8)	9	23
Others	—	—	—	—	57
	(60)	(56)	(8)	9	80
Deferred taxation *(note 31)*	(104)	50	(68)	(20)	(78)
Taxation (credit) expense	(47)	345	585	61	143

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

Hong Kong Profits Tax for the Track Record Period is calculated at 16.5% of the estimated assessable profit for the year/period. No provision of taxation has been made for the six months ended 30 June 2010 and 2011 as the Group has no assessable profit for both periods.

PRC Enterprise Income Tax is calculated at the applicable tax rates ranging from 15% to 25%, 12.5% to 25%, 12.5% to 25%, 12.5% to 25% and 25% for the year ended 31 December 2008, 2009, 2010 and for the six months ended 30 June 2010 and 2011 respectively in accordance with the relevant laws and regulations in the PRC. Under the Enterprise Income Tax Law (the "EIT Law"), the income tax rate for both domestic and foreign-investment enterprise would be unified at 25% effective from 1 January 2008. Pursuant to the relevant laws and regulations in the PRC, a PRC subsidiary is entitled to exemption from PRC income tax for the two years commencing from its first profit making year of operation and thereafter, it will be entitled to a 50% relief from PRC income tax for the following three years ("Tax Holiday"). The Tax Holiday enjoyed by this subsidiary will expire in 2011.

Two PRC subsidiaries were officially endorsed as a High-New Technology Enterprise in 2008. Pursuant to the EIT Law, a High-New Technology Enterprise shall be entitled to a preferential tax rate of 15% for three years starting from 2008.

Singapore Income Tax is calculated at 18%, 17%, 17%, 17% and 17% for the year ended 31 December 2008, 2009, 2010 and for the six months ended 30 June 2010 and 2011 respectively of the estimated assessable profit for the year/period.

The profit from the Macau subsidiary is either exempted from tax or not subject to taxation in any jurisdiction.

The taxation for the Track Record Period can be reconciled to profit before tax as follows:

	Year ended 31 December			Six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000*
Profit before tax	2,961	7,829	10,800	1,487	645
Tax expense at the domestic income tax rate of 25% *(Note)*	740	1,957	2,700	372	161
Tax effect of expenses not deductible for tax purposes	68	97	171	41	70
Tax effect of income not taxable for tax purposes	(8)	(1)	(1)	—	—
Tax effect of tax exemption granted to PRC subsidiaries	(233)	—	—	—	—
Income tax on concessionary rate	83	(92)	(101)	(57)	21
Tax effect on different tax rates of group entities operating in jurisdictions other than PRC	(1,075)	(1,509)	(2,345)	(515)	(750)
(Over) under provision in prior year	(60)	(56)	(8)	9	80
Utilisation of tax losses previously not recognised	(43)	(233)	(147)	(52)	—
Tax effect of tax losses not recognised	461	163	291	273	534
Others	20	19	25	(10)	27
Tax (credit) expense	(47)	345	585	61	143

Note: The domestic income tax rate of 25% represents the PRC Enterprise Income Tax of which the Group's operations are substantially used.

11. PROFIT FOR THE YEAR/PERIOD

	Year ended 31 December			Six months ended 30 June	
	2008	2009	2010	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000*
Profit for the year/period has been arrived at after charging (crediting):					
Directors' remuneration *(note 12)*	599	462	713	390	461
Other staff costs:					
Salaries and other benefits	6,112	7,601	13,630	5,034	8,072
Share-based payments	36	95	320	160	256
Contributions to retirement benefit schemes	1,246	1,172	1,670	891	1,250
Total staff costs	7,993	9,330	16,333	6,475	10,039
Allowance (reversal) for doubtful debts	74	425	486	54	(5)
Amortisation of intangible assets (included in administrative expenses)	348	623	1,356	642	765
Auditors' remuneration	301	377	420	210	314
Costs of inventories recognised as expense	56,847	74,918	85,762	36,166	42,251
Depreciation of property, plant and equipment	829	878	1,112	512	605
Impairment loss on intangible assets	—	—	61	—	—
Listing expenses	—	—	—	—	757
Minimum operating lease payment in respect of premises	449	634	922	609	674
Research and development costs recognised as expense	298	419	449	225	268

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Details of the emoluments paid to the directors of the Company for the Track Record Period are as follows:

	Year ended 31 December			Six months ended 30 June	
	2008	2009	2010	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000*
Directors' emoluments					
— directors' fees	104	117	117	58	64
— basic salaries and allowances	327	329	343	157	193
— bonus	150	—	103	103	80
— share-based payments	—	—	138	66	118
— contributions to retirement benefits scheme	18	16	12	6	6
	599	462	713	390	461

Details of emoluments paid by the Group to the directors of the Company are as follows:

	Lo Yat Keung	Chan Wai Shing	Xu Guoping	Ho Yew Yuen	Sean Kok Khong, Manfred	Teng Cheong Kwee	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Year ended 31 December 2008							
Director's fee	—	—	—	36	34	34	104
Basic salaries and allowances	147	95	85	—	—	—	327
Bonus *(note)*	74	38	38	—	—	—	150
Share-based payments	—	—	—	—	—	—	—
Contributions to retirement benefit scheme	2	10	6	—	—	—	18
Total emoluments	223	143	129	36	34	34	599
Year ended 31 December 2009							
Director's fee	—	—	—	40	38	39	117
Basic salaries and allowances	148	95	86	—	—	—	329
Bonus *(note)*	—	—	—	—	—	—	—
Share-based payments	—	—	—	—	—	—	—
Contributions to retirement benefit scheme	2	10	4	—	—	—	16
Total emoluments	150	105	90	40	38	39	462
Year ended 31 December 2010							
Director's fee	—	—	—	40	38	39	117
Basic salaries and allowances	152	98	93	—	—	—	343
Bonus *(note)*	45	30	28	—	—	—	103
Share-based payments	—	69	69	—	—	—	138
Contributions to retirement benefit scheme	2	10	—	—	—	—	12
Total emoluments	199	207	190	40	38	39	713
Six months ended 30 June 2010 (unaudited)							
Director's fee	—	—	—	20	19	19	58
Basic salaries and allowances	83	52	22	—	—	—	157
Bonus *(note)*	45	30	28	—	—	—	103
Share-based payments	—	33	33	—	—	—	66
Contributions to retirement benefit scheme	1	5	—	—	—	—	6
	129	120	83	20	19	19	390
Six months ended 30 June 2011							
Director's fee	—	—	—	21	22	21	64
Basic salaries and allowances	85	54	54	—	—	—	193
Bonus *(note)*	35	23	22	—	—	—	80
Share-based payments	—	59	59	—	—	—	118
Contributions to retirement benefit scheme	1	5	—	—	—	—	6
Total emoluments	121	141	135	21	22	21	461

Note: The bonus is determined with reference to the operating results, individual performance and comparable market statistics during the Track Record Period.

The five highest paid individuals included three, two, three, two (unaudited) and three directors of the Company for the year ended 31 December 2008, 2009 and 2010 and for the six mouths ended 30 June 2010 and 2011 respectively, details of whose emoluments are disclosed above. The emoluments of the remaining highest paid individuals during the Track Record Period were as follows:

	Year ended 31 December			Six months ended 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000*
Employees					
— basic salaries and allowances	184	253	442	336	217
— bonus	31	54	—	30	17
— share-based payments	4	11	—	17	52
— contributions to retirement benefits scheme	14	23	59	27	40
	233	341	501	410	326

The emoluments of the employees were within the following bands:

	Number of employees				
	Year ended 31 December			Six months ended 30 June	
	2008	**2009**	**2010**	**2010** (unaudited)	**2011**
Up to HK$1,000,000 (equivalent to US$128,816)	2	3	—	1	1
HK$1,000,000 to HK$1,500,000 (equivalent to US$128,816 to US$192,308)	—	—	1	2	—
HK$2,500,000 to HK$3,000,000 (equivalent to US$322,165 to US$386,598)	—	—	1	—	1

During the Track Record Period, no emoluments were paid by the Group to the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors have waived any emoluments during the Track Record Period.

13. EARNINGS PER SHARE

The calculation of the basic earnings per share for the Track Record Period is based on the following:

	Year ended 31 December			Six months ended 30 June	
	2008	2009	2010	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000*
Profit for the year/period attributable to owners of the Company	3,079	7,370	10,504	1,433	604
			Number of ordinary shares		
	'000	*'000*	*'000*	*'000*	*'000*
Number of ordinary shares in issue during the year/period, for the purpose of basic earnings per share *(note a)*	232,500	232,500	232,500	232,500	232,500

The calculation of the diluted earnings per share for the Track Record Period is based on the following:

	Year ended 31 December			Six months ended 30 June	
	2008	2009	2010	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000*
Profit for the year/period attributable to owners of the Company	3,079	7,370	10,504	1,433	604
			Number of ordinary shares		
	'000	*'000*	*'000*	*'000*	*'000*
Number of ordinary shares in issue during the year/period, for the purpose of basic earnings per share	232,500	232,500	232,500	232,500	232,500
Add: Effect of dilutive potential ordinary shares relating to outstanding share options issued by the Company *(note b)*	—	589	6,588	5,902	7,129
Number of ordinary shares in issue during the year/period, for the purpose of diluted earnings per share	232,500	233,089	239,088	238,402	239,629

Notes:

(a) The weighted average number of shares for the purposes of basic and diluted earnings per share has been adjusted for the bonus issue on 17 May 2010 (note 32).

(b) In 2008, the computation of diluted earnings per share did not assume the exercise of the Company's outstanding share options as the exercise prices of those options were higher than average market price of the Company's shares during the year ended 31 December 2008.

14. DIVIDENDS

In 2008, the Company paid a final dividend of S$0.012 (US$0.0089) per ordinary share totalling US$1,372,000 out of accumulated profits in respect of the financial year ended 31 December 2007.

In 2009, the Company paid a final dividend of S$0.012 (US$0.0083) per ordinary share totalling US$1,283,000 out of accumulated profits in respect of the financial year ended 31 December 2008.

In 2010, the Company paid a final dividend of S$0.012 (US$0.0088) per ordinary share totalling US$1,371,000 out of accumulated profits in respect of the financial year ended 31 December 2009.

During the six months ended 30 June 2011, the Company paid a final dividend of S$0.01 (US$0.0081) per ordinary share totalling US$1,890,000 out of accumulated profits in respect of the financial year ended 31 December 2010.

15. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings *US$'000*	**Furniture and fixtures** *US$'000*	**Machinery and equipment** *US$'000*	**Motor vehicles** *US$'000*	**Total** *US$'000*
THE GROUP					
COST					
At 1 January 2008	5,988	1,731	1,375	650	9,744
Currency realignment	163	36	35	16	250
Additions	—	106	169	—	275
Disposals	—	(19)	(40)	—	(59)
Acquisition of subsidiaries *(note 35(a))*	—	—	5	4	9
At 31 December 2008	6,151	1,854	1,544	670	10,219
Currency realignment	84	23	20	7	134
Additions	—	98	60	41	199
Disposals	—	(65)	(11)	(28)	(104)
Acquisition of subsidiaries *(note 35(b))*	289	32	90	32	443
At 31 December 2009	6,524	1,942	1,703	722	10,891
Currency realignment	363	29	133	13	538
Additions	4,068	459	960	92	5,579
Disposals	—	—	(12)	(15)	(27)
Acquisition of subsidiaries *(note 35(c))*	—	—	600	—	600
At 31 December 2010	10,955	2,430	3,384	812	17,581
Currency realignment	576	67	160	17	820
Additions	—	161	200	10	371
At 30 June 2011	11,531	2,658	3,744	839	18,772

	Land and buildings *US$'000*	Furniture and fixtures *US$'000*	Machinery and equipment *US$'000*	Motor vehicles *US$'000*	Total *US$'000*
ACCUMULATED DEPRECIATION					
At 1 January 2008	462	732	486	385	2,065
Currency realignment	17	10	9	9	45
Provided for the year	237	287	217	88	829
Eliminated on disposal	—	—	(21)	—	(21)
At 31 December 2008	716	1,029	691	482	2,918
Currency realignment	12	11	8	6	37
Provided for the year	256	361	192	69	878
Eliminated on disposal	—	(42)	(9)	(26)	(77)
At 31 December 2009	984	1,359	882	531	3,756
Currency realignment	33	8	18	10	69
Provided for the year	276	272	466	98	1,112
Eliminated on disposal	—	—	(9)	(13)	(22)
At 31 December 2010	1,293	1,639	1,357	626	4,915
Currency realignment	29	51	66	14	160
Provided for the period	193	163	216	33	605
At 30 June 2011	1,515	1,853	1,639	673	5,680
NET BOOK VALUES					
At 31 December 2008	5,435	825	853	188	7,301
At 31 December 2009	5,540	583	821	191	7,135
At 31 December 2010	9,662	791	2,027	186	12,666
At 30 June 2011	10,016	805	2,105	166	13,092

At 31 December 2008, 2009, 2010 and 30 June 2011, leasehold buildings with an aggregate carrying value of US$1,210,000, US$1,185,000, US$5,220,000 and US$5,178,000 respectively has been pledged as collaterals to secure the banking facilities granted to the Group (note 30).

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

Land and buildings	2% to 4.5%
Furniture and fixtures	18% to 20%
Machinery and equipment	9% to 20%
Motor vehicles	18% to 20%

The leasehold buildings are located on land in Hong Kong and Switzerland under a lease term of 50 years.

16. GOODWILL

US$'000

THE GROUP	
COST	
At 1 January 2008	—
Arising on acquisition of subsidiaries in 2008 *(note 35(a))*	512
At 31 December 2008, 2009, 2010 and 30 June 2011	512

Goodwill acquired in a business combination is allocated, at acquisition, to a cash generating unit ("CGU"), a subsidiary group, Richwell Hightech Systems Inc.

The Group tests goodwill at the end of each reporting period for impairment or more frequently if there are indications that goodwill might be impaired.

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

For impairment purpose, the Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next financial year and extrapolates cash flows for the following five years based on annual growth rates ranging from approximately 9.3% to 28%, 6.7% to 19.2%, 3.03% to 9.11% and 2.63% to 10.68% for the year ended 31 December 2008, 2009, 2010 and for the six months ended 30 June 2011 respectively.

The rates used to discount the forecast cash flows to net present value is 9%, 9%, 10% and 10% per annum for the year ended 31 December 2008, 2009, 2010 and for the six months ended 30 June 2011 respectively.

As at the end of the reporting period, any reasonably possible change to key assumptions applied are not likely to cause the recoverable amounts to be below the carrying amount of goodwill.

17. INTANGIBLE ASSETS

	Development costs *US$'000*	Technical know-how *US$'000*	Total *US$'000*
THE GROUP			
COST			
At 1 January 2008	1,902	74	1,976
Currency realignment	80	—	80
Additions	660	—	660
At 31 December 2008	2,642	74	2,716
Currency realignment	75	—	75
Additions	576	—	576
Acquisition of subsidiaries *(note 35(b))*	2,194	—	2,194
At 31 December 2009	5,487	74	5,561
Currency realignment	15	—	15
Additions	1,055	—	1,055
Acquisition of subsidiaries *(note 35(c))*	2,565	—	2,565
Write-off	(284)	—	(284)
At 31 December 2010	8,838	74	8,912
Currency realignment	302	—	302
Additions	773	—	773
At 30 June 2011	9,913	74	9,987
AMORTISATION			
At 1 January 2008	599	68	667
Currency realignment	28	—	28
Amortisation for the year	342	6	348
At 31 December 2008	969	74	1,043
Currency realignment	26	—	26
Amortisation for the year	623	—	623
At 31 December 2009	1,618	74	1,692
Currency realignment	44	—	44
Amortisation for the year	1,356	—	1,356
Write-off	(223)	—	(223)
At 31 December 2010	2,795	74	2,869
Currency realignment	48	—	48
Amortisation for the period	765	—	765
At 30 June 2011	3,608	74	3,682
CARRYING AMOUNT:			
At 31 December 2008	1,673	—	1,673
At 31 December 2009	3,869	—	3,869
At 31 December 2010	6,043	—	6,043
At 30 June 2011	6,305	—	6,305

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

18. AVAILABLE-FOR-SALE INVESTMENTS

	At 31 December			At 30 June
	2008	2009	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*
THE GROUP				
Unquoted equity shares, at cost	40	40	40	40
Golf club membership, at cost	—	494	494	494
	40	534	534	534

The above unquoted investment represents an investment in 1.2% unquoted equity interest of a private entity incorporated in Germany that is engaged in manufacture and trading of high technology laboratory instruments. It is measured at cost less impairment at the end of the reporting period as the range of reasonable fair value estimates is so significant that the management is of the opinion that its fair value cannot be measured reliably.

The golf club membership is transferrable with application period of 1 to 2 years. Management is of the opinion that its carrying amount recorded at cost approximates its fair value.

19. DERIVATIVE FINANCIAL INSTRUMENTS

	THE GROUP				THE COMPANY			
	At 31 December			At 30 June	At 31 December			At 30 June
	2008	2009	2010	2011	2008	2009	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Asset (non-current)								
Put option in a jointly controlled entity *(note a)*	221	285	—	—	221	285	—	—
Assets (current)								
Interest rate swap — fair value gain *(note b)*	—	42	—	—	—	—	—	—
Forward foreign exchange contracts — fair value gain *(note c)*	—	41	—	—	—	—	—	—
	—	83	—	—	—	—	—	—
Liabilities (current)								
Interest rate swap — fair value loss *(note b)*	—	30	—	—	—	—	—	—
Forward foreign exchange contracts — fair value loss *(note c)*	5	—	—	—	—	—	—	—
	5	30	—	—	—	—	—	—
Liabilities (non-current)								
Interest rate swap — fair value loss *(note b)*	90	—	—	—	—	—	—	—
Call option in a jointly controlled entity *(note a)*	25	45	—	—	25	45	—	—
	115	45	—	—	25	45	—	—

Notes:

(a) Put/Call options in a jointly controlled entity

Pursuant to a joint venture agreement dated 28 May 2008 made between the Company and an independent third party — Bibby Scientific Limited ("Bibby"), the Company granted a call option at nil consideration to Bibby to acquire its equity interest in the jointly controlled entity, Bibby Scientific (Hong Kong) Company Limited ("Bibby HK") at a pre-determined consideration. Bibby also granted a put option at no consideration to the Company to dispose of its equity interest in Bibby HK at a pre-determined consideration. The earliest exercise date of both options is on 30 June 2010 with no expiry date.

At the end of the reporting period, the fair value of the put option was determined to be US$221,000 and US$285,000 and recorded as a financial derivative asset as at 31 December 2008 and 2009 respectively. The fair value of the call option was determined to be US$25,000 and US$45,000 and recorded as a financial derivative liability at 31 December 2008 and 2009 respectively.

During the year ended 31 December 2010, Bibby exercised the call option to acquire the Company's equity interest in Bibby HK (note 20). The put option was lapsed with the exercise of the call option.

The fair values of the put and call options at the end of the reporting period have been determined on the basis of valuations carried out at the year end date by independent valuers having an appropriate recognised professional qualification. The valuation was carried out using the Binomial Option Pricing Model for option valuation and with the following assumptions:

	At 31 December			At 30 June
	2008	2009	2010	2011
Expected volatility	37.5%	41.8%	—	—
Expected life	2 years	2 years	—	—
Risk free rate	0.526%	1.961%	—	—
Expected dividend yield	Nil	Nil	—	—

The net of the fair value change of the above options amounting to US$196,000 and US$44,000 has been credited as an income in profit or loss for the year ended 31 December 2008 and 2009 respectively. This is included in other income, gains and losses (note 8).

The fair value of the put and call options were taken into account with the consideration received for disposal of Bibby HK. The gain on disposal of Bibby HK is included in other income, gains and losses (note 8).

(b) Interest rate swap

In 2008, the Group utilised interest rate swap contract with initial notional amount of US$5,000,000 to manage its interest rate exposure on a bank borrowing which carried interest at LIBOR + 0.75% per annum. Under the interest rate swap contract, the Group received interest at LIBOR and paid fixed interest payments at 3.5% per annum based on the notional amount, which decreases during the term of the swap. This interest rate swap contract matured in September 2010.

In 2009, the Group entered into another US$/RMB nondeliverable interest rate swap contract in which the Group received interest at US$ — LIBOR + 1.73% based on the notional amount of US$4,000,000 when the US$/RMB spot rate was below 8.0. When the US$/RMB spot rate was above 8.0 at each scheduled dates on a monthly basis to July 2010, the bank had the right to buy on each of those scheduled dates, US$1,500,000 from the Group at an exchange rate of RMB8.0 to US$1.0. This interest rate swap contract matured in July 2010.

At the end of the reporting period, the total notional amount of outstanding interest rate swap contract to which the Group was committed was as follows:

	At 31 December			At 30 June
	2008	2009	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*
THE GROUP				
Interest rate swap contracts	4,375	5,875	—	—

Changes in fair value of the above outstanding contracts amounting to US$90,000, (US$102,000), US$12,000, US$6,000 (unaudited) and nil has been charged (credited) as an expense (income) in profit or loss for the year ended 31 December 2008, 2009, 2010 and for the six months ended 30 June 2010 and 2011 respectively.

The fair values of interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates and the expectation on the exchange rate between US$ and RMB.

(c) Forward foreign exchange contracts

The Group utilises foreign currency forward contracts to purchase RMB (2008: RMB6.845 to US$1.0; 2009: RMB7.009 to US$1.0) and HKD (2009: HKD7.81 to US$1.0) to manage its foreign exchange exposures. The foreign currency forward contracts outstanding at 31 December 2008 and 2009 have maturity dates from January 2009 to October 2009 and January 2010 respectively.

At the end of the reporting period, the total principal amount of outstanding forward foreign exchange contracts to which the Group was committed were as follows:

	At 31 December			At 30 June
	2008	2009	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*
THE GROUP				
Forward foreign exchange contracts	9,383	1,600	—	—

Changes in fair value of the above outstanding contracts amounting to (US$227,000), (US$46,000), US$41,000, US$21,000 (unaudited) and nil has been (credited) charged as an (income) expense in profit or loss for the year ended 31 December 2008, 2009, 2010 and for the six months ended 30 June 2010 and 2011 respectively.

The fair values of forward foreign exchange contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

20. INTEREST IN A JOINTLY CONTROLLED ENTITY AND AMOUNTS DUE FROM/TO A JOINTLY CONTROLLED ENTITY

(a) Interest in a jointly controlled entity

In 2008, the Company and Bibby established a 50%: 50% joint venture company, Bibby HK in Hong Kong. The joint venture will leverage on the Group's existing manufacturing facilities in the PRC to produce scientific equipment products under Bibby's existing brands for the local and overseas market.

In 2010, Bibby exercised the call option to acquire the Company's total equity interests in Bibby HK at a consideration of US$1,033,000. The gain on disposal amounting to US$653,000 was credited as an income in profit or loss for the year ended 31 December 2010 (included in other income, gains and losses).

	THE GROUP				THE COMPANY			
	At 31 December			At 30 June	At 31 December			At 30 June
	2008	2009	2010	2011	2008	2009	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Cost of unquoted equity investment	257	257	257	—	257	257	257	—
Share of post-acquisition results	(55)	(124)	(117)	—	—	—	—	—
Share of other comprehensive income	(6)	(3)	—	—	—	—	—	—
Disposal	—	—	(140)	—	—	—	(257)	—
	196	130	—	—	257	257	—	—

Summarised financial information in respect of the Group's interest in the jointly controlled entity is set out below:

	At 31 December			At 30 June	
	2008	2009	2010	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
			(Note)	(unaudited)	
THE GROUP					
Total assets	406	2,143	—	2,143	—
Total liabilities	(210)	(2,013)	—	(2,013)	—
Net assets	196	130	—	130	—
Revenue	274	1,295	795	709	—
Results for the year	(55)	(69)	7	—	—
Other comprehensive (expense) income for the year	(6)	3	—	—	—

Note: The amounts in 2010 included the revenue, share of results and share of other comprehensive income of Bibby HK for the period from 1 January 2010 to the date on which Bibby HK ceased to be a jointly controlled entity of the Group.

(b) Amount due from/to a jointly controlled entity

THE GROUP AND THE COMPANY

At 31 December 2008, the amounts due from/to a jointly controlled entity were in trade nature, unsecured and interest-free. The amount due from a jointly controlled entity was repayable within 90 days and the aging of the amount was 0–90 days based on the invoice date at the end of the reporting period. The amount due to a jointly controlled entity was repayable within 90 days.

At 31 December 2009, an amount of US$783,000 due from a jointly controlled entity to the Company which was unsecured, interest-bearing at fixed rate of 5% per annum and repayable within one year from the end of the reporting period. The balance was fully settled by the jointly controlled entity in 2010.

The remaining balance was in trade nature, unsecured, interest-free and repayable within 90 days. The aging of the amount was 0–90 days based on the invoice date at the end of the reporting period.

Significant related party transactions comprise the following transactions with a jointly controlled entity:

	At 31 December			At 30 June	
	2008	**2009**	**2010**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000*
THE GROUP					
Sales of goods	268	1,180	49	48	—
Purchase of goods	550	118	25	—	—
Interest income	—	24	—	—	—

21. INTEREST IN AN ASSOCIATE AND AMOUNT DUE FROM AN ASSOCIATE

(a) Interest in an associate

During the year ended 31 December 2010, the Group established Techcomp Jingke Trading (Shanghai) Co., Ltd (上海精科天美貿易有限公司) ("Jingke") in the PRC, in which the Group owns 49% interest with capital injection of US$779,000. Jingke is engaged in the trading of analytical and laboratory instruments.

	At 31 December			At 30 June
	2008	**2009**	**2010**	**2011**
	US$'000	*US$'000*	*US$'000*	*US$'000*
THE GROUP				
Cost of unquoted equity investment	—	—	779	779
Share of post-acquisition results	—	—	(144)	(276)
Share of other comprehensive income	—	—	19	27
	—	—	654	530

Summarised financial information in respect of the associate is set out below:

	At 31 December			At 30 June	
	2008	2009	2010	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(unaudited)	
			(Note a)	*(Note b)*	
THE GROUP					
Total assets	—	—	3,172	—	3,495
Total liabilities	—	—	(1,837)	—	(2,413)
Net assets	—	—	1,335	—	1,082
Group's share of associate's net assets	—	—	654	—	530
Revenue	—	—	2,053	—	2,898
Results for the year/period	—	—	(294)	—	(269)
Group's share of associate's results for the year/period	—	—	(144)	—	(132)
Group's share of associate's other comprehensive income for the year/period	—	—	19	—	8

Note: (a) The amount in 31 December 2010 included the revenue, share of results and share of other comprehensive income for the period from the date of establishment of Jingke to 31 December 2010 respectively.

(b) No assets, liabilities, revenue, share of results and share of comprehensive income for the period ended 30 June 2010 was noted since Jingke had not yet commenced business and registered capital had not yet been paid as at 30 June 2010.

(b) Amount due from an associate

At 31 December 2010 and 30 June 2011, the amount due from an associate was in trade nature, unsecured, interest-free and repayable within 90 days. The aging of the amount was 0–90 days based on the invoice date at the end of the reporting period.

Significant related party transactions comprise the following transactions with the associate:

	At 31 December			At 30 June	
	2008	2009	2010	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(unaudited)	
THE GROUP					
Sales of goods	—	—	1,414	—	2,378
Purchase of goods	—	—	73	—	78

22. INVESTMENTS IN SUBSIDIARIES AND AMOUNTS DUE FROM (TO) SUBSIDIARIES

	At 31 December			At 30 June
	2008	2009	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*
THE COMPANY				
Unlisted shares, at cost	6,131	6,131	6,135	6,135
Deemed investment in subsidiaries arising from financial guarantees given to financial institutions which have granted credit facilities to the subsidiaries *(note 40)*	864	2,062	2,650	2,650
	6,995	8,193	8,785	8,785
Amounts due from subsidiaries	14,610	12,445	18,081	15,232

Amounts due from subsidiaries are unsecured and bear interest at variable prevailing market rate per annum for the year ended 31 December 2008, 2009, 2010 and for the six months ended 30 June 2011 respectively. The directors of the Company expect that these advances will not be repaid within one year from the end of the reporting period, and accordingly, the amounts are classified as non-current assets. Management is of the opinion that its carrying amount recorded approximates its fair value.

The amounts due to subsidiaries were unsecured, interest-free and repayable on demand.

23. INVENTORIES

	At 31 December			At 30 June
	2008	2009	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*
THE GROUP				
Raw materials	2,976	4,781	5,863	6,177
Work in progress	1,180	1,967	5,796	6,707
Finished goods	10,254	11,832	12,760	16,493
	14,410	18,580	24,419	29,377

In 2010, the Group established a non-wholly owned PRC subsidiary — Techcomp Jingke Scientific Instruments (Shanghai) Co. Ltd. (上海精科天美科學儀器有限公司). The non-controlling interest contributed inventories amounted to US$2,001,000 as the initial capital injection to this subsidiary.

24. TRADE AND OTHER RECEIVABLES

	At 31 December			At 30 June
	2008	2009	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*
THE GROUP				
Trade and bills receivables *(note a)*	26,819	31,095	39,505	40,468
Less: Allowance for doubtful debts	(669)	(1,089)	(1,557)	(1,552)
	26,150	30,006	37,948	38,916
Trade bills receivable discounted with recourse *(note a)*	1,132	113	807	509
Prepayments *(note b)*	920	1,529	575	1,377
Deposits and other receivables *(note c)*	1,859	2,159	3,432	3,678
	30,061	33,807	42,762	44,480

Notes:

(a) The Group allows credit period of 30 to 90 days to its trade customers. The aging of trade receivables and bills receivables, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period, is as follows:

	At 31 December			At 30 June
	2008	2009	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*
0 to 90 days	17,788	21,576	31,435	24,947
91 to 120 days	1,721	4,128	2,509	4,876
121 to 365 days	1,914	1,896	1,422	6,736
1 year to 2 years	3,793	1,527	2,333	2,036
Over 2 years	934	879	249	321
	26,150	30,006	37,948	38,916

The aging of bills receivables discounted with recourse, based on the invoice date, is within 0–90 days at the end of each reporting period.

The Group's management closely monitors the credit quality of trade receivables and considers the trade receivables that are neither past due nor impaired to be of a good quality because they are within the credit period granted and the Group's management considers the default rate is low for such receivables based on historical information and experience.

At 31 December 2008, 2009, 2010 and 30 June 2011, included in the Group's trade receivable and bills receivable balances are trade receivables with aggregate carrying amount of US$3,172,000, US$2,752,000, US$3,797,000 and US$3,853,000 respectively which are past due at the reporting date for which the Group has not provided for impairment loss as there has not been a significant change in good credit quality and the amounts are still considered recoverable.

Aging of trade receivables which are past due but not impaired is as follows:

	At 31 December			At 30 June
	2008	2009	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*
Within 90 days	786	751	540	533
91 to 120 days	454	489	1,094	569
121 to 365 days	506	439	800	1,085
1 year to 2 years	1,135	451	1,255	1,357
Over 2 years	291	622	108	309
	3,172	2,752	3,797	3,853

Movement in the allowance for doubtful debts:

	At 31 December			At 30 June
	2008	2009	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*
Balance at beginning of the year/period	595	669	1,089	1,557
Amounts written off as uncollectible	—	(5)	(18)	—
Impairment losses recognised (reversed) on receivables	74	425	486	(5)
Balance at end of the year/period	669	1,089	1,557	1,552

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of US$669,000, US$1,089,000, US$1,557,000 and US$1,552,000 at 31 December 2008, 2009, 2010 and 30 June 2011 respectively which have been in severe financial difficulties. The Group does not hold any collateral over these balances. In determining the recoverability of the trade receivables, the Group monitors change in the credit quality of the trade receivables since the credit was granted and up to the reporting date.

(b) Prepayments mainly comprise rental deposits, advances to staff, and other prepaid expenses.

(c) Deposits and other receivables mainly represent the other tax receivables, deposits paid to the suppliers for purchase of raw materials.

Included in trade and other receivables are the following amounts denominated in currencies other than functional currency of the respective group entities.

	At 31 December			At 30 June
	2008	2009	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*
USD	23,477	20,593	21,775	28,763
JPY	3,266	3,556	3,880	2,645
Australian dollar ("AUD")	57	73	28	1
Swiss franc ("CHF")	—	—	681	359
EUR	4	33	252	89

25. INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 31 December			At 30 June
	2008	2009	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*
THE GROUP				
Unquoted investment in an equity fund, at fair value	541	648	675	683
Unquoted equity-linked note, at fair value	127	—	—	—
	668	648	675	683

The unquoted investment in an equity fund offers the Group the opportunity for return through dividend income and fair value gains. The fair value of this investment is estimated by reference to current valuations provided by the issuing bank.

The equity-linked note was denominated in USD with principal amount of US$250,000 and the interest accrual on a daily basis was at a predetermined equation at subsequent payment dates and the accrued interest is payable on quarterly basis. The equity-linked note was subject to mandatory redemption at various intervals until maturity date. The duration and the manner in which it was settled at mandatory termination were linked to the performance of a basket of Hong Kong listed equity securities. The note may be redeemed at maturity in full amount of the principal amount for cash. The equity-linked note is designated as financial asset at fair value through profit or loss upon initial recognition as it contained embedded derivatives, and IAS 39 permits the entire combined contract to be designated as at fair value through profit or loss.

The maturity date of the equity-linked note outstanding as at 31 December 2008 is January 2009. At 31 December 2008, the fair value of this investment was estimated based on valuations provided by the issuing bank.

During the year ended 31 December 2009, the equity-linked note was settled in shares. The fair value of converted shares at the date of conversion amounted to US$132,000. The converted shares were subsequently disposed by the Group at a consideration of US$142,000 in 2009.

The Group's investments carried at fair value through profit or loss that are not denominated in the functional currencies of the respective group entities are as follows:

	At 31 December			At 30 June
	2008	2009	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*
THE GROUP				
USD	668	648	675	683

26. AMOUNTS DUE FROM/TO NON-CONTROLLING INTERESTS

THE GROUP

The amounts due from/to non-controlling interests are unsecured, interest-free and are repayable on demand.

27. BANK BALANCES AND CASH

THE GROUP

Bank balances and cash comprise cash held by the Group carried interest at an average rate of 0.95%, 0.34%, 0.88%, 0.75% per annum for the year ended 31 December 2008, 2009, 2010 and 30 June 2011 respectively.

Included in bank balances and cash are the following amounts denominated in currencies other than the functional currency of the respective group entities:

	At 31 December			At 30 June
	2008	2009	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*
Singapore Dollars ("SGD")	5	284	5	11
USD	9,193	7,426	5,945	4,224
JPY	879	773	142	25
Macao Pataca ("MOP")	1	1	6	—
AUD	302	15	—	—
India Rupee	8	—	—	—
EUR	—	128	115	702
British Pound ("GBP")	—	5	5	15
CHF	—	—	155	32
Romanian New Leu ("RON")	—	—	—	64

28. TRADE AND OTHER PAYABLES

	At 31 December			At 30 June
	2008	2009	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*
THE GROUP				
Trade payables	12,488	13,226	15,773	14,455
Accruals	403	1,011	2,017	1,747
Customer deposits	2,105	2,082	2,753	3,494
Other payables	1,107	2,684	3,376	2,553
	16,103	19,003	23,919	22,249

The Group normally receives credit terms of 30 to 75 days from its suppliers. The aging of trade payables, presented based on the invoice date at the end of the reporting period, is as follows:

	At 31 December			At 30 June
	2008	2009	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*
Age				
0 to 60 days	11,231	11,597	14,250	11,933
61 to 180 days	1,116	1,393	1,268	1,764
181 to 365 days	121	214	231	609
Over 365 days	20	22	24	149
	12,488	13,226	15,773	14,455

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

Included in trade and other payables are the following amounts denominated in currencies other than the functional currency of the respective group entities.

	At 31 December			At 30 June
	2008	2009	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*
JPY	8,860	8,266	9,325	7,747
USD	2,720	1,411	3,176	2,376
EUR	98	128	425	242
GBP	16	51	—	138
Canadian dollars	—	—	6	3
CHF	—	—	69	257

29. LIABILITIES FOR TRADE BILLS DISCOUNTED WITH RECOURSE

	At 31 December			At 30 June
	2008	2009	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*
THE GROUP				
Liabilities for trade bills discounted with recourse *(note 24)*	1,132	113	807	509

The Group's liabilities for trade bills discounted with recourse that are not denominated in the functional currencies of the respective group entities are as follows:

	At 31 December			At 30 June
	2008	2009	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*
JPY	137	27	44	167
USD	519	85	763	342

30. BANK BORROWINGS AND BANK OVERDRAFTS

	At 31 December			At 30 June
	2008	2009	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*
THE GROUP				
Trust receipt loans	10,700	9,800	11,192	14,763
Other bank loans	5,425	4,410	5,981	5,380
Mortgage loan	352	1,449	4,938	5,091
	16,477	15,659	22,111	25,234
Secured (mortgage loan)	352	1,449	4,938	5,091
Unsecured	16,125	14,210	17,173	20,143
	16,477	15,659	22,111	25,234

	At 31 December			At 30 June
	2008	2009	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*
Carrying amount repayable*:				
Within one year	13,629	12,757	14,499	17,407
Between one to two years	416	651	997	413
Between two to five years	—	—	510	574
More than five years	—	—	2,980	3,800
	14,045	13,408	18,986	22,194
Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	2,432	2,251	3,125	3,040
	16,477	15,659	22,111	25,234
Less: Amounts due within one year shown under current liabilities	(16,061)	(15,008)	(17,624)	(20,447)
Amounts shown under non-current liabilities	416	651	4,487	4,787

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

All the Group's borrowings carry variable interest at various margins above the HIBOR, the Hong Kong prime lending rates of the banks, the Euro — LIBOR, or the Swiss Franc — LIBOR. These interest rates are repriced every twelve months. The average effective interest rates paid were as follows:

	At 31 December			At 30 June
	2008	2009	2010	2011
	%	*%*	*%*	*%*
Trust receipt loans	3.7	3.0	3.2	2.8
Other bank loans	3.6	2.0	3.1	2.5
Mortgage loan	3.8	2.7	2.4	2.6
Bank overdrafts	4.9	4.2	6.1	4.9

The Group has pledged its leasehold buildings with carrying value of US$1,210,000, US$1,185,000, US$5,220,000 and US$5,178,000 to a bank to secure the mortgage loan granted to the Group as at 31 December 2008, 2009, 2010 and 30 June 2011 respectively (note 15).

At the end of the reporting period, trust receipts loans and other bank loans are covered by corporate guarantees given by the Company and its subsidiaries, Techcomp Instrument Limited and Techcomp Scientific Limited.

Bank overdrafts are unsecured and repayable on demand.

The Group's borrowings that are not denominated in the functional currencies of the respective group companies in the Group are as follows:

	At 31 December			At 30 June
	2008	2009	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*
JPY	10,299	5,828	8,894	10,020
USD	5,348	6,211	2,198	4,723
EUR	—	60	326	—

31. DEFERRED TAX LIABILITIES

THE GROUP

The following are the major deferred tax assets (liabilities) recognised by the Group and the movements thereon, during the Track Record Period:

	Deferred development costs	Accelerated tax depreciation	Tax losses	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
At 1 January 2008	(163)	—	—	(163)
Credit to profit or loss for the year *(note 10)*	17	34	53	104
Currency translation difference	(5)	—	—	(5)
At 31 December 2008	(151)	34	53	(64)
Acquisition of subsidiaries	(56)	—	—	(56)
(Charge) credit to profit or loss for the year *(note 10)*	(17)	20	(53)	(50)
Currency translation difference	(1)	—	—	(1)
At 31 December 2009	(225)	54	—	(171)
Acquisition of subsidiaries	(213)	—	—	(213)
Credit to profit or loss for the year *(note 10)*	53	15	—	68
Currency translation difference	(7)	4	—	(3)
At 31 December 2010	(392)	73	—	(319)
(Charge) credit to profit or loss for the period *(note 10)*	(30)	4	104	78
Currency translation difference	(4)	1	1	(2)
At 30 June 2011	(426)	78	105	(243)

The following is the analysis of the deferred tax balances for financial reporting purposes:

	At 31 December			At 30 June
	2008	2009	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*
Deferred tax liabilities	(64)	(171)	(319)	(243)

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries as at 31 December 2008, 2009, 2010 and 30 June 2011 amounting to US$2,103,000, US$2,851,000, US$4,196,000 and US$2,734,000 respectively as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

The Group has unused tax losses of US$2,414,000, US$1,823,000, US$2,831,000 and US$7,447,000 available as at 31 December 2008, 2009, 2010 and 30 June 2011 respectively for offset against future profits. A deferred tax asset has been recognised in respect of US$353,000 and US$508,000 of such losses as at 31 December 2008 and 30 June 2011 respectively. No deferred tax asset has been recognised in respect of the remaining US$2,061,000, US$1,823,000, US$2,831,000 and US$6,939,000 of such losses as at 31 December 2008, 2009, 2010 and 30 June 2011 respectively due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of US$1,770,000, US$1,381,000, US$1,996,000 and US$3,621,000 as at 31 December 2008, 2009, 2010 and 30 June 2011 that will expire in 2010 to 2013, 2010 to 2014, 2011 to 2018 and 2011 to 2019 respectively. Other losses may be carried forward indefinitely.

As at the end of the reporting period, the Group has no other significant unprovided deferred taxation.

32. SHARE CAPITAL

	At 31 December			At 30 June	At 31 December			At 30 June
	2008	2009	2010	2011	2008	2009	2010	2011
					US$'000	*US$'000*	*US$'000*	*US$'000*
Number of ordinary shares of US$0.05 each								
Authorised	800,000,000	800,000,000	800,000,000	800,000,000	40,000	40,000	40,000	40,000
Issued and paid up:								
At beginning of the year	155,000,000	155,000,000	155,000,000	232,500,000	7,750	7,750	7,750	11,625
Bonus issue of shares	—	—	77,500,000	—	—	—	3,875	—
At end of the year	155,000,000	155,000,000	232,500,000	232,500,000	7,750	7,750	11,625	11,625

On 17 May 2010, 77,500,000 shares were issued to its shareholders on the basis of one bonus share for every two existing ordinary shares in the capital of the Company.

The bonus shares were allotted and issued rank pari passu in all respects with the existing issued Shares and with each other.

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

33. SHARE-BASED PAYMENT

Equity-settled share option scheme

The Company has a share option scheme for all employees of the Group. The scheme is administered by the Remuneration Committee. Options are exercisable at a price based on the average of the last dealt prices for the shares of the Company on the Singapore Exchange Securities Trading Limited for the five market days immediately preceding the date of grant. The Remuneration Committee may at its discretion fix the exercise price at a discount not exceeding 20% of the above price. The vesting period is one year from date of grant. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group before the options vest.

Particulars on share-based payment arrangements are as follows:

Option series	Number ('000)	Grant date	Expiry date	Exercise price	Fair value at grant date
Issued on 15 April 2008	550	15 April 2008	14 April 2018	S$0.37	S$0.14(1) S$0.11(2)
Issued on 2 March 2009	2,570	2 March 2009	1 March 2019	S$0.24	S$0.11(1) S$0.10(2)
Issued on 22 May 2009	100	22 May 2009	21 May 2019	S$0.23	S$0.11(1) S$0.10(2)
Issued on 11 January 2010	7,000	11 January 2010	10 January 2020	S$0.34	S$0.16(1) S$0.16(2)
Issued on 6 January 2011	6,800	6 January 2011	5 January 2021	S$0.42	S$0.19(1) S$0.18(2)

(1) Senior management

(2) General management

The following provides information on the outstanding share options granted under the employee share option plan during the Track Record Period:

For the year ended 31 December 2008

	THE GROUP AND THE COMPANY						
Date of grant	**Balance at 1 January 2008**	**Granted**	**Exercised**	**Cancelled/ lapsed**	**Balance at 31 December 2008**	**Exercise price per share**	**Exercisable period**
15 April 2008	—	550,000	—	—	550,000	S$0.37	15 April 2009 to 14 April 2018
Exercisable at the end of the year					—		
Weighted average exercise price	—	S$0.37	—	—	S$0.37		

For the year ended 31 December 2009

	THE GROUP AND THE COMPANY						
Date of grant	**Balance at 1 January 2009**	**Granted**	**Exercise**	**Cancelled/ lapsed**	**Balance at 31 December 2009**	**Exercised price per share**	**Exercisable period**
15 April 2008	550,000	—	—	—	550,000	S$0.37	15 April 2009 to 14 April 2018
2 March 2009	—	2,570,000	—	—	2,570,000	S$0.24	2 March 2010 to 1 March 2019 *(Note)*
22 May 2009	—	100,000	—	—	100,000	S$0.23	22 May 2010 to 21 May 2019 *(Note)*
Total	550,000	2,670,000	—	—	3,220,000		
Exercisable at the end of the year					550,000		
Weighted average exercise price	S$0.37	S$0.24	—	—	S$0.26		

Note: 30% of the options vested on the first anniversary of the date of grant. The remaining 70% of the options vested on the third anniversary of the date of grant.

For the year ended 31 December 2010

	THE GROUP AND THE COMPANY								
Date of grant	**Balance at 1 January 2010**	**Granted**	**Exercised**	**Adjusted after bonus issue of shares** *(Note 1)*	**Cancelled/ lapsed**	**Balance at 31 December 2010**	**Exercise price per share**	**Exercise price per share (adjusted after bonus issue of shares)** *(Note 1)*	**Exercisable period**
15 April 2008	550,000	—	—	275,000	—	825,000	S$0.37	S$0.25	15 April 2009 to 14 April 2018
2 March 2009	2,570,000	—	—	1,285,000	—	3,855,000	S$0.24	S$0.16	2 March 2010 to 1 March 2019 *(Note 2)*
22 May 2009	100,000	—	—	50,000	—	150,000	S$0.23	S$0.16	22 May 2010 to 21 May 2019 *(Note 2)*
11 January 2010	—	7,000,000	—	3,500,000	—	10,500,000	S$0.34	S$0.23	11 January 2011 to 10 January 2020 *(Note 2)*
Total	3,220,000	7,000,000	—	5,110,000	—	15,330,000			
Exercisable at the end of the year						2,026,500			
Weighted average exercise price	S$0.26	S$0.34	—	S$0.21	—	S$0.21			

For the period ended 30 June 2011

	THE GROUP AND THE COMPANY						
Date of grant	**Balance at 1 January 2011**	**Granted**	**Exercised**	**Cancelled/ lapsed**	**Balance at 30 June 2011**	**Exercise price per share (adjusted after bonus issue of shares)** *(Note 1)*	**Exercisable period**
15 April 2008	825,000	—	—	—	825,000	S$0.25	15 April 2009 to 14 April 2018
2 March 2009	3,855,000	—	—	—	3,855,000	S$0.16	2 March 2010 to 1 March 2019 *(Note 2)*
22 May 2009	150,000	—	—	—	150,000	S$0.16	22 May 2010 to 21 May 2019 *(Note 2)*
11 January 2010	10,500,000	—	—	—	10,500,000	S$0.23	11 January 2011 to 10 January 2020 *(Note 2)*
6 January 2011	—	6,800,000	—	—	6,800,000	S$0.42	6 January 2012 to 5 January 2021 *(Note 2)*
Total	15,330,000	6,800,000	—	—	22,130,000		
Exercisable at the end of the year					5,176,500		
Weighted average exercise price	S$0.21	S$0.42	—	—	S$0.28		

Notes:

(1) Pursuant to the bonus shares issued on 17 May 2010 (note 32), the share option granted prior to the bonus issue was adjusted for the dilutive effect on the same basis of the bonus issue, which is one bonus share for every two existing ordinary shares.

(2) 30% of the options vested on the first anniversary of the date of grant. The remaining 70% of the options vested on the third anniversary of the date of grant.

The options outstanding at the end of each reporting period have a weighted average remaining contractual life of approximately 10 years, 9 years, 9 years and 9 years at 31 December 2008, 2009, 2010 and 30 June 2011 respectively.

The fair value for share options granted during the Track Record Period was calculated using the Binomial Option Pricing Model. The inputs into the model were as follows:

	Year ended 31 December						Six months ended 30 June	
	2008		2009		2010		2011	
	Senior management	General management	Senior management	General management	Senior management	General management	Senior management	General management
Weighted average share price on date of grant *(Singapore cents)*	37	37	26	26	37	37	42	42
Weighted average exercise price *(Singapore cents)*	37	37	24	24	34	34	42	42
Expected volatility	47.77%	47.77%	54.00%	54.00%	50.00%	50.00%	49.00%	49.00%
Expected life	7.50	5.20	7.97	6.30	7.80	7.80	10	10
Risk free rate	2.32%	2.32%	2.06%	2.06%	2.66%	2.66%	2.72%	2.72%
Expected dividend yield	3.24%	3.24%	4.62%	4.62%	3.29%	3.29%	1.90%	1.90%

Expected volatility was determined by calculating the historical volatility of the Company's share price from May 2004. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The Group recognised total expenses of US$36,000, US$95,000, US$458,000, US$227,000 (unaudited) and US$374,000 related to equity-settled share-based payment during the year ended 31 December 2008, 2009, 2010 and 30 June 2010 and 2011 respectively.

34. RESERVES

	Share premium *US$'000*	Contributed surplus *US$'000*	Share option reserve *US$'000*	Retained profits *US$'000*	Total *US$'000*
THE COMPANY					
At 1 January 2008	11,974	394	—	2,021	14,389
Profit for the year and total comprehensive income for the year	—	—	—	993	993
Dividends paid	—	—	—	(1,372)	(1,372)
Share-based payment expense	—	—	36	—	36
At 31 December 2008	11,974	394	36	1,642	14,046
Profit for the year and total comprehensive income for the year	—	—	—	6,310	6,310
Dividends paid	—	—	—	(1,283)	(1,283)
Share-based payment expense	—	—	95	—	95
At 31 December 2009	11,974	394	131	6,669	19,168
Profit for the year and total comprehensive income for the year	—	—	—	909	909
Issue of bonus shares *(note 32)*	(3,875)	—	—	—	(3,875)
Dividends paid	—	—	—	(1,371)	(1,371)
Share-based payment expense	—	—	458	—	458
At 31 December 2010	8,099	394	589	6,207	15,289
Loss for the period and total comprehensive expense for the period	—	—	—	(1,126)	(1,126)
Dividends paid	—	—	—	(1,890)	(1,890)
Share-based payment expense	—	—	374	—	374
At 30 June 2011	8,099	394	963	3,191	12,647
At 1 January 2010	11,974	394	131	6,669	19,168
Loss for the period and total comprehensive expense for the period	—	—	—	(495)	(495)
Issue of bonus shares *(note 32)*	(3,875)	—	—	—	(3,875)
Dividends paid	—	—	—	(1,371)	(1,371)
Share-based payment expense	—	—	227	—	227
At 30 June 2010 (unaudited)	8,099	394	358	4,803	13,654

The contributed surplus of the Group and the Company represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of the group reorganisation undertaken in 2004.

35. ACQUISITION OF SUBSIDIARY

(a) On 2 July 2008, the Group entered into a Sale and Purchase agreement for the acquisition of a 68% of the issued capital of Richwell Hightech Systems Inc. ("Richwell"). Richwell holds a 81% equity interest in Shanghai Sanco Instrument Co., Ltd. ("Sanco"). Sanco's business comprises the production and sales of diagnostic and analytical instruments and ancillary products in Shanghai. The consideration for the acquisition is approximately RMB4.9 million (US$737,000). Upon completion of the acquisition, the Group is indirectly and effectively holding approximately 55% interests in Sanco. Richwell was acquired so as to continue the expansion of the Group's manufacturing operation.

Consideration transferred

	US$'000
Cash	737

Acquisition-related costs have been excluded from the cost of acquisition. The costs were insignificant and recognised as an expense in the period, within the administrative expenses in the consolidated statement of comprehensive income.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	US$'000
Property, plant and equipment	9
Inventories	138
Trade and other receivables	122
Bank balances and cash	506
Trade and other payables	(364)
Taxation payable	(2)
Net assets	409

The fair value of receivables acquired, which principally comprised trade receivables, prepayments and other receivables approximated the gross contractual amounts. There are no contractual cash flows not expected to be collected.

Goodwill arising on acquisition

	US$'000
Consideration transferred	737
Plus: non-controlling interests (45% in Sanco)	184
Less: net assets acquired	(409)
Goodwill arising on acquisition	512

The non-controlling interests (45%) in Sanco recognised at the acquisition date was measured at their proportionate share of net assets acquired.

The goodwill arising on the acquisition of Richwell is attributable to the anticipated profitability of the distribution of the Group's products in the new markets and the anticipated future operating synergies from the combination.

The Group also acquired the customer lists and customer relationships of Richwell as part of the acquisition. These assets could not be reliably measured and separately recognised from goodwill because they are not capable of being separated from the Group and sold, transferred, licensed, rented or exchanged, either individually or together with any related contracts.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

Net cash outflow on acquisition

	US$'000
Cash consideration paid	(737)
Less: Bank balances and cash acquired	506
Net cash outflow from acquisition of subsidiaries	(231)

Impact of acquisition on the result of the Group

In 2008, Richwell contributed US$697,000 to revenue and US$3,000 to the Group's profit before tax for the period between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on 1 January 2008, total Group revenue for the year ended 31 December 2008 would have been US$81,906,000 and profit for the year ended 31 December 2008 would have been US$3,066,000.

(b) On 24 July 2009, the Group entered into a Sale and Purchase agreement for the acquisition of a 75% of the issued capital of HCC SAS ("HCC"). HCC holds 100% equity interests in Froilabo SAS, Frilabor SRL and Craponne Tolerie SARL (collectively known as "HCC Group"). HCC Group is specialised in temperature control laboratory equipment; cryopreservation and blood-bank equipment. The consideration including the direct cost attributable to the transaction for the acquisition is approximately EUR 2.1 million (US$3,002,000). Upon completion of the acquisition, the Group is indirectly and effectively holding 75% interests in HCC Group. HCC Group was acquired so as to continue the expansion of the Group's manufacturing operation.

Consideration transferred

	US$'000
Cash	3,002

Acquisition-related costs have been excluded from the cost of acquisition. The costs were insignificant and recognised as an expense in the period, within the administrative expenses in the consolidated statement of comprehensive income.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	US$'000
Property, plant and equipment	443
Intangible assets	2,194
Inventories	2,795
Trade and other receivables	2,011
Bank balances and cash	354
Trade and other payables	(2,289)
Bank borrowings	(1,449)
Deferred tax liabilities	(56)
Net assets	4,003

The fair value of receivables acquired, which principally comprised trade receivables, prepayments and other receivables approximated the gross contractual amounts. There are no contractual cash flows not expected to be collected.

The non-controlling interests (25%) in HCC Group recognised at the acquisition date was measured at their proportionate share of net assets acquired and amounted to US$1,001,000.

No goodwill was recognised in the acquisition as the fair values of the acquired net assets were equivalent to the purchase consideration. The fair values of the acquired net assets were determined on the basis of valuations carried by independent valuer.

Net cash outflow on acquisition

	US$'000
Cash consideration paid	(3,002)
Bank balances and cash acquired	354
Net cash outflow from acquisition of subsidiaries	(2,648)

Impact of acquisition on the result of the Group

In 2009, HCC Group contributed US$4,277,000 to revenue and US$471,000 to the Group's profit before tax for the period between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on 1 January 2009, total Group revenue for the year would have been US$109,041,000 and profit for the year would have been US$7,017,000.

(c) On 11 February 2010, the Group entered into a Sale and Purchase agreement for the acquisition of 80% of the issued capital of Precisa Gravimetrics AG ("Precisa") (the "Acquisition") at a consideration of CHF240,000 (US$226,000). As part of the Acquisition, the Group acquired the 80% of the shareholders' loan due from Precisa to the Vendor with a carrying value of CHF3,556,000 (US$3,302,000) at a consideration of CHF3,270,000 (US$3,081,000). Precisa was acquired so as to continue the expansion of the Group's manufacturing operation.

Consideration transferred

	US$'000
Cash	3,307

Acquisition-related costs have been excluded from the cost of acquisition. The costs were insignificant and recognised as an expense in the period, within the administrative expenses in the consolidated statement of comprehensive income.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	US$'000
Property, plant and equipment	600
Intangible assets	2,565
Cash and bank balances	363
Trade and other receivables	1,040
Inventories	2,468
Trade and other payables	(1,877)
Bank borrowings	(464)
Loan from shareholders	(3,302)
Loan from non-controlling interest	(1,174)
Deferred tax liabilities	(213)
Net assets	6

The fair value of receivables acquired, which principally comprised trade receivables, prepayments and other receivables approximated the gross contractual amounts. There are no contractual cash flows not expected to be collected.

The non-controlling interests (20%) in Precisa recognised at the acquisition date was measured at their proportionate share of net assets acquired and amounted to US$1,000.

No goodwill was recognised in the acquisition as the fair values of the acquired net assets of US$5,000 and the acquired shareholders' loan of US$3,302,000 were equivalent to the purchase consideration. The fair values of the acquired net assets were determined on the basis of valuations carried by independent valuer.

Net cash outflow on acquisition

	US$'000
Cash consideration paid	(3,307)
Cash and bank balances acquired	363
Net cash outflow from acquisition of a subsidiary	(2,944)

Impact of acquisition on the result of the Group

In 2010, Precisa contributed US$8,087,000 to revenue and loss of US$968,000 to the Group's profit before tax for the period between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on 1 January 2010, total Group revenue for the year would have been US$127,931,000 and the profit for the year would have been US$9,690,000.

36. PROPERTY CLASSIFIED AS HELD FOR SALE

In 2008, the Group sold the asset classified as held for sale which was a property previously used as the Group's office at a consideration of US$168,000.

37. OPERATING LEASE COMMITMENTS

The Group — as lessee

At the end of the reporting period, the Group was committed to make the following future minimum lease payments under non-cancellable operating leases which fall due as follows:

	At 31 December			At 30 June
	2008	2009	2010	2011
	US$'000	*US$'000*	*US$'000*	*US$'000*
Within one year	359	646	1,095	1,017
In the second to fifth year inclusive	407	1,134	2,159	2,056
After five years	—	—	1,079	1,009
	766	1,780	4,333	4,082

Leases are negotiated and rentals are fixed originally for lease terms of one year.

38. RETIREMENT BENEFITS SCHEME

The Group principally participates in defined contribution plans. The employees of the Group that are located in Singapore, the PRC and Hong Kong are members of the Central Provident Fund Board in Singapore, a state-sponsored retirement benefit plan in the PRC and Mandatory Provident Fund Scheme in Hong Kong, operated by the Government of Singapore, the PRC and Hong Kong, respectively. The respective entities are required to contribute a specified percentage of payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit plans is to make the specified contributions.

The total expense recognised in profit or loss amounted to US$1,264,000, US$1,188,000, US$1,682,000, US$897,000 (unaudited) and US$1,256,000, for each of the years ended 31 December 2008, 2009, 2010 and for the six months ended 30 June 2010 and 2011, respectively, representing contributions payable to these plans by the Group at rates specified in the rules of the respective plans. The amounts were paid during the year and over the end of the subsequent reporting period.

39. RELATED PARTIES TRANSACTIONS

The details of remuneration of key management personnel, represents emoluments of directors of the Company paid during the Track Record Period are set out in note 11 of section E.

Details of the transactions with the jointly controlled entity and the associate are set out in note 20(b) and note 21(b) respectively.

40. CONTINGENT LIABILITIES

The Group

At 31 December 2008, 31 December 2009, 31 December 2010 and 30 June 2011, the Group has no contingent liabilities.

The Company

The Company provided corporate guarantees of US$44,622,000, US$55,531,000, US$68,190,000 and US$68,190,000 to certain banks as security for banking facilities granted to its subsidiaries as at the three year ended 31 December 2008, 31 December 2009, 31 December 2010 and 30 June 2011 respectively. For the purpose of determining the deemed investment in subsidiaries relating to these corporate guarantees (note 22) given without any fees charged by the Company to the subsidiaries, management has taken into account the fact that credit facilities covered by the corporate guarantees are substantially more than the amounts required by the Group and have therefore used an estimate of the maximum credit lines required by the Group as a basis for determining the deemed investment in subsidiaries arising from the corporate guarantees.

G. DIRECTORS' REMUNERATION

Save as disclosed in the Financial Information, no other remuneration has been paid or is payable to the Company's directors by the Company or any of its subsidiaries during the Track Record Period.

H. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies of the Group subsequent to 30 June 2011.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this document received from BMI Appraisals Limited, an independent valuer, in connection with its valuations as at 30 September 2011 of the properties held by the Group in Hong Kong, the PRC and Switzerland, and the properties leased by the Group in Hong Kong, the PRC, Macau, Singapore, India, Romania and France.

BMI APPRAISALS

BMI Appraisals Limited 中和邦盟評估有限公司

33/F., Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong
香港灣仔港灣道6-8號瑞安中心33樓
Tel電話：(852) 2802 2191 Fax傳真：(852) 2802 0863
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9 December 2011

Techcomp (Holdings) Limited
6th Floor, Mita Centre
552–566 Castle Peak Road
Kwai Chung
Hong Kong

Dear Sirs,

INSTRUCTIONS

We refer to the instructions from Techcomp (Holdings) Limited (the "Company") for us to value the properties held by the Company and/or its subsidiaries (together referred to as the "Group") located in Hong Kong, the People's Republic of China (the "PRC") and Switzerland and the properties leased by the Group located in Hong Kong, the PRC, Macau, Singapore, India, Romania and France. We confirm that we have performed inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of such properties as at 30 September 2011 (the "date of valuation").

BASIS OF VALUATION

Our valuations of the concerned properties represent the market value, which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

PROPERTY CATEGORIZATION

In the course of our valuations, the portfolio of properties of the Group is categorized into the following groups:

Group I	—	Property held by the Group for owner-occupation in Hong Kong
Group II	—	Properties held by the Group for owner-occupation in the PRC
Group III	—	Property held by the Group for owner-occupation in Switzerland
Group IV	—	Property leased by the Group in Hong Kong
Group V	—	Properties leased by the Group in the PRC
Group VI	—	Property leased by the Group in Macau
Group VII	—	Property leased by the Group in Singapore
Group VIII	—	Properties leased by the Group in India
Group IX	—	Property leased by the Group in Romania
Group X	—	Properties leased by the Group in France

VALUATION METHODOLOGY

For the properties in Group I to Group III held by the Group in Hong Kong, the PRC and Switzerland, we have valued them on market basis by the Comparison Approach assuming sale in their existing states with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market. Appropriate adjustments have then been made to account for the differences between the properties and the comparables in terms of floor level, location, size, time and other relevant factors.

For the properties in Group IV to Group X leased by the Group in Hong Kong, the PRC, Macau, Singapore, India, Romania and France, we are of the opinion that they have no commercial value either because of the prohibitions against assignment and/or subletting contained in the respective tenancy agreements or the lack of marketable and/or substantial profit rents.

TITLE INVESTIGATION

For the property located in Hong Kong, we have caused land search to be made at the Land Registry and have been provided with copies of title document. We have been advised by the Company that no further relevant documents have been produced. However, we have neither examined the original documents to verify ownership nor to ascertain the existence of any amendments, which do not appear on the copies handed to us. All documents have been used for reference only.

For the properties held by the Group located in the PRC and Switzerland, we have been provided with copies of title documents. Where possible, we have examined the original documents to verify ownership or to ascertain the existence of any amendment documents. In the course of our valuations of properties in the PRC, we have also relied upon the advice and information given by the Group's PRC legal adviser — Shu Jin Law Firm (廣東信達律師事務所) regarding the titles of the properties. All documents have been used for reference only.

In valuing the interests in the properties leased by the Group, we have been provided with copies of the tenancy agreements relating to the properties located in Hong Kong, the PRC, Macau, Singapore, India, Romania and France. However, we have not searched the titles of the properties and have not scrutinized the original documents to verify ownership or to ascertain the existence of any amendment documents, which may not appear on the copies handed to us. All documents have been used for reference only.

VALUATION ASSUMPTIONS

Our valuations have been made on the assumption that the properties are sold in the market in their existing states without the benefit of deferred term contract, leaseback, joint venture, management agreement or any other similar arrangement which could serve to affect the values of the properties. In addition, no account has been taken of any option or right of pre-emption concerning or effecting sale of the properties and no forced sale situation in any manner is assumed in our valuations.

In valuing the properties held by the Group in the PRC, we have relied on the advice given by the Group's PRC Legal Advisers that the Group has valid and enforceable title to the properties which are freely transferable, and has free and uninterrupted right to use the same, for the whole of the unexpired term granted subject to the payment of annual government rent/land use fees and all requisite land premium/purchase consideration payable have been fully settled.

VALUATION CONSIDERATIONS

We have inspected the exterior and, wherever possible, the interior of the properties. During the course of our inspections, we did not note any serious defects. However, no structural surveys have been made nor have any tests been carried out on any of the services provided in the properties. We are, therefore, unable to report that the properties are free from rot, infestation or any other structural defects.

In the course of our valuations, we have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenures, particulars of occupancy, site/floor areas, identification of the properties and other relevant information.

We have not carried out detailed measurements to verify the correctness of the site/floor areas in respect of the properties but have assumed that the site/floor areas shown on the title documents and official site plans handed to us are correct. All dimensions,

measurements and areas included in the valuation certificates are based on information contained in the documents and contracts provided to us by the Group and are therefore only approximations. No on-site measurement has been taken.

We have no reason to doubt the truth and accuracy of the information provided to us by the Group and we have relied on the Group's confirmation that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

No allowances have been made in our report for any charge, mortgage or amount owing on any of the properties nor for any expenses or taxation, which may be incurred in effecting a sale or purchase. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

Our valuations have been prepared in accordance with the HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors.

Our valuations have been prepared under the generally accepted valuation procedures and are in compliance with the requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

REMARKS

Unless otherwise stated, all monetary figures stated in this report are in Hong Kong Dollars (HK$) and no allowances have been made for any exchange transfers. The exchange rates adopted are the average rate as at the date of valuation being HK$1 = RMB0.81998 and HK$1 = CHF0.11630. There has been no significant fluctuation in the exchange rates between that date and the date of this letter.

Our Summary of Values and the Valuation Certificates are attached herewith.

Yours faithfully,
For and on behalf of
BMI APPRAISALS LIMITED

Dr. Tony C.H. Cheng
BSc., MUD, MBA(Finance), MSc.(Eng), PhD(Econ), MHKIS, MCIArb, AFA, SIFM, FCIM, MASCE, CPA UK, MIET, MIEEE, MASME, MIIE
Managing Director

Joannau W.F. Chan
BSc., MSc., MRICS, MHKIS, RPS(GP)
Senior Director

Notes:

Dr. Tony C. H. Cheng is a member of the Hong Kong Institute of Surveyors (General Practice) who has over 18 years' experience in valuations of properties in Hong Kong, the PRC and Macau and over 11 years' experience in valuations of properties in India as well as other Asia-Pacific and European regions.

Ms. Joannau W.F. Chan is a member of the Hong Kong Institute of Surveyors (General Practice) who has over 18 years' experience in valuations of properties in Hong Kong, over 12 years' experience in valuations of properties in the PRC and Macau, over 7 years' experience in valuations of properties in Singapore and over 5 years' experience in valuations of properties in other Asia-Pacific and European regions.

SUMMARY OF VALUES

No.	Property	Market Value in existing state as at 30 September 2011 *HK$*	Interest attributable to the Group	Value attributable to the Group as at 30 September 2011 *HK$*
Group I — Property held by the Group for owner-occupation in Hong Kong				
1.	6/F, Mita Center, 552–566 Castle Peak Road, Kwai Chung, New Territories, Hong Kong	42,500,000	100%	42,500,000
	Sub-total:	**42,500,000**		**42,500,000**
Group II — Properties held by the Group for owner-occupation in the PRC				
2.	Rooms 901–902 on 9/F, No. 190 Caoxi Road, Xuhui District, Shanghai, the PRC 中國 上海市 徐滙區漕溪路 190號 901–902室	No Commercial Value	N/A	Nil
3.	Block 16, No. 201 Minyi Road, Songjiang District, Shanghai, the PRC 中國 上海市松江區 民益路201號 16幢	52,560,000	100%	52,560,000
	Sub-total:	**52,560,000**		**52,560,000**

No.	Property	Market Value in existing state as at 30 September 2011 *HK$*	Interest attributable to the Group	Value attributable to the Group as at 30 September 2011 *HK$*
Group III — Property held by the Group for owner-occupation in Switzerland				
4.	A factory building with office located at Moosmattstrasse 32, 8953 Dietikon, Switzerland	36,100,000	100%	36,100,000
	Sub-total:	**36,100,000**		**36,100,000**
Group IV — Property leased by the Group in Hong Kong				
5.	Flat B on 15/F, Tower 3, New Haven, 363 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong	No Commercial Value	N/A	Nil
	Sub-total:	**Nil**		**Nil**
Group V — Properties leased by the Group in the PRC				
6.	A portion of Block 1, No. 41 Gulou Main Street West, Xicheng District, Beijing, the PRC 中國 北京市西城區 鼓樓西大街41號 1幢之一部份	No Commercial Value	N/A	Nil

No.	Property	Market Value in existing state as at 30 September 2011 *HK$*	Interest attributable to the Group	Value attributable to the Group as at 30 September 2011 *HK$*
7.	Room 1008 on 10/F, Bolian Building, No. 155 Weijin Road, Heping District, Tianjin, the PRC 中國 天津市和平區 衛津路155號 博聯大廈10層1008室	No Commercial Value	N/A	Nil
8.	Room 503 on 5/F, Block A, Development Building, No. 3218 Erhuan Road East, Lieheng District, Jinan City, Shandong Province, the PRC 中國 山東省濟南市 歷城區二環東路3218號 發展大廈A座503室	No Commercial Value	Nil	Nil
9.	Room 1502 on 15/F, Shenyang Tian Wen Building, No. 5 Bei Er Road Central, Tiexi District, Shenyang City, Liaoning Province, the PRC 中國 遼寧省沈陽市 鐵西區 北二中路5號 沈陽天文大廈15層1502室	No Commercial Value	N/A	Nil

No.	Property	Market Value in existing state as at 30 September 2011 *HK$*	Interest attributable to the Group	Value attributable to the Group as at 30 September 2011 *HK$*
10.	Rooms 702–704 on 7/F, Chunhui Building, No. 24 Tangshan Street, Xigang District, Dalian City, Liaoning Province, the PRC 中國 遼寧省大連市 西崗區唐山街24號 春暉大廈第七層 702–704室	No Commercial Value	N/A	Nil
11.	Zone C2 on 13/F, Oriental Building, No. 98 East Street, Gu Lou District, Fuzhou City, Fujian Province, the PRC 中國 福建省福州市 鼓樓區東街98號 東方大廈13層C2區	No Commercial Value	N/A	Nil
12.	Rooms 506–507 on 5/F, Century Building, No. 233 Zhongbei Road, Wuchang District, Wuhan City, Hubei Province, the PRC 中國 湖北省武漢市 武昌區中北路233號 世紀大廈506–507室	No Commercial Value	N/A	Nil

No.	Property	Market Value in existing state as at 30 September 2011 *HK$*	Interest attributable to the Group	Value attributable to the Group as at 30 September 2011 *HK$*
13.	Room 18D on 18/F, No. 109 Sport Road West, Tianhe District, Guangzhou City, Guangdong Province, the PRC 中國 廣東省廣州市 天河區體育西路109號18D室	No Commercial Value	N/A	Nil
14.	Room 1712 on 17/F, Anhui Building, No. 6007 Shennan Avenue, Futian District, Shenzhen City, Guangdong Province, the PRC 中國 廣東省深圳市 福田區深南大道6007號 安徽大廈1712室	No Commercial Value	N/A	Nil
15.	15/F, Zong Xan Jun Yuan, No. 64 Kehua Road North, Wuhou District, Chengdu City, Sichuan Province, the PRC 中國 四川省成都市 武侯區科華北路64號 棕南俊園15樓	No Commercial Value	N/A	Nil

No.	Property	Market Value in existing state as at 30 September 2011 *HK$*	Interest attributable to the Group	Value attributable to the Group as at 30 September 2011 *HK$*
16.	Room 305, 3/F, Qiye Fuhua Base, Wuhou New and High Technology Chuangye Center, 33 Wu Qing Road South, Wuhou District, Chengdu City, Sichuan Province, the PRC 中國 四川省成都市 武侯區武青南路33號 武侯高新技術創業中心 孵化樓3層305室	No Commercial Value	N/A	Nil
17.	Room 06 on 10/F, Daxiyang International Building, No. 2 Keyuan First Road, Gaoxin District, Chongqing, the PRC 中國 重慶市高新區 科園一路2號 大西洋國際大廈10層06室	No Commercial Value	N/A	Nil
18.	Room 207 on 3/F, Xin Xing Han Yuan, No. 6 Youyi Road East, Beilin District, Xian City, Shaanxi Province, the PRC 中國 陝西省西安市 碑林區友誼東路6號 新興翰園三層207室	No Commercial Value	N/A	Nil

No.	Property	Market Value in existing state as at 30 September 2011 *HK$*	Interest attributable to the Group	Value attributable to the Group as at 30 September 2011 *HK$*
19.	Room 8D on 8/F, Block A, Jin Se Jia Yuan, Yizhichuan Street North, Lanzhou City, Gansu Province, the PRC 中國 甘肅省蘭州市 一只船北街 金色家園A幢8D室	No Commercial Value	N/A	Nil
20.	Room 3005 on 3/F, No. 284 Dongjiang Avenue, Free Trade Zone, Guangzhou City, Guangdong Province, the PRC 中國 廣東省廣州市 保稅區東江大道284號3005室	No Commercial Value	N/A	Nil
21.	Block 5 of Shanghai Pudong Power Cable Factory, No. 227 Minqiang Road, Xinqiao Town, Songjiang District, Shanghai, the PRC 中國 上海市松江區 新橋鎮民強路227號 上海浦通電纜廠5幢	No Commercial Value	N/A	Nil

No.	Property	Market Value in existing state as at 30 September 2011 *HK$*	Interest attributable to the Group	Value attributable to the Group as at 30 September 2011 *HK$*
22.	Block 3 of Shanghai Pudong Power Cable Factory, No. 227 Minqiang Road, Xinqiao Town, Songjiang District, Shanghai, the PRC 中國 上海市松江區 新橋鎮民強路227號 上海浦通電纜廠3棟	No Commercial Value	N/A	Nil
23.	Rooms 1001–02 on 10/F, Block A, Science and Technology Building, No. 705 Yishan Road, Xuhui District, Shanghai, the PRC 中國 上海市徐滙區 宜山路705號 科技大廈A座1001室	No Commercial Value	N/A	Nil
24.	Room 1915 on 19/F, International Trade Building, No. 118 Xinling Road, Waigao Bridge Free Trade Zone, Shanghai, the PRC 中國 上海市外高橋保税區 新靈路118號 國際商貿大廈19層1915室	No Commercial Value	N/A	Nil

No.	Property	Market Value in existing state as at 30 September 2011 *HK$*	Interest attributable to the Group	Value attributable to the Group as at 30 September 2011 *HK$*
25.	Room 612 on 6/F, No. 70 Rongle Road West Lane 266, Songjiang District, Shanghai, the PRC 中國 上海市松江區 榮樂西路266弄70號612室	No Commercial Value	N/A	Nil
26.	Room 1002 on 10/F, Entrance 7, No. 5 of Dou Ban Hu Tong, Dongcheng District, Beijing, the PRC 中國 北京市東城區 豆瓣胡同5號 7單元1002室	No Commercial Value	N/A	Nil
27.	Room 503 of Entrance 8, Block 3, 1 Bing Jiao Kou Path, Xi Cheng District, Beijing, the PRC 中國 北京市西城區 冰窖口胡同1號3號樓 8單元503室	No Commercial Value	N/A	Nil

No.	Property	Market Value in existing state as at 30 September 2011 *HK$*	Interest attributable to the Group	Value attributable to the Group as at 30 September 2011 *HK$*
28.	Room 620-2 on 6/F, Jin Mei Building, No. 88 Hai Bin 8th Road, Tian Jin Gang Free Trade Zone, Shanghai, the PRC 中國 上海市天津港保稅區 海濱8路88號金美大廈6層 620–2室	No Commercial Value	N/A	Nil
29.	Room 1020-1 on 10/F, Jin Mei Building, No. 88 Hai Bin 8th Road, Tian Jin Gang Free Trade Zone, Shanghai, the PRC 中國 上海市天津港保稅區 海濱8路88號金美大廈 10層1020–1室	No Commercial Value	N/A	Nil
30.	Room 201 of Block 17, No. 201 Minyi Road, Caohejing Development Zone New Economic Park, Shanghai, The PRC 中國 上海市漕河涇開發區 新經濟園民益路201號17幢 201室	No Commercial Value	N/A	Nil
	Sub-total:	**Nil**		**Nil**

No.	Property	Market Value in existing state as at 30 September 2011 *HK$*	Interest attributable to the Group	Value attributable to the Group as at 30 September 2011 *HK$*
Group VI — Property leased by the Group in Macau				
31.	Flat F on 7/F, Centro Financeiro, Nos. 230-246 Rua De Pequim, Macau	No Commercial Value	N/A	Nil
	Sub-total:	**Nil**		**Nil**
Group VII — Property leased by the Group in Singapore				
32.	Units #0905 and #0906 on 9/F, 2 International Business Park, The Strategy, Singapore 609930	No Commercial Value	N/A	Nil
	Sub-total:	**Nil**		**Nil**
Group VIII — Properties leased by the Group in India				
33.	Office No. 1004 on 10/F, Pearl Best Height — I, Netaji Subhash Place, Pitampura, Delhi — 110034, India	No Commercial Value	N/A	Nil
34.	Office No. 1005 on 10/F, Pearl Best Height — I, Netaji Subhash Place, Pitampura, Delhi — 110034, India	No Commercial Value	N/A	Nil

No.	Property	Market Value in existing state as at 30 September 2011 *HK$*	Interest attributable to the Group	Value attributable to the Group as at 30 September 2011 *HK$*
35.	Rooms 709–710, Roots Tower, Laxmi Nagar District Centre, Delhi — 110092, India	No Commercial Value	N/A	Nil
	Sub-total:	**Nil**		**Nil**
Group IX — Property leased by the Group in Romania				
36.	No. 1A, Podu Brosteni, Costesti Town, Arges County, Romania	No Commercial Value	N/A	Nil
	Sub-total:	**Nil**		**Nil**
Group X — Properties leased by the Group in France				
37.	8 Boulevard Monge, 69330 Meyzieu, France	No Commercial Value	N/A	Nil
38.	ZA des Lats, Chemin des Lats, 69510 Messimy, France	No Commercial Value	N/A	Nil
39.	35 Boulevard de Beaubourg, 77184 Emerainville, France	No Commercial Value	N/A	Nil
	Sub-total:	**Nil**		**Nil**
	Total:	**131,160,000**		**131,160,000**

VALUATION CERTIFICATE

Group I — Property held by the Group for owner-occupation in Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*
1.	6/F, Mita Center, 552–566 Castle Peak Road, Kwai Chung, New Territories, Hong Kong 307/4, 850th equal and undivided shares of and in Kwai Chung Town Lot No. 364	The property comprises 12 industrial units on the 6th Floor of a 17-storey industrial building which was completed in 1983. The total gross floor area of the property is approximately 27,370 sq.ft. (or about 2,542.7 sq.m.) whereas the saleable area of the property is approximately 22,705 sq.ft. (or about 2,109.3 sq.m.). The property is held under New Grant No. 5527 for a term of 99 years commencing on 1 July 1898, which is renewed for a further term of 50 years expired on 30 June 2047.	The property is occupied by the Group for industrial use.	42,500,000 (100% interest attributable to the Group: 42,500,000)

Notes:

1. The registered owner of the property is Techcomp Limited vide Memorial No. TW1603388 dated 4 October 2004.

2. The property is subject to a Legal Charge/Mortgage in favour of Standard Chartered Bank (Hong Kong) Limited vide Memorial No. TW1618645 dated 30 December 2004.

3. Techcomp Limited is an indirect wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

Group II — Property held by the Group for owner-occupation in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*
2.	Rooms 901–902 on 9/F, No. 190 Caoxi Road, Xuhui District, Shanghai, the PRC 中國 上海市徐滙區 漕溪路190號 901–902室	The property comprises 2 office units on the 9th floor of a 12-storey office building plus a basement completed in about 1993. The total gross floor area ("GFA") of the property is approximately 647.22 sq.m. (or about 6,967 sq.ft.). The GFA of each unit is tabulated as below: **Unit** — **GFA** *sq.m.* 901 — 368.88 902 — 278.34 **Total: 647.22** The land use rights of the property have been allocated for office use.	The property is occupied by the Group for office use.	No Commercial Value

Notes: -

1. Pursuant to a Shanghai Certificate of Real Estate Ownership (上海市房地產權證), Hu Fang Di Xu Zi (2008) Di No. 12634 (滬房地徐字(2008)第12634號), issued by Shanghai Housing and Land Resources Administration Bureau (上海市房屋土地資源管理局) dated 24 June 2008, the land use rights of the property with a site area of 130.7 sq.m. have been allocated to Shanghai Techcomp Instrument Ltd. ("Shanghai Techcomp Instrument") for office use.

2. In the course of our valuation, we have attributed no commercial value to the property as the nature of land use rights of the property is allocated land and the property cannot be freely transferred, lease, mortgaged or disposed of in the market.

3. The opinion given by the PRC legal adviser - Shu Jin Law Firm (廣東信達律師事務所) contains, inter alia, the following:

   a. The land use rights of the property is allocated land. The land use rights together with the buildings erected thereon should be transferred, leased, mortgaged and granted with the prior approval from the government land management department and payment of land premium; and

   b. The property is not subject to any encumbrances.

4. Shanghai Techcomp Instrument is an indirect wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*
3.	Block 16, No. 201 Minyi Road, Songjiang District, Shanghai, the PRC 中國 上海市松江區 民益路201號16幢	The property comprises a land parcel with a site area of approximately 88,077 sq.m. (or about 948,061 sq.ft.) and a 5-storey industrial building erected thereon which was completed in about 2005. The total gross floor area ("GFA") of the property is approximately 10,256.69 sq.m. (or about 110,403 sq.ft.).The GFA of each floor are tabulated as below:	The property is occupied by the Group for manufacturing use.	52,560,000 (100% interest attributable to the Group: 52,560,000)

Floor level	GFA *sq.m.*
1st Floor	2,192.18
2nd Floor	2,214.83
3rd Floor	2,214.83
4th Floor	2,214.83
5th Floor	1,420.02
Total:	**10,256.69**

The land use rights of the property have been granted for a term commencing on 3 February 1997 and expiring on 28 August 2044 for industrial use.

Notes:

1. Pursuant to a Sale and Purchase Agreement entered into between Shanghai Caohejing Development Zone New Economic Park Development Company Limited (上海漕河涇開發區新經濟園發展有限公司) and Shanghai Techcomp Bio-Equipment Limited ("Shanghai Techcomp Bio-Equipment") dated 28 July 2006, the former agreed to transfer to the latter the 1st and 2nd floors of the property with a total GFA of approximately 4,407.01 sq.m. at a consideration of RMB12,427,768.

2. Pursuant to a Sale and Purchase Agreement entered into between Shanghai Caohejing Development Zone New Economic Park Development Company Limited (上海漕河涇開發區新經濟園發展有限公司) and Shanghai Techcomp Instrument Ltd. ("Shanghai Techcomp Instrument") dated 2 April 2007, the former agreed to transfer to the latter the 3rd to 5th floors of the property with a total GFA of approximately 5,849.68 sq.m. at a consideration of RMB16,496,098.

3. Pursuant to a Shanghai Certificate of Real Estate Ownership (上海市房地產權證), Hu Fang Di Song Zi (2006) Di No. 24672 (滬房地松字(2006)第24672號), issued by Shanghai Housing and Land Resources Administration Bureau (上海市房屋土地資源管理局) dated 18 September 2006, the land use rights and the building ownership rights of the 1st and 2nd floors of the property with a total GFA of approximately 4,407.01 sq.m. are legally vested in Shanghai Techcomp Bio-Equipment for a term expiring on 28 August 2044.

4. Pursuant to a Shanghai Certificate of Real Estate Ownership (上海市房地產權證), Hu Fang Di Song Zi (2007) Di No. 16516 (滬房地松字(2007)第16516號), issued by Shanghai Housing and Land Resources Administration Bureau (上海市房屋土地資源管理局) adapted 18 June 2007, the land use rights and the building ownership rights of the 3rd to 5th floors of the property with a total GFA of approximately 5,849.68 sq.m. are legally vested in Shanghai Techcomp Instrument for a term expiring on 28 August 2044.

5. The opinion given by the PRC legal adviser — Shu Jin Law Firm (廣東信達律師事務所) contains, inter alia, the following:

   a. The land use rights and building ownership rights of the property are legally vested in Shanghai Techcomp Bio-Equipment and Shanghai Techcomp Instrument;

   b. Within the term specified in the Shanghai Certificates of Real Estate Ownership, Shanghai Techcomp Bio-Equipment and Shanghai Techcomp Instrument are legally entitled to transfer, lease, and mortgage the property without further approval and authorization from the government authority or payment of land premium;

   c. The land premium has been fully settled; and

   d. The property is not subject to any encumbrances.

6. Shanghai Techcomp Bio-Equipment and Shanghai Techcomp Instrument are both indirect wholly-owned subsidiaries of the Company.

VALUATION CERTIFICATE

Group III — Property held by the Group for owner-occupation in Switzerland

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*
4.	A factory building with office located at Moosmattstrasse 32, 8953 Dietikon, Switzerland	The property comprises a detached 5-storey composite building (plus a basement level) which was completed in about 1992. The gross floor area ("GFA") of the property is approximately 3,800 sq.m. (or about 40,903 sq.ft.). The GFA of each storey are tabulated as below: **Floor Level** — **GFA** *sq.m.* Underground — 185 Ground Floor — 1,010 1st Floor — 350 2nd Floor — 1,115 3rd Floor — 570 4th Floor — 570 **Total: 3,800** The land use rights of the property are held under freehold interest for industrial use. The annual ground rent for the building of the property expiring on 26 January 2050 is CHF 23,667.	The property is occupied by the Group for office and production uses.	36,100,000 (100% interest attributable to the Group: 36,100,000)

Notes:

1. Pursuant to a Sale and Purchase Contract entered into between Personalvorsorgestiftung der Precisa instruments AG and Precisa Real Estate AG dated 24 November 2010, the former agreed to transfer the property to the latter at a consideration of CHF4,304,000.

2. The registered owner of the property is Precisa Real Estate AG according to a registration record in Land Registry Dietikon dated 7 December 2010.

3. Precisa Real Estate AG is an indirect wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

Group IV — Property leased by the Group in Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*
5.	Flat B on 15/F, Tower 3, New Haven, 363 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong	The property comprises a residential unit on the 15th floor of a 37-storey residential building completed in 2002. The gross floor area of the property is approximately 693 sq.ft. (or about 64.4 sq.m.) whereas the saleable area of the property is approximately 530 sq.ft. (or about 49.2 sq.m.). Pursuant to a tenancy agreement entered into between an independent third party and Techcomp Limited dated 3 August 2010, the property is leased to Techcomp Limited for residential use for a term of 2 years commencing on 9 August 2010 and expiring on 8 August 2012 at a monthly rent of HK$11,000 inclusive of Rates, Government Rents and management fees.	The property is occupied by the Group for residential use.	No Commercial Value

Note:

Pursuant to the aforesaid tenancy agreement, the tenant of the property is Techcomp Limited, which is an indirect wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

Group V — Property leased by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*
6.	A portion of Block 1, No. 41 Gulou Main Street West, Xicheng District, Beijing, the PRC 中國 北京市西城區 鼓樓西大街41號 1幢之一部份	The property comprises an office unit within a 2-storey commercial building completed in about 1980. The gross floor area of the property is approximately 1,326 sq.m. (or about 14,273 sq.ft.). Pursuant to a tenancy agreement entered into between an independent third party and Techcomp (China) Co., Ltd. ("Techcomp China") dated 8 October 2010, the property is leased to Techcomp China for office use for a term of 2 years commencing on 1 November 2010 at an annual rent of RMB938,000 exclusive of water and electricity charges.	The property is occupied by the Group for office use.	No Commercial Value

Notes:

1. Pursuant to the aforesaid tenancy agreement, the tenant of the property is Techcomp China, which is an indirect wholly-owned subsidiary of the Company.

2. The opinion given by the PRC legal adviser — Shu Jin Law Firm (廣東信達律師事務所) contains, *inter alia*, the following:

   a. Since the land use rights of the property is allocated land, the lessor should be legally entitled to lease the property with the prior approval from the government land management department;

   b. Techcomp China is legally entitled to use the property under the tenancy agreement;

   c. The tenancy agreement has not been registered. However, the non-registration of the agreement will not affect its validity and the use of the property by Techcomp China; and

   d. The tenancy agreement is legally valid and binding between the contracting parties.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*
7.	Room 1008 on 10/F, Bolian Building, No. 155 Weijin Road, Heping District, Tianjin, the PRC 中國 天津市和平區 衛津路155號 博聯大廈10層1008室	The property comprises an office unit on the 10th floor of an 18-storey office building completed in about 2001. The gross floor area of the property is approximately 90 sq.m. (or about 969 sq.ft.). Pursuant to a tenancy agreement entered into between an independent third party and Techcomp (China) Co., Ltd. ("Techcomp China") dated 21 September 2011, the property is leased to Techcomp China for office use for a term of 1 year commencing on 1 October 2011 and expiring on 30 September 2012 at a monthly rent of RMB6,023 exclusive of electricity, car parking, telephone and internet fee and other outgoings.	The property is occupied by the Group for office use.	No Commercial Value

Notes:

1. Pursuant to the aforesaid tenancy agreement, the tenant of the property is Techcomp China, which is an indirect wholly-owned subsidiary of the Company.

2. The opinion given by the PRC legal adviser — Shu Jin Law Firm (廣東信達律師事務所) contains, *inter alia*, the following:

   a. The title of the property is legally vested in the lessor and the lessor is entitled to lease the property;

   b. Techcomp China is legally entitled to use the property under the tenancy agreement. However, the tenancy right may be affected since the existing use of the property is not compliance with its designed use; and

   c. The tenancy agreement has not been registered. However, the non-registration of the agreement will not affect its validity and the use of the property by Techcomp China.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*
8.	Room 503 on 5/F, Block A, Development Building, No. 3218 Erhuan Road East, Lieheng District, Jinan City, Shandong Province, the PRC 中國 山東省濟南市 歷城區二環東路 3218號 發展大廈A座503室	The property comprise an office unit on the 5th floor of a 19-storey office building completed in about 2004. The gross floor area of the property is approximately 122.56 sq.m. (or about 1,319 sq.ft.). Pursuant to a tenancy agreement entered into between an independent third party and Techcomp (China) Co., Ltd. Jinan Branch ("Techcomp China") dated 14 February 2011, the property is leased to Techcomp China for office use for a term commencing on 1 March 2011 and expiring on 30 September 2012 at a monthly rent of RMB60,475.1 inclusive of management fee and exclusive of water, electricity, gas, telephone, cable TV, and air conditioning fees.	The property is occupied by the Group for office use.	No Commercial Value

Notes:

1. Pursuant to the aforesaid tenancy agreement, the tenant of the property is Techcomp China, which is an indirect wholly-owned subsidiary of the Company.

2. The opinion given by the PRC legal adviser — Shu Jin Law Firm (廣東信達律師事務所) contains, *inter alia*, the following:

   a. The title of the property is legally vested in the lessor and the lessor is entitled to lease the property;

   b. Techcomp China is legally entitled to use the property under the tenancy agreement; and

   c. The tenancy agreement has not been registered. However, the non-registration of the agreement will not affect its validity and the use of the property by Techcomp China.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*
9.	Room 1502 on 15/F, Shenyang Tian Wen Building, No. 5 Bei Er Road Central, Shenyang City, Liaoning Province, the PRC 中國 遼寧省沈陽市 鐵西區 北二中路5號 沈陽天文大廈 15層1502室	The property comprises an office unit on the 15th floor of a 21-storey office building completed in about 2010. The gross floor area of the property is approximately 307 sq.m. (or about 3,305 sq.ft.). Pursuant to a tenancy agreement and its supplementary agreement entered into between an independent third party and Techcomp (China) Co., Ltd. ("Techcomp China") dated 3 March 2011, the property is leased to Techcomp China for a term of 3 years commencing on 10 May 2011 and expiring on 9 May 2014 at an annual rent of RMB201,444 inclusive of heating and management fees.	The property is occupied by the Group for office use.	No Commercial Value

Notes:

1. Pursuant to the aforesaid tenancy agreement, the tenant of the property is Techcomp China, which is an indirect wholly-owned subsidiary of the Company.

2. The opinion given by the PRC legal adviser — Shu Jin Law Firm (廣東信達律師事務所) contains, *inter alia*, the following:

   a. The title of the property is legally vested in the lessor and the lessor is entitled to lease the property;

   b. Techcomp China is legally entitled to use the property under the tenancy agreement; and

   c. The tenancy agreement has been registered.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*
10.	Rooms 702–704 on 7/F, Chunhui Building, No. 24 Tangshan Street, Xigang District, Dalian City, Liaoning Province, the PRC 中國 遼寧省大連市西崗區 唐山街24號 春暉大廈第七層 702–704	The property comprises 3 office units on the 7th floor of a 12-storey office building completed in about 1996. The total gross floor area of the property is approximately 61.2 sq.m. (or about 659 sq.ft.). Pursuant to a tenancy agreement entered into between an independent third party and Techcomp (China) Co., Ltd. Dalian Branch ("Techcomp China") dated 1 December 2010, the property is leased to Techcomp China for office use for a term of 1 year commencing on 16 December 2010 and expiring on 15 December 2011 at an annual rent of RMB28,500 inclusive of water, heating and management fees.	The property is occupied by the Group for office use.	No Commercial Value

Notes:

1. Pursuant to the aforesaid tenancy agreement, the tenant of the property is Techcomp China, which is an indirect wholly-owned subsidiary of the Company.

2. The opinion given by the PRC legal adviser — Shu Jin Law Firm (廣東信達律師事務所) contains, *inter alia*, the following:

   a. The title of the property is legally vested in the lessor and the lessor is entitled to lease the property;

   b. Techcomp China is legally entitled to use the property under the tenancy agreement; and

   c. The tenancy agreement has not been registered. However, the non-registration of the agreement will not affect its validity and the use of the property by Techcomp China.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*
11.	Zone C2 on 13/F, Oriental Building, No. 98 East Street, Gu Lou District, Fuzhou City, Fujian Province, the PRC 中國 福建省福州市 鼓樓區東街98號 東方大廈13層C2區	The property comprise an office unit on the 13th floor of a 13-storey office building completed in about 1993. The gross floor area of the property is approximately 84 sq.m. (or about 904 sq.ft.). Pursuant to a tenancy agreement entered into between an independent third party and Techcomp (China) Co., Ltd. Fuzhou Branch ("Techcomp China") dated 13 May 2011, the property is leased to Techcomp China for office use for a term of 1 year commencing on 1 June 2011 and expiring on 31 May 2012 at a monthly rent of RMB5,880 exclusive of water, electricity, air conditioning and management fees.	The property is occupied by the Group for office use.	No Commercial Value

Notes:

1. Pursuant to the aforesaid tenancy agreement, the tenant of the property is Techcomp China, which is an indirect wholly-owned subsidiary of the Company.

2. The opinion given by the PRC legal adviser — Shu Jin Law Firm (廣東信達律師事務所) contains, *inter alia*, the following:

   a. The lessor is not the owner of the property but is authorized to lease the property on behalf of the owner pursuant to an authorization letter dated 8 April 2010;

   b. Techcomp China is legally entitled to use the property under the tenancy agreement; and

   c. The tenancy agreement has not been registered. However, the non-registration of the agreement will not affect its validity and the use of the property by Techcomp China.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*
12.	Rooms 506–507 on 5/F, Century Building, No. 233 Zhongbei Road, Wuchang District, Wuhan City, Hubei Province, the PRC 中國 湖北省武漢市 武昌區中北路233號 世紀大廈506–507室	The property comprise 2 office unit on the 5th floor of a 25-storey office building completed in about 2010. The total gross floor area of the property is approximately 174.14 sq.m. (or about 1,874 sq.ft.). Pursuant to a tenancy agreement entered into between an independent third party and Techcomp (China) Co., Ltd. Wuhan Branch ("Techcomp China") dated 1 August 2011, the property is leased to Techcomp China for office use for a term of 1 year commencing on 1 August 2011 and expiring on 31 July 2012 at a monthly rent of RMB7,500 exclusive of water, electricity, gas, telephone, car parking and management fees.	The property is occupied by the Group for office use.	No Commercial Value

Notes:

1. Pursuant to the aforesaid tenancy agreement, the tenant of the property is Techcomp China, which is an indirect wholly-owned subsidiary of the Company.

2. The opinion given by the PRC legal adviser — Shu Jin Law Firm (廣東信達律師事務所) contains, *inter alia*, the following:

   a. The relevant title certificates of the property have not been provided. It is unable to determine whether the property can be leased by the lessor and used by Techcomp China. There is a risk that the tenancy agreement might be terminated; and

   b. The tenancy agreement has not been registered. However, the non-registration of the agreement will not affect its validity and the use of the property by Techcomp China.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*
13.	Room 18D on 18/F, No. 109 Sport Road West, Tianhe District, Guangzhou City, Guangdong Province, the PRC 中國 廣東省廣州市 天河區 體育西路109號18D室	The property comprises an office unit on the 18th floor of a 23-storey office building completed in about 1996. The gross floor area of the property is approximately 265.46 sq.m. (or about 2,857 sq.ft.). Pursuant to a tenancy agreement entered into between an independent third party and Techcomp (China) Co., Ltd. Guangzhou Branch ("Techcomp China") dated 8 September 2009, the property is leased to Techcomp China for office use for a term commencing on 1 September 2009 and expiring on 31 December 2012. The monthly rent currently paid by the Group is RMB18,582.2.	The property is occupied by the Group for office use.	No Commercial Value

Notes:

1. Pursuant to the aforesaid tenancy agreement, the tenant of the property is Techcomp China, which is an indirect wholly-owned subsidiary of the Company.

2. The opinion given by the PRC legal adviser — Shu Jin Law Firm (廣東信達律師事務所) contains, *inter alia*, the following:

   a. The lessor is not the owner of the property but is authorized to lease the property on behalf of the owner pursuant to an authorization letter dated 20 August 2007;

   b. Techcomp China is legally entitled to use the property under the tenancy agreement; and

   c. The tenancy agreement has been registered.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*
14.	Room 1712 on 17/F, Anhui Building, No. 6007 Shennan Avenue, Futian District, Shenzhen City, Guangdong Province, the PRC 中國 廣東省深圳市 福田區 深南大道6007號 安徽大廈1712室	The property comprise an office unit on the 17th floor of a 31-storey office building completed in about 1999. The gross floor area of the property is approximately 52.13 sq.m. (or about 561 sq.ft.). Pursuant to a tenancy agreement entered into between an independent third party and Techcomp (China) Co., Ltd. Shenzhen Branch ("Techcomp China") dated 26 March 2010, the property is leased to Techcomp China for office use for a term of 1 year commencing on 5 March 2011 and expiring on 4 March 2012 at a monthly rent of RMB5,990 exclusive of water, electricity, sanitary and management fees.	The property is occupied by the Group for office use.	No Commercial Value

Notes:

1. Pursuant to the aforesaid tenancy agreement, the tenant of the property is Techcomp China, which is an indirect wholly-owned subsidiary of the Company.

2. The opinion given by the PRC legal adviser — Shu Jin Law Firm (廣東信達律師事務所) contains, *inter alia*, the following:

   a. The relevant title certificates of the property have not been provided. It is unable to determine whether the property can be leased by the lessor and used by Techcomp China. There is a risk that the tenancy agreement might be terminated; and

   b. The tenancy agreement has been registered.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*
15.	15/F, Zong Xan Jun Yuan, No. 64 Kehua Road North, Wuhou District, Chengdu City, Sichuan Province, the PRC 中國 四川省成都市 武侯區 科華北路64號 棕南俊園15樓	The property comprises the whole office area on 15th floor of a 15-storey office building completed in about 2003. The gross floor area of the property is approximately 180.1 sq.m. (or about 1,939 sq.ft.). Pursuant to a tenancy agreement and its supplementary agreement entered into between an independent third party and Techcomp (China) Co., Ltd. ("Techcomp China") dated 10 June 2008 and 23 June 2011 respectively, the property is leased to Techcomp China for office use for a term of 2 years commencing on 1 July 2011 and expiring on 30 June 2013 at a monthly rent of RMB6,800 exclusive of water, electricity, gas, optical fibre, telephone and management fees.	The property is occupied by the Group for office use.	No Commercial Value

Notes:

1. Pursuant to the aforesaid tenancy agreement, the tenant of the property is Techcomp China, which is an indirect wholly-owned subsidiary of the Company.

2. The opinion given by the PRC legal adviser — Shu Jin Law Firm (廣東信達律師事務所) contains, *inter alia*, the following:

   a. The title of the property is legally vested in the lessor and the lessor is entitled to lease the property;

   b. Techcomp China is legally entitled to use the property under the tenancy agreement. However, the tenancy right may be affected since the existing use of the property is not compliance with its designed use; and

   c. The tenancy agreement has not been registered. However, the non-registration of the agreement will not affect its validity and the use of the property by Techcomp China.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*
16.	Room 305, 3/F, Qiye Fuhua Base, Wuhou New and High Technology Chuangye Centre, 33 Wu Qing Road South, Wuhou District, Chengdu City, Sichuan Province, the PRC 中國 四川省成都市 武侯區 武青南路33號 武侯高新技術 創業中心 孵化樓3層305室	The property comprises an office unit on the 3rd floor of a 6-storey office building completed in about 2003. The gross floor area of the property is approximately 67.3 sq.m. (or about 724 sq.ft.). Pursuant to a tenancy agreement entered into between an independent third party and Techcomp (China) Co., Ltd. Chengdu Branch ("Techcomp China") dated 4 January 2011, the property is leased to Techcomp China for office use for a term of 1 year commencing on 4 January 2011 and expiring on 3 January 2012 at an annual rent of RMB12,921.6 exclusive of water, electricity and services fees.	The property is occupied by the Group for office use.	No Commercial Value

Notes:

1. Pursuant to the aforesaid tenancy agreement, the tenant of the property is Techcomp China, which is an indirect wholly-owned subsidiary of the Company.

2. The opinion given by the PRC legal adviser — Shu Jin Law Firm (廣東信達律師事務所) contains, *inter alia*, the following:

   a. The title of the property is legally vested in the lessor and the lessor is entitled to lease the property;

   b. Techcomp China is legally entitled to use the property under the tenancy agreement; and

   c. The tenancy agreement has not been registered. However, the non-registration of the agreement will not affect its validity and the use of the property by Techcomp China.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*
17.	Room 06 on 10/F, Daxiyang International Building, No. 2 Keyuan First Road, Gaoxin District, Chongqing, the PRC 中國 重慶市高新區 科園一路2號 大西洋國際大廈 10層06室	The property comprises an office unit on the 10th floor of a 39-storey office building completed in about 2003. The gross floor area of the property is approximately 91.15 sq.m. (or about 981 sq.ft.). Pursuant to a tenancy agreement entered into between an independent third party and Techcomp (China) Co., Ltd. Chongqing Branch ("Techcomp China") dated 5 January 2010, the property is leased to Techcomp China for office use for a term of 1 year commencing on 6 February 2011 and expiring on 5 February 2012 at a monthly rent of RMB3,828.3 exclusive of energy and management fees.	The property is occupied by the Group for office use.	No Commercial Value

Notes:

1. Pursuant to the aforesaid tenancy agreement, the tenant of the property is Techcomp China, which is an indirect wholly-owned subsidiary of the Company.

2. The opinion given by the PRC legal adviser — Shu Jin Law Firm (廣東信達律師事務所) contains, *inter alia*, the following:

   a. The title of the property is legally vested in the lessor and the lessor is entitled to lease the property;

   b. Techcomp China is legally entitled to use the property under the tenancy agreement. However, the tenancy right may be affected since the existing use of the property is not compliance with its designed use; and

   c. The tenancy agreement has not been registered. However, the non-registration of the agreement will not affect its validity and the use of the property by Techcomp China.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*
18.	Room 207 on 3/F, Xin Xing Han Yuan, No. 6 Youyi Road East, Beilin District, Xian City, Shaanxi Province, the PRC 中國陝西省西安市碑林區友誼東路6號新興翰園三層207室	The property comprises an office unit on the 2nd floor of a 2-storey office building completed in about 2003. The gross floor area of the property is approximately 171.62 sq.m. (or about 1,847 sq.ft.). Pursuant to a tenancy agreement entered into between an independent third party and Techcomp (China) Co., Ltd. Xian Branch ("Techcomp China") dated 5 January 2011, the property is leased to Techcomp China for office use for a term of 1 year commencing on 1 January 2011 and expiring on 31 December 2011 at a monthly rent of RMB5,664 exclusive of water, electricity, lift, air conditioning, heating, natural gas, telephone, cable TV, broadband, sanitary and management fees.	The property is occupied by the Group for office use.	No Commercial Value

Notes:

1. Pursuant to the aforesaid tenancy agreement, the tenant of the property is Techcomp China, which is an indirect wholly-owned subsidiary of the Company.

2. The opinion given by the PRC legal adviser — Shu Jin Law Firm (廣東信達律師事務所) contains, *inter alia*, the following:

   a. The lessor is not the owner of the property but is authorized to lease the property on behalf of the owner pursuant to an authorization letter;

   b. Techcomp China is legally entitled to use the property under the tenancy agreement; and

   c. The tenancy agreement has not been registered. However, the non-registration of the agreement will not affect its validity and the use of the property by Techcomp China.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*
19.	Room 8D on 8/F, Block A, Jin Se Jia Yuan, Yizhichuan Street North, Lanzhou City, Gansu Province, the PRC 中國甘肅省蘭州市一只船北街金色家園A幢8D室	The property comprises an office unit on the 8th floor of a 32-storey office building completed in about 2006. The gross floor area of the property is approximately 119.06 sq.m. (or about 1,282 sq.ft.). Pursuant to a tenancy agreement entered into between an independent third party and Techcomp (China) Co., Ltd. ("Techcomp China") dated 20 April 2010, the property is leased to Techcomp China for office use for a term of 2 years commencing on 24 May 2010 and expiring on 23 May 2012. The monthly rent currently paid by the Group is RMB3,000 exclusive of water, electricity, gas, telephone, cable TV, internet, sanitary, security and management fees.	The property is occupied by the Group for office use.	No Commercial Value

Notes:

1. Pursuant to the aforesaid tenancy agreement, the tenant of the property is Techcomp China, which is an indirect wholly-owned subsidiary of the Company.

2. The opinion given by the PRC legal adviser — Shu Jin Law Firm (廣東信達律師事務所) contains, *inter alia*, the following:

   a. The title of the property is legally vested in the lessor and the lessor is entitled to lease the property;

   b. Techcomp China is legally entitled to use the property under the tenancy agreement. However, the tenancy right may be affected since the existing use of the property is not compliance with its designed use; and

   c. The tenancy agreement has not been registered. However, the non-registration of the agreement will not affect its validity and the use of the property by Techcomp China.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*
20.	Room 3005 on 3/F, No. 284 Dongjiang Avenue, Free Trade Zone, Guangzhou City, Guangdong Province, the PRC 中國廣東省廣州市保税區東江大道284號3005室	The property comprises an office unit on the 3rd floor of an 8-storey office building completed in about 1993. The gross floor area of the property is approximately 40 sq.m. (or about 431 sq.ft.). Pursuant to a tenancy agreement entered into between an independent third party and Techcomp (Guangzhou) Limited ("Techcomp Guangzhou") dated 24 February 2011, the property is leased to Techcomp Guangzhou for office use for a term of 1 year commencing on 6 March 2011 and expiring on 5 March 2012 at a monthly rent of RMB1,500 inclusive of management fee and exclusive of water and electricity fees.	The property is occupied by the Group for office use.	No Commercial Value

Notes:

1. Pursuant to the aforesaid tenancy agreement, the tenant of the property is Techcomp Guangzhou, which is an indirect wholly-owned subsidiary of the Company.

2. The opinion given by the PRC legal adviser — Shu Jin Law Firm (廣東信達律師事務所) contains, *inter alia*, the following:

   a. The title of the property is legally vested in the lessor and the lessor is entitled to lease the property;

   b. Techcomp Guangzhou is legally entitled to use the property under the tenancy agreement; and

   c. The tenancy agreement has been registered.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*
21.	Block 5 of Shanghai Pudong Power Cable Factory, No. 227 Minqiang Road, Xinqiao Town, Songjiang District, Shanghai, the PRC 中國上海市松江區新橋鎮民強路227號上海浦通電纜廠5幢	The property comprises a block of 4-storey industrial building completed in about 2010. The gross floor area of the property is approximately 8,292 sq.m. (or about 89,255 sq.ft.). Pursuant to a tenancy agreement entered into between an independent third party and Techcomp Jingke Scientific Instruments (Shanghai) Co., Ltd. ("Jingke Scientific") dated 1 July 2010, the property is leased to Jingke Scientific for factory use for a term of 9 years commencing on 1 September 2010 and expiring on 31 August 2019. The monthly rent currently paid by the Group is RMB131,152 exclusive of management fee.	The property is occupied by the Group for industrial use.	No Commercial Value

Notes:

1. Pursuant to the aforesaid tenancy agreement, the tenant of the property is Jingke Scientific, which is a 51%-owned subsidiary of the Company.

2. The opinion given by the PRC legal adviser — Shu Jin Law Firm (廣東信達律師事務所) contains, *inter alia*, the following:

   a. The title of the property is legally vested in the lessor and the lessor is entitled to lease the property;

   b. Jingke Scientific is legally entitled to use the property under the tenancy agreement; and

   c. The tenancy agreement has not been registered. However, the non-registration of the agreement will not affect its validity and the use of the property by Jingke Scientific.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*
22.	Block 3 of Shanghai Pudong Power Cable Factory, No. 227 Minqiang Road, Xinqiao Town, Songjiang District, Shanghai, the PRC 中國上海市松江區新橋鎮民強路227號上海浦通電纜廠3棟	The property comprises a block of 3-storey industrial building completed in about 2002. The gross floor area of the property is approximately 2,269.5 sq.m. (or about 24,429 sq.ft.). Pursuant to a tenancy agreement entered into between an independent third party and Shanghai Sanco Instrument Co., Ltd. ("Shanghai Sanco") dated 16 August 2010, the property is leased to Shanghai Sanco for factory use for a term of 9 years commencing on 16 August 2010 and expiring on 15 August 2019. The monthly rent currently paid by the Group is RMB33,135 exclusive of management fee.	The property is occupied by the Group for industrial use.	No Commercial Value

Notes:

1. Pursuant to the aforesaid tenancy agreement, the tenant of the property is Sanco, which is a 55%-owned subsidiary of the Company.

2. The opinion given by the PRC legal adviser — Shu Jin Law Firm (廣東信達律師事務所) contains, *inter alia*, the following:

   a. The lessor is not the owner of the property but is authorized to lease the property on behalf of the owner pursuant to an authorization letter dated 30 January 2011;

   b. Sanco is legally entitled to use the property under the tenancy agreement; and

   c. The tenancy agreement has not been registered. However, the non-registration of the agreement will not affect its validity and the use of the property by Shanghai Sanco.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*
23.	Rooms 1001-02 on 10/F, Block A, Science and Technology Building, No. 705 Yishan Road, Xuhui District, Shanghai, the PRC 中國上海市徐滙區宜山路705號科技大廈A座1001室	The property comprises 2 office units on the 10th floor of a 17-storey office building (plus a basement level) completed in about 1998. The total gross floor area of the property is approximately 278.59 sq.m. (or about 2,999 sq.ft.). Pursuant to a tenancy agreement entered into between an independent third party and Techcomp (Shanghai) Co., Ltd. ("Shanghai Techcomp Trading") dated 1 January 2010, the property is leased to Techcomp Shanghai for office use for a term commencing on 25 February 2010 and expiring on 14 February 2012 at a monthly rent of RMB14,950 exclusive of water, electricity and telephone fees.	The property is occupied by the Group for office use.	No Commercial Value

Notes:

1. Pursuant to the aforesaid tenancy agreement, the tenant of the property is Techcomp Shanghai, which is a wholly-owned subsidiary of the Company.

2. The opinion given by the PRC legal adviser — Shu Jin Law Firm (廣東信達律師事務所) contains, *inter alia*, the following:

   a. The lessor is not the owner of the property but is authorized to lease the property on behalf of the owner pursuant to an authorization letter dated 1 January 2010;

   b. Techcomp Shanghai is legally entitled to use the property under the tenancy agreement; and

   c. The tenancy agreement has not been registered. However, the non-registration of the agreement will not affect its validity and the use of the property by Techcomp Shanghai.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*
24.	Room 1915 on 19/F, International Trade Building, No. 118 Xinling Road, Waigao Bridge Free Trade Zone, Shanghai, the PRC 中國上海市外高橋保稅區新靈路118號國際商貿大廈19層1915室	The property comprises an office unit on the 19th floor of a 19-storey office building completed in about 2006. The gross floor area of the property is approximately 100 sq.m. (or about 1,076 sq.ft.). Pursuant to a tenancy agreement entered into between an independent third party and Techcomp (Shanghai) Co., Ltd. ("Shanghai Techcomp Trading") dated 1 April 2010, the property is leased to Techcomp Shanghai for office use for a term commencing on 1 April 2010 and expiring on 30 April 2011 at an annual rent of RMB35,000 exclusive of water, electricity and telephone fees. The property has not been renewed since then.	The property is currently vacant.	No Commercial Value

Notes:

1. Pursuant to the aforesaid tenancy agreement, the tenant of the property is Techcomp Shanghai, which is a wholly-owned subsidiary of the Company.

2. The opinion given by the PRC legal adviser — Shu Jin Law Firm (廣東信達律師事務所) contains, *inter alia*, the following:

   a. The title of the property is legally vested in the lessor and the lessor is entitled to lease the property;

   b. Techcomp Shanghai is legally entitled to use the property under the tenancy agreement; and

   c. The tenancy agreement has been registered.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*
25.	Room 612 on 6/F, No. 70 Rongle Road West Lane 266, Songjiang District, Shanghai, the PRC 中國上海市松江區榮樂西路266弄70號612室	The property comprises a residential unit on the 6th floor of an 8-storey residential building completed in about 2010. The gross floor area of the property is approximately 107 sq.m. (or about 1,152 sq.ft.). Pursuant to a tenancy agreement entered into between an independent third party and Shanghai Techcomp Instrument Ltd. ("Shanghai Techcomp Instrument") dated 10 December 2010, the property is leased to Shanghai Techcomp Instrument for residential use for a term of 1 year commencing on 18 December 2010 and expiring on 17 December 2011 at a monthly rent of RMB2,700 inclusive of management fee but exclusive of water, electricity, gas, telephone, broadband and cable TV fees.	The property is occupied by the Group for dormitory use.	No Commercial Value

Notes:

1. Pursuant to the aforesaid tenancy agreement, the tenant of the property is Shanghai Techcomp Instrument, which is an indirect wholly-owned subsidiary of the Company.

2. The opinion given by the PRC legal adviser — Shu Jin Law Firm (廣東信達律師事務所) contains, *inter alia*, the following:

   a. The relevant title certificates of the property have not been provided. It is unable to determine whether the property can be leased by the lessor and used by Shanghai Techcomp Instrument. There is a risk that the tenancy agreement might be terminated; and

   b. The tenancy agreement has not been registered. However, the non-registration of the agreement will not affect its validity and the use of the property by Shanghai Techcomp Instrument.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*
26.	Room 1002 on 10/F, Entrance 7, No. 5 of Dou Ban Hu Tong, Dongcheng District, Beijing, the PRC 中國北京市東城區豆瓣胡同5號7單元1002室	The property comprises a residential unit on the 10th floor of a 12-storey residential building completed in about 2005. The gross floor area of the property is approximately 87 sq.m. (or about 936 sq.ft.). Pursuant to a tenancy agreement entered into between an independent third party and Techcomp (China) Co., Ltd. ("Techcomp China") dated 1 January 2011, the property is leased to Techcomp China for residential use for a term of 1 year commencing on 1 January 2011 and expiring on 31 December 2011 at a monthly rent of RMB5,800 inclusive of heating and management fees but exclusive of water, electricity, television and gas fees.	The property is occupied by the Group for dormitory use.	No Commercial Value

Notes:

1. Pursuant to the aforesaid tenancy agreement, the tenant of the property is Techcomp China, which is an indirect wholly-owned subsidiary of the Company.

2. The opinion given by the PRC legal adviser — Shu Jin Law Firm (廣東信達律師事務所) contains, *inter alia*, the following:

   a. The relevant title certificates of the property have not been provided. It is unable to determine whether the property can be leased by the lessor and used by Techcomp China. There is a risk that the tenancy agreement might be terminated; and

   b. The tenancy agreement has not been registered. However, the non-registration of the agreement will not affect its validity and the use of the property by Techcomp China.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*
27.	Room 503 of Entrance 8, Block 3, 1 Bing Jiao Kou Path, Xi Cheng District, Beijing, the PRC 中國北京市西城區冰窖口胡同1號3號樓8單元503室	The property comprises a residential unit on the 5th floor of a 7-storey residential building completed in about 2009. The gross floor area of the property is approximately 90.83 sq.m. (or about 978 sq.ft.). Pursuant to a tenancy agreement entered into between an independent third party and Techcomp (China) Co., Ltd. ("Techcomp China") dated 19 September 2011, the property is leased to Techcomp China for residential use for a term of 1 year commencing on 20 September 2011 and expiring on 19 September 2012 at a monthly rent of RMB7,000 inclusive of heating and management fees but exclusive of water, electricity, telephone, television, gas, sanitary, internet, car parking and maintenance fees.	The property is occupied by the Group for dormitory use.	No Commercial Value

Notes:

1. Pursuant to the aforesaid tenancy agreement, the tenant of the property is Techcomp China, which is an indirect wholly-owned subsidiary of the Company.

2. The opinion given by the PRC legal adviser — Shu Jin Law Firm (廣東信達律師事務所) contains, *inter alia*, the following:

   a. The relevant title certificates of the property have not been provided. It is unable to determine whether the property can be leased by the lessor and used by Techcomp China. There is a risk that the tenancy agreement might be terminated; and

   b. The tenancy agreement has not been registered. However, the non-registration of the agreement will not affect its validity and the use of the property by Techcomp China.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*
28.	Room 620-2 on 6/F, Jin Mei Building, No. 88 Hai Bin 8th Road, Tian Jin Gang Free Trade Zone, Shanghai, the PRC 中國上海市天津港保税區海濱8路88號金美大廈6層620–2室	The property comprises an office unit on the 6th floor of an 11-storey office building completed in about 2006. The gross floor area of the property is approximately 26.60 sq.m. (or about 286 sq.ft.) Pursuant to a tenancy agreement entered into between an independent third party and Techcomp (Tianjin) Co., Ltd. ("Techcomp Tianjin") dated 23 March 2011, the property is leased to Techcomp Tianjin for office use for a term of 1 year commencing on 23 March 2011 and expiring on 22 March 2012. The monthly rent currently paid by the Group is RMB3,000 exclusive of management fee.	The property is occupied by the Group for office use.	No Commercial Value

Notes:

1. Pursuant to the aforesaid tenancy agreement, the tenant of the property is Techcomp Tianjin, which is an indirect wholly-owned subsidiary of the Company.

2. The opinion given by the PRC legal adviser — Shu Jin Law Firm (廣東信達律師事務所) contains, *inter alia*, the following:

   a. The relevant title certificates of the property have not been provided. It is unable to determine whether the property can be leased by the lessor and used by Techcomp Tianjin. There is a risk that the tenancy agreement might be terminated; and

   b. The tenancy agreement has not been registered. However, the non-registration of the agreement will not affect its validity and the use of the property by Techcomp Tianjin.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*
29.	Room 1020–1 on 10/F, Jin Mei Building, No. 88 Hai Bin 8th Road, Tian Jin Gang Free Trade Zone, Shanghai, the PRC 中國上海市天津港保税區海濱8路88號金美大廈10層1020–1室	The property comprises an office unit on the 10th floor of an 11-storey office building completed in about 2006. The gross floor area of the property is approximately 26.60 sq.m. (or about 286 sq.ft.) Pursuant to a tenancy agreement entered into between an independent third party and Tiande (Tianjin) Co., Ltd. ("Tiande Tianjin") dated 23 March 2011, the property is leased to Tiande Tianjin for office use for a term of 1 year commencing on 23 March 2011 and expiring on 22 March 2012. The monthly rent currently paid by the Group is RMB3,000 exclusive of management fee.	The property is occupied by the Group for office use.	No Commercial Value

Notes:

1. Pursuant to the aforesaid tenancy agreement, the tenant of the property is Tiande Tianjin, which is an indirect wholly-owned subsidiary of the Company.

2. The opinion given by the PRC legal adviser — Shu Jin Law Firm (廣東信達律師事務所) contains, *inter alia*, the following:

   a. The relevant title certificates of the property have not been provided. It is unable to determine whether the property can be leased by the lessor and used by Tiande Tianjin. There is a risk that the tenancy agreement might be terminated; and

   b. The tenancy agreement has not been registered. However, the non-registration of the agreement will not affect its validity and the use of the property by Tiande Tianjin.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*
30.	Room 201 of Block 17, No. 201 Minyi Road, Caohejing Development Zone New Economic Park, Shanghai, The PRC 中國上海市漕河涇開發區新經濟園民益路201號17幢201室	The property comprises an office unit on the 2nd floor of a 5-storey office building completed in about 2010. The gross floor area of the property is approximately 287.59 sq.m. (or about 3,096 sq.ft.) Pursuant to a tenancy agreement entered into between an independent third party and Jingke Trading (Shanghai) Co., Ltd. ("Jingke Trading"), the property is leased to Jingke Trading for office use for a term of 10 years commencing on 28 April 2010 and expiring on 27 April 2020 at a monthly rent of RMB33,683.87.	The property is occupied by the Group for office use.	No Commercial Value

Notes:

1. Pursuant to the aforesaid tenancy agreement, the tenant of the property is Jingke Trading, which is a 49%-owned subsidiary of the Company.

2. The opinion given by the PRC legal adviser — Shu Jin Law Firm (廣東信達律師事務所) contains, *inter alia*, the following:

   a. The title of the property is legally vested in the lessor and the lessor is entitled to lease the property;

   b. Jingke Trading is legally entitled to use the property under the tenancy agreement; and

   c. The tenancy agreement has been registered.

VALUATION CERTIFICATE

Group VI — Property leased by the Group in Macau

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*
31.	Flat F on 7/F, Centro Financeiro, Nos. 230–246 Rua De Pequim, Macau	The property comprises an office unit on the 10th floor of an 18-storey office building (plus 3 levels of basement) completed in about 1994. The gross floor area of the property is approximately 65.68 sq.m. (or about 707 sq.ft.). Pursuant to a tenancy agreement entered into between an independent third party and Techcomp (Commercial Offshore de Macau) Limitada ("Techcomp Macau") dated 25 October 2011, the property is leased to Techcomp Macau for office use for a term of 2 years commencing on 11 November 2011 and expiring on 10 November 2012 at a monthly rent of HK$7,000 inclusive of management fee but exclusive of electricity and telephone fees and other outgoings.	The property is occupied by the Group for office use.	No Commercial Value

Note:

Pursuant to the aforesaid tenancy agreement, the tenant of the property is Techcomp Macau, which is an indirect wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

Group VII — Property leased by the Group in Singapore

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*
32.	Units #0905 and #0906 on 9/F, 2 International Business Park, The Strategy, Singapore 609930	The property comprises two office units on the 9th floor of a 12-storey office building which was completed in about 2002. The total gross floor area of the property is approximately 244 sq.m. (or about 2,626.42 sq.ft.). Pursuant to an offer letter from an independent third party and accepted by Techcomp (Singapore) Pte. Ltd. ("Techcomp Singapore") dated 5 January 2011, the property is leased to Techcomp Singapore for product design and development, technical service support, industrial training and regional distribution of scientific instrument purposes for a term 3 years commencing on 16 February 2011 and expiring on 15 February 2014 at a monthly rent of SGD7,783.6 exclusive of service charge.	The property is occupied by the Group for office and other ancillary uses.	No Commercial Value

Note:

Pursuant to the aforesaid tenancy agreement, the tenant of the property is Techcomp Singapore, which is an indirect wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

Group VIII — Properties leased by the Group in India

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*
33.	Office No. 1004 on 10/F, Pearl Best Height — I, Netaji Subhash Place, Pitampura, Delhi — 110034, India	The property comprises an office unit on the 10th floor of a 14-storey commercial building completed in about 2008. The gross floor area of the property is approximately 549 sq.ft. (or about 51 sq.m.). Pursuant to a lease deed entered into between an independent third party and Techcomp India Pvt. Ltd. ("Techcomp India") dated 4 November 2009, the property is leased to Techcomp India for commercial purposes for a term of 3 years commencing on 4 December 2009 and expiring on 3 December 2012. The monthly rent currently paid by the Group is Rupees 33,434 exclusive of electricity charges and other outgoings.	The property is occupied by the Group for office use.	No Commercial Value

Note:

Pursuant to the aforesaid lease deed, the tenant of the property is Techcomp India, which is an indirect wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*
34.	Office No. 1005 on 10/F, Pearl Best Height — I, Netaji Subhash Place, Pitampura, Delhi — 110034, India	The property comprises an office unit on the 10th floor of a 14-storey commercial building completed in about 2008. The gross floor area of the property is approximately 661 sq.ft. (or about 61.41 sq.m.). Pursuant to a lease deed entered into between an independent third party and Techcomp (Singapore) Pte. Ltd. ("Techcomp Singapore") dated 23 December 2008, the property is leased to Techcomp Singapore for commercial purposes for a term of 3 years commencing on 12 January 2009 and expiring on 11 January 2012. The monthly rent currently paid by the Group is Rupees 40,081 exclusive of electricity charges and other outgoings.	The property is occupied by the Group for office use.	No Commercial Value

Note:

Pursuant to the aforesaid lease deed, the tenant of the property is Techcomp Singapore, which is an indirect wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*
35.	Rooms 709–710, Roots Tower, Laxmi Nagar District Centre, Delhi — 110092, India	The property comprises 2 office units on the 7th floor of an 11-storey commercial building completed in about 1996. The total gross floor area of the property is approximately 1,126 sq.ft. (or about 104.61 sq.m.). Pursuant to a lease deed entered into between an independent third party and Techcomp India Private Limited ("Techcomp India") dated 24 February 2010, the property is leased to Techcomp India for office purpose for a term of 3 years commencing on 1 February 2010 and expiring on 31 January 2013. The monthly rent currently paid by the Group is Rupees 67,391 exclusive of electricity and maintenance fees.	The property is occupied by the Group for office use.	No Commercial Value

Note:

Pursuant to the aforesaid lease deed, the tenant of the property is Techcomp India, which is an indirect wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

Group IX — Property leased by the Group in Romania

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*
36.	No. 1A, Podu Brosteni, Costesti Town, Arges County, Romania	The property comprises 2 single-storey composite building which was completed in about 2005. The total gross floor area of the property is approximately 1,850 sq.m. (or about 19,913.4 sq.ft.). Pursuant to a tenancy agreement and its supplementary agreement entered into between an independent third party and Frilabor SRL ("Frilabor") dated 15 June 2005 and 30 October 2009 respectively, the property is leased to Frilabor for office use at a monthly basis at a monthly rent of EUR4,000.	The property is occupied by the Group for office use.	No Commercial Value

Note:

Pursuant to the aforesaid tenancy agreement and supplementary agreement, the tenant of the property is Frilabor, which is an indirect wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

Group X — Properties leased by the Group in France

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*
37.	8 Boulevard Monge, 69330 Meyzieu, France	The property comprises a 3-storey composite building which was completed in about 1969. The gross floor area of the property is approximately 2,903 sq.m. (or about 31,247.9 sq.ft.). Pursuant to a tenancy agreement entered into between the principle tenant of the property and Froilabo SAS ("Froilabo") dated 30 July 2004, the property is sub-leased to Froilabo for operation of business for a term commencing on 1 August 2004 and expiring on 31 July 2013. The annual rent paid by the Group in the first year of the tenancy was EUR120,000 exclusive of VAT. The rent would be reviewed annually according to the index of the cost of construction published by the Institution for National Statistics and Economic Studies.	The property is occupied by the Group for manufacturing use.	No Commercial Value

Note:

Pursuant to the aforesaid tenancy agreement, the sub-tenant of the property is Froilabo, which is an indirect wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*
38.	ZA des Lats, Chemin des Lats, 69510 Messimy, France	The property comprises a single storey composite building which was completed in about 1990. The gross floor area of the property is approximately 1,380 sq.m. (or about 14,854.32 sq.ft.). Pursuant to a tenancy agreement entered into between a third party and Craponne Tolerie dated 2 May 2005, the property is leased to Craponne Tolerie for commercial use for a term of 9 years commencing on 2 May 2005 and expiring on 1 May 2014. The annual rent paid by the Group in the first year of the tenancy was EUR42,900 exclusive of taxes and charges. The rent would be reviewed annually according to the index of the cost of construction published by the Institution for National Statistics and Economic Studies.	The property is occupied by the Group for office use.	No Commercial Value

Note:

Pursuant to the aforesaid tenancy agreement, the tenant of the property is Craponne Tolerie, which is an indirect wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011 *HK$*
39.	35 Boulevard de Beaubourg, 77184 Emerainville, France	The property comprises various units on the 1st floor of a 2-storey composite building which was completed in about 1985. The total gross floor area of the property is approximately 520 sq.m. (or about 5,597.28 sq.ft.). Pursuant to a tenancy agreement and its supplementary agreement entered into between an independent third party and Froilabo SAS ("Froilabo") dated 23 November 2000 and 18 November 2003 respectively, the property is leased to Froilabo for office and production uses at a monthly basis with a monthly rent of EUR3,041 exclusive of VAT and other charges.	The property is occupied by the Group for office and production uses.	No Commercial Value

Note:

Pursuant to the aforesaid tenancy agreement, the tenant of the property is Froilabo, which is an indirect wholly-owned subsidiary of the Company.

Set out below is a summary of certain provision of the Memorandum of Association and new Bye-laws and of certain aspects of Bermuda company law.

1. MEMORANDUM OF ASSOCIATION

The Memorandum of Association states, inter alia, that the liability of the shareholders of the Company is limited to the amount, if any, for the time being unpaid on the shares held by the shareholders and that the Company is an exempted company as defined in the Companies Act 1981 of Bermuda, as amended from time to time (the "**Companies Act**"). The Memorandum of Association also sets out the powers of the Company and the objects for which the Company was formed, including acting as a holding and investment company. As an exempted company, the Company will be carrying on business outside Bermuda from a place of business in Bermuda.

In accordance with and subject to section 42A of the Companies Act, the Memorandum of Association of the Company empowers it to purchase its own shares and this power is exercisable by the Board of Directors (the "**Board**") upon such terms and subject to such conditions as it thinks fit.

2. BYE-LAWS

The Bye-laws of the Company were approved on 9 June 2011 and will be adopted and take effect upon dual primary listing of the shares of the Company on the main Board of the Stock Exchange of Hong Kong Limited. The following is a summary of certain provisions of the Bye-laws.

a. Shares

(i) Classes of Shares

The share capital of the Company consists of ordinary shares.

(ii) Share Certificates

Every certificate for shares, warrants or debentures or representing any other form of securities of the Company shall be issued under the seal of the Company, which for this purpose may be a securities seal. In relation to the use of the securities seal for sealing certificates for shares or other securities of the Company, no signature of any Director, officer or other person and no mechanical reproduction thereof shall be required on any such certificates or other document and any such certificates or other document to which such securities seal is affixed shall be valid and deemed to have been sealed and executed with the authority of the Board notwithstanding the absence of any such signature or mechanical reproduction as aforesaid.

The Company shall not be bound to register more than four persons as joint holders of any share.

b. Directors

(i) Power to allot and issue shares

Without prejudice to any special rights or restrictions for the time being attaching to any shares or any class of shares, any share may be issued upon such terms and conditions and with such preferred, deferred or other special rights, or such restrictions, whether as regards dividend, voting, return of capital or otherwise, as the Company may from time to time by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine) and any preference share may, subject to the Companies Act and with the sanction of a special resolution, be issued on terms that it is liable to be redeemed upon the happening of a specified event or upon a given date and either at the option of the Company or, if so authorised by the Memorandum of Association of the Company, at the option of the holder.

The Board may, subject to the approval by the shareholders in general meeting, issue warrants to subscribe for any class of shares or securities of the Company on such terms as the Board may from time to time determine. Where warrants are issued to bearer, no certificate thereof shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate thereof has been destroyed and the Company has received an indemnity in such form as the Board shall think fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Companies Act and to the provisions of the Bye-laws and without prejudice to any special rights or restrictions for the time being allocated to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and generally on such terms as it shall in its absolute discretion think fit, but so that no shares shall be issued at a discount.

(ii) Power to dispose of the assets of the Company or any subsidiary

There are no specific provisions in the Bye-laws relating to the disposal of the assets of the Company or any of its subsidiaries although the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Bye-laws or the statutes to be exercised or done by the Company in general meeting.

(iii) Compensation or payments for loss of office

Payments to any Director or past Director of the Company of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) Loans to Directors

There are no provisions in the Bye-laws relating to the making of loans to Directors. However, the Companies Act contains restrictions on companies making loans to their directors, the relevant provisions of which are summarized in section 4(n) of this Appendix.

(v) Financial assistance to acquire shares of the Company

Neither the Company nor any of its subsidiaries shall give, whether directly or indirectly, whether by means of loan, guarantee, provision of security or otherwise, any financial assistance for the purpose of the acquisition or proposed acquisition by any person of any shares in the Company, but nothing in the Bye-law shall prohibit transactions permitted under the Companies Act.

(vi) Disclosure of interests in contracts with the Company or any of its subsidiaries

Subject to the Companies Act, a Director may hold any other office or place of profit with the Company (except that of Auditor) in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine. A Director of the Company may be or become a director or other officer of, or be otherwise interested in, any company promoted by the Company or any other company in which the Company is interested. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

A Director shall not vote on any resolution of the Board in respect of any contract or arrangement or proposed contract or arrangement in which he or any of his associates has directly or indirectly a personal material interest. Matters in which he or any of his associates shall not be considered to have a personal material interest shall include the following:

(aa) any contract or arrangement for the giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of them or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement in which he is the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company or any of its subsidiaries by virtue only of his/their interest in shares or debentures or other securities of the Company;

(dd) any proposal concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director or his associate(s) is/are beneficially interested in shares of that company other than a company in which the Director together with any of his associates (as defined by the listing rules of the Designated Stock Exchange (as defined in the Bye-laws), where applicable) is beneficially interested in (other than through his interest (if any) in the Company) five (5) per cent or more of the issued shares or of the voting rights of any class of shares of such company (or any third company through which his interest or that of his associates is derived);

(ee) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer; or

(ff) any proposal concerning the adoption, modification or operation of a share option or incentive scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to the Director or his associate(s) and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director or his associate(s) as such any privilege or advantage not accorded to the employees to which such scheme or fund relates.

(vii) Remuneration

Fees payable to non-executive Directors shall be a fixed sum (not being a commission on or a percentage of profits or turnover of the Company) as shall from time to time be determined by the Company in general meeting, such sum (unless otherwise directed by such resolution) shall be divided amongst the Directors in such proportions and in such manner as the Board may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. The foregoing provisions shall not apply to a Director who holds any salaried employment or office in the Company except in the case of sums paid in respect of Directors' fees. Salaries payable to executive Directors may not include a commission or a percentage of turnover of the Company. Fees payable to Directors shall not be increased except at a general meeting convened by a notice specifying the intention to propose such increase.

The Directors shall also be entitled to be repaid all travelling, hotel and other expenses reasonably incurred by them respectively in or about the performance of their duties as Directors, including their expenses of travelling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged in the business of the Company or in the discharge of their duties as Directors.

The Board may grant special remuneration to any Director who, being called upon, shall perform any special or extra services to or at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, as the Board may determine.

The remuneration of a Managing Director, Joint Managing Director, Deputy Managing Director or an Executive Director or a Director appointed to any other office in the management of the Company may from time to time be fixed by the Board and with such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

Payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(viii) Retirement, appointment and removal

Every Director shall retire from office once every three years and for this purpose, at each annual general meeting one-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest one-third (1/3) but not less than one-third (1/3) shall retire from office by rotation. The Directors to retire in every year will be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot. Subject to the Statutes, a retiring Director shall be eligible for re-election at the meeting at which he retires. For avoidance of doubt, each Director shall retire at least once every three (3) years.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing signed by a shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of the intention to nominate that person for election as a Director and notice in writing duly signed by the nominee, of his willingness to be elected and signifying his candidature for office shall have been lodged at the Head Office or at the Registration Office at least eleven (11) clear days before the date of the general meeting. Provided that in the case of a person recommended by the Directors for election, nine (9) clear days' notice only shall be necessary, and notice of each and every candidate for election to the Board shall be served on the shareholders at least seven (7) days prior to the meeting at which the election is to take place but no earlier than the day after the dispatch of the notice of such meeting.

The number of Directors shall not be less than two. A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for breach of any contract of service between him and the Company). The Company may from time to time in general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the Board. A Director need not be a Shareholder of The Company.

The Board may from time to time entrust to and confer upon a managing director, joint managing director, deputy managing director or executive director all or any of the powers of the Board that it may think fit provided that the exercise of all powers by such Director shall be subject to such regulations and restrictions as the Board may from time to time make and impose. The Board may

delegate any of its powers to committees consisting of such member or members of its body and such other persons as the Board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed upon it by the Board.

(ix) Borrowing powers

Subject to the provisions of the Companies Act, the Board may from time to time at its discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and uncalled capital or any part thereof. The Board may raise or secure the payment or repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and in particular by the issue of debentures, debenture stock, bonds or other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

c. Alterations to constitutional documents

The Memorandum of Association of the Company may, with the consent of the Minister of Finance of Bermuda (if required), be altered by the Company in general meeting. The Bye-laws may be amended by the Directors subject to the approval of the Company in general meeting. The Bye-laws state that a special resolution is required to alter the Memorandum of Association, to approve any amendment of the Bye-laws or to change the name of the Company.

d. Alterations of capital

The Company may from time to time by ordinary resolution:

(i) increase its share capital;

(ii) consolidate or divide all or any of its share capital into shares of larger amount than its existing shares; on any consolidation of fully paid shares into shares of larger amount, the Board may settle any difficulty which may arise as it thinks expedient and in particular (but without prejudice to the generality of the foregoing) may, as between the holders of the shares to be consolidated, determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Board for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the

validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares ratably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

(iii) divide its shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions;

(iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the Companies Act, and so that the resolution whereby any shares is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares;

(v) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled;

(vi) make provision for the issue and allotment of shares which do not carry any voting rights; and

(vii) change the currency denomination of its share capital.

The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account or other undistributable reserve in any manner authorised and subject to any conditions prescribed by law.

e. Variation of rights of existing shares or classes of shares

If at any time the capital is divided into different classes of shares, all or any of the special rights (unless otherwise provided for by the terms of issue of that class) attached to any class may, subject to the provisions of the Companies Act, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting and all adjournments thereto the provisions of the Bye-laws relating to general meetings will mutatis mutandis apply, but so that the necessary quorum is not less than two persons holding or representing by proxy one-third in nominal value of the issued shares of the class, and that any holder of shares of the class present in person or by proxy or by a duly authorised corporate representative may demand a poll.

f. Special resolutions — majority required

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast of such shareholders as, being entitled so to do, vote in person or, where a corporate representative is allowed, by a duly authorised corporate representative or, where proxies are allowed, by proxy at a general meeting of which not less than 21 days' notice, specifying the intention to propose the resolution as a special resolution, has been duly given. However, if it is so agreed by a majority in number of the shareholders having a right to attend and vote at such meeting, being a majority together holding not less than 95 per cent in nominal value of the shares giving that right, a resolution may be proposed and passed as a special resolution at a meeting of which less than 21 days' notice has been given.

g. Voting rights and right to demand a poll

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a show of hands every shareholder who is present in person or by a duly authorised corporate representative or by proxy shall have one vote and on a poll, every shareholder present in person or by a duly authorised corporate representative or by proxy shall have one vote for every share of which he is the holder which is fully paid up or credited as fully paid (but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share). On a poll, a shareholder entitled to more than one vote need not use all his votes or cast all the votes in the same way.

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless voting by way of a poll is required by the listing rules of the Designated Stock Exchange (as defined in the Bye-laws), or a poll is is required by the Listing Rules or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded by: (i) the Chairman of the meeting; or (ii) by at least three shareholders present in person or by proxy or by a duly authorised corporate representative for the time being entitled to vote at the meeting; or (iii) by any shareholder or shareholders present in person or by proxy or by a duly authorised corporate representative and representing not less than one-tenth of the total voting rights of all the shareholders having the right to vote at the meeting; or (iv) by a shareholder or shareholders present in person or by proxy or by a duly authorised corporate representative and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

h. Requirements for annual general meetings

An annual general meeting must be held once in every year and within not more than fifteen months after the last preceding annual general meeting.

i. Accounts and audit

The Board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipts and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Act affecting the Company or necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of account are to be kept at the head office or at such other place as the Board thinks fit and shall always be open to the inspection of the Directors provided that such records as are required by the Companies Act shall also be kept at the registered office. No shareholder (not being a Director) or other person has any right to inspect any account or book or document of the Company except as conferred by the Companies Act or ordered by a court of competent jurisdiction or authorised by the Board or by the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting such profit and loss accounts, balance sheets, group accounts (if any) and reports as are required by the Companies Act. Every balance sheet of the Company shall be signed on behalf of the Board by two Directors and a copy of (i) the Director's report, accompanied by the balance sheet (including every document required by law to be comprised therein or attached or annexed thereto) and profit and loss account or income and expenditure account; or (ii) the summary financial report, which is to be laid before the Company at its annual general meeting, together with a copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one days before the date of the meeting, be delivered or sent by post to the registered address of every shareholder of, and every holder of debentures of, the Company and every other person entitled to receive notices of general meetings of the Company under the Companies Act or of the Bye-laws. If all or any of the shares or debentures of the Company are for the time being (with the consent of the Company) listed or dealt in on any stock exchange, there shall be forwarded to the appropriate officer of such stock exchange such number of copies of such documents as may for the time being required under its regulations or practice.

Auditors shall be appointed and their duties regulated in accordance with the Companies Act. Subject as otherwise provided by such provisions the remuneration of the auditors shall be fixed by or on the authority of the Company at each annual general meeting, except that in any particular year the Company in general meeting may delegate the fixing of such remuneration to the Board and the remuneration of any auditors appointed to fill any casual vacancy may be fixed by the Board.

j. Notices of meetings and business to be conducted thereat

An annual general meeting and a meeting called for the passing of a Special Resolution shall be called by at least twenty-one (21) clear days' notice in writing, and a meeting of the Company other than an annual general meeting or a meeting for the passing of a Special Resolution shall be called by at least fourteen (14) clear days' notice in writing to be given to each Member entitled to attend and vote thereat. For so long as the shares of the Company are listed on the Singapore Exchange Securities Trading Limited, at least fourteen (14) days' notice of any general meeting shall be given by advertisement in an English daily newspaper in circulation in Singapore and in writing to the Singapore Exchange Securities Trading Limited and by such other means as the Board may decide in accordance with these Bye-laws and the listing rules of the Singapore Exchange Securities Trading Limited.

Any notice or document (including any "corporate communication" with in the meaning ascribed thereto under the listing rules of the Designated Stock Exchange (as defined in the Bye-laws)), whether or not, to be given or issued under these Bye-Laws shall be in writing and may be served by the Company on any shareholder either personally or by sending it through the post in a prepaid envelope or wrapper addressed to such shareholder at his registered address as appearing in the register or by delivering or leaving it at such registered address as aforesaid or (if he has no registered address within Singapore or Hong Kong) at any other address within Singapore or Hong Kong supplied by him to the Company or (in the case of a notice) by advertisement in the Newspapers or in accordance with the requirements of the Designated Stock Exchange. Without limiting the generality of the foregoing but subject to the Statutes and any rules prescribed by the Designated Stock Exchange from time to time, a notice or document (including any "corporate communication" with in the meaning ascribed thereto under the listing rules of the Designated Stock Exchange) may be served or delivered by the Company to any shareholder by electronic means to such address as may from time to time be authorised by the shareholder concerned or by publishing it on a website and notifying the shareholder concerned that it has been so published ("notice of availability"). The notice of availability may be given to the shareholders by any of the means set out above other than by posting it on a website.

k. Transfer of shares

All transfers of shares must be effected by transfer in writing in the form for the time being approved by the Designated Stock Exchange (defined in the Bye-laws) and the Board. The instrument of transfer of any share shall be executed by or on behalf of the transferor and by or on behalf of the transferee provided that an instrument of transfer in respect of which the transferee is the Depository (as defined in the Bye-laws) shall be effective although not signed or witnessed by or on behalf of the Depository and provided further that the Board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its absolute discretion, to do so. The Board may also resolve, either generally or in any particular case, upon request by either the transferor or transferee, to accept mechanically executed transfers. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register in respect thereof.

The Board may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor shall shares on any branch register be transferred to the principal register or any other register. All transfers and other documents of title must be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the transfer office in Bermuda.

The Board may in its absolute discretion and without assigning any reason therefore, refuse to register any transfer of any shares (not being fully paid shares) to a person of whom it does not approve or any share issued under any share option scheme for employee upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register the transfer of any shares (not being fully paid shares) on which the Company has a lien. The Board may also refuse to register a transfer of shares (whether fully paid or not) in favour of more than three persons jointly. If the Board refuses to register a transfer, it will within one month after the date on which the transfer was lodged with the Company send to each of the transferor and the transferee notice of the refusal stating the facts which are considered to justify the refusal.

The Board may decline to recognise any instrument of transfer unless a fee of such sum as the Board may from time to time determine is paid to the Company in respect thereof has been paid, the shares are free of any lien in favour of the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration or transfer office accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and if the instrument

of transfer is executed by some other person on his behalf, the authority of that person so to do). Where applicable, the permission of the Bermuda Monetary Authority with respect thereto shall be obtained.

The registration of transfers may be suspended and the register closed on giving notice to the Designated Stock Exchange and by advertisement in an appointed newspaper and in the Newspapers at such times and for such periods as the Board may from time to time determine and either generally or in respect of any class of shares. The register shall not be closed for more than thirty (30) days in any year.

l. Power for the Company to purchase its own shares

The Company may purchase its own shares for cancellation in accordance with the Statutes on such terms as the Board shall think fit. Any power of the Company to purchase or otherwise acquire its own shares shall be exercisable by the Board in accordance with and subject to the Statutes, the Company's Memorandum of Association and, for so long as the shares of the Company are listed on the Designated Stock Exchange (as defined in the Bye-laws), the prior approval of the shareholders in general meeting for such purchase or acquisition. Such approval of the shareholders shall remain in force until (a) the conclusion of the annual general meeting of the Company following the passing of the resolution granting the said authority or (b) the date by which such annual general meeting is required to be held or (c) it is revoked or varied by ordinary resolution of the Company in general meeting, whichever is the earliest, and may thereafter be renewed by the shareholders in general meeting. For so long as the shares of the Company are listed on the Designated Stock Exchange, the Company shall make an announcement to the Designated Stock Exchange of any purchase or acquisition by the Company of its own shares on the market day following the day of such purchase or acquisition.

m. Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Bye-laws relating to ownership of the Company by a subsidiary.

n. Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Board.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall be apportioned and paid pro rata according to the amounts paid or credited as paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid upon a share in advance of calls will for this purpose be treated as paid up on the shares. The Board may retain any dividends or other moneys payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

The Board may deduct from any dividend or bonus payable to any shareholder all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the Board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that the shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit. The Company may also upon the recommendation of the Board by a special resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any shareholder willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any Shares held by him, and in respect of all or any of the moneys so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide but a payment in advance of a call shall not entitle the shareholder to receive any dividend or to exercise any other rights or privileges as a shareholder in respect of the Share or the due portion of the Shares upon which payment has been advanced by such shareholder before it is called up.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the Board and shall revert to the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on 2 consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

o. Proxies

Any shareholder of the Company entitled to attend and vote at a meeting of the Company or a meeting of the holders of any class of shares in the Company is entitled to appoint another person as his proxy to attend and vote instead of him. Votes, whether on a show of hands or on a poll may be given either personally or by a duly authorised corporate representative or by proxy. A shareholder holding two or more shares (except for clearing house and the Depository (as defined in the Bye-laws) may appoint not more than two proxies to attend on the same occasion. A proxy need not be a shareholder of the Company.

The instrument appointing a proxy, shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

The instrument appointing a proxy to vote at a general meeting shall: (i) be deemed to confer authority upon the proxy to demand or join in demanding a poll and to vote on any resolution (or amendment thereto) put to the meeting for which it is given as the proxy thinks fit. Provided that any form issued to a shareholder for use by him for appointing a proxy to attend and vote at a special general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the shareholder, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business; and (ii) unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates.

Where a shareholder is the Depository (as defined in the Bye-laws) or a clearing house (or its nominee(s)), in each case, being a corporation), it may authorise such persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of shareholders provided that the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the Bye-Laws shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Depository or the clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by the Depository or the clearing house (or its nominee(s)) in respect of the number and class of shares specified in the relevant authorisation including the right to vote individually on a show of hands.

In addition, a proxy or proxies representing either an individual shareholder or a shareholder which is a corporation, shall be entitled to exercise the same powers on behalf of the shareholder which he or they represent as such shareholder could exercise including the right to vote individually on a show of hands.

p. Calls on shares and forfeiture of shares

The Board may from time to time make such calls as it may think fit upon the shareholders in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20 per cent per annum as the Board shall fix from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any shareholder willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20 per cent per annum as the Board may decide but a payment in advance of a call shall not whilst carrying interest entitle the shareholder to participate in profits, to receive any dividend or to exercise any other rights or privileges as a shareholder in respect of the share or the due portion of the shares upon which payment has been advanced by such shareholder before it is called up. The Board may at any time repay the amount so advanced upon giving to such shareholder not less than one month's notice in writing of their intention in that behalf, unless before the expiration of such notice the amount so advanced shall have been called up on the shares in respect of which it was advanced.

If a shareholder fails to pay any call or instalment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued by reason of such non-payment and which may thereafter accrue up to the date of actual payment as the Board shall determine. The notice will name a further day (not earlier than the expiration of fourteen days from the date of the notice) on or before which the payment required by the notice is to be made, and it will also name the place where payment is to be made, such place being either the registered office or a registration office (as defined in the Bye-laws) of the Company. The notice shall also state that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a shareholder in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all moneys which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20 per cent per annum as the Board may prescribe.

q. Inspection of register of members

There are no provisions in the Bye-laws relating to inspection of the register of members.

r. Quorum for meetings and separate class meetings

For all purposes the quorum for a general meeting shall be two shareholders present in person or by a duly authorised corporate representative or by proxy and entitled to vote. In respect of a separate class meeting convened to sanction the modification of class rights, the necessary quorum shall not be less than two persons holding or representing by proxy or by a duly authorised corporate representative one-third in nominal value of the issued shares of that class.

s. Rights of the minorities in relation to fraud or oppression

There are no provisions in the Bye-laws relating to rights of minority members in relation to fraud or oppression. However, Bermuda company law provides for protection of minorities, as summarised in paragraph 4(o) of this Appendix.

t. Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily must be a special resolution.

If the Company shall be wound up, the surplus assets remaining after payment to all creditors are to be divided among the shareholders in proportion to the capital paid up on the shares held by them respectively, and if such surplus assets shall be insufficient to repay the whole of the paid up capital, they are to be distributed so that, as nearly as may be, the losses shall be borne by the shareholders in proportion to the capital paid up on the shares held by them respectively, all subject to the rights of any shares issued on special terms and conditions so that, as nearly as may be, the losses shall be borne by the shareholders in proportion to the capital paid up on the shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the sanction of a special resolution, divide among the shareholders in specie or kind the whole or any part of the assets of the Company and whether the assets consist of property of one kind or consists of properties of different kinds and the liquidator may, for such purposes, set such value as he deems fair upon

any one or more class or classes of property to be divided as aforesaid and may determine how such division is to be carried out as between the shareholders or different classes of shareholders and the shareholders within each class. The liquidator may, with like sanction, vest any part of the assets in trustees upon such trusts for the benefit of shareholders as the liquidator, with the like sanction shall think fit, but so that no shareholder shall be compelled to accept any shares or other assets upon which there is a liability.

u. Stock

The Company may by ordinary resolution convert any fully paid up shares into stock, and may from time to time by like resolution reconvert any stock into fully paid up shares of any denominations. The holders of stock may transfer the same or any part thereof in the same manner, and subject to the same regulations as and subject to which the shares from which the stock arose might prior to conversion have been transferred or as near thereto as circumstances admit, but the Board may from time to time, if it thinks fit, fix the minimum amount of stock transferable and restrict or forbid the transfer of fractions of that minimum, but so that such minimum shall not exceed the nominal amount of the shares from which the stock arose. No warrants to bearer shall be issued in respect of any stock. The holders of stock shall, according to the amount of the stock held by them, have the same rights, privileges and advantages as regards dividends, participation in assets on a winding-up, voting at meetings and other matters, as if they held the shares from which the stock arose, but no such privilege of the Company shall be conferred by an amount of stock which would not, if existing in shares, have conferred such privilege or advantage. All such of the provisions of the Bye-laws as are applicable to paid up shares shall apply to stock, and the words "share" and "shareholder" therein shall include "stock" and "stockholder".

v. Untraceable shareholders

The Company shall have the power to sell, in such manner as the Board thinks fit, any shares of a shareholder who is untraceable, but no such sale shall be made unless:

i) all cheques or warrants, being not less than three in total number, for any sum payable in cash to the holder of such shares in respect of them sent during the relevant period in the manner authorised by the Bye-Laws of the Company have remained uncashed;

ii) so far as it is aware at the end of the relevant period, the Company has not at any time during the relevant period received any indication of the existence of the shareholder who is the holder of such shares or of a person entitled to such shares by death, bankruptcy or operation of law;

iii) the Company has caused an advertisement to be inserted in the newspapers of its intention to sell such shares and a period of three months has elapsed since the date of such advertisement; and

iv) the Company has notified the relevant stock exchange of its intention to effect such sale.

w. Other provisions

The Bye-laws provide that, subject to the Companies Act, if any of the rights attached to any warrants issued by the Company shall remain exercisable and the Company does any act which would result in the subscription price under such warrants being reduced below the par value of a share, a subscription right reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

Note: The Companies Act prevents a company from giving financial assistance in the subscription of its shares (subject to certain exceptions). A subscription right reserve may only be created and used for the above purpose if an exception applies.

3. VARIATION OF MEMORANDUM OF ASSOCIATION AND BYE-LAWS

The Memorandum of Association of the Company may be altered by the Company in general meeting and if the Company intends to carry on any "restricted business activity" for the purposes of the Companies Act, the prior consent of the Minister will also be required. The Bye laws may be amended by the Board subject to the approval of the Company in general meeting. The Bye-laws state that a special resolution shall be required to alter provisions of the Memorandum of Association, to approve any amendment of the Bye-laws or to change the name of the Company.

4. BERMUDIAN PROVISIONS

The summary does not purport to contain all applicable qualifications and exemptions and does not purport to be a complete review of all matters of Bermuda company law or a comparison of provisions that may differ from the laws of other jurisdictions, with which interested parties may be more familiar.

The company law of Bermuda is historically derived, for the most part, from the laws of England and is essentially embodied in the provisions of the Companies Act, most of which are drawn from the Companies Act 1948 of the United Kingdom, with certain reliance placed upon the laws of Ontario, Canada and, to some extent, upon the Companies Ordinance of Hong Kong. Other provisions are original Bermuda provisions endeavouring to cater to the specific circumstances of international business in Bermuda; these relate specifically to concepts not recognised in other jurisdictions (e.g. exempted as opposed to local companies) and contain particular emphasis on the restrictions imposed upon exempted companies with regard to what they may do in Bermuda as opposed to outside Bermuda from a place of business in Bermuda. The common law of England and Wales constitutes persuasive precedent and authority in the Bermuda courts.

a. Incorporation

The Company was incorporated by registration pursuant to the provisions of the Companies Act on 26 January 2004. The Company was brought into existence by depositing the Memorandum of Association with the Registrar of Companies in Bermuda (the "Registrar").

b. Constituent Documents

The business activities of the Company will be governed by the provisions of its Memorandum of Association which sets out, in detail, its specific business objects, and the powers that may be exercised in support of its principal business objects. Bermuda law distinguishes between objects and powers, the latter of which are regarded as supplemental to the principal business objects of the Company.

The Companies Act provides that the objects set out in the different paragraphs of the objects clause in the Memorandum of Association or included therein by reference shall not, unless otherwise stated, be limited or restricted in any way by reference to or inference from the terms of any other paragraph in the Memorandum of Association and such objects may be carried out in as full and ample a manner and construed in such a manner as if each paragraph defined the objects of a separate and independent company and each is construed as a primary object.

The Memorandum of Association may be altered under the provisions of the Companies Act and which alteration must also conform to Bermuda policy. It is required that the consent of the members of the Company in general meeting be given, following due notice of the intention of the meeting, before a Memorandum of Association may be altered. It is required that following the passage of a resolution of the members in general meeting approving the alteration, certain filings be made with the Registrar. Prior to taking formal steps in relation to the alteration of the Memorandum of Association, it will be necessary to obtain the Minister's consent if the Company carries on any "restricted business activity" within the definition of section 4A of the Companies Act.

The Bye-laws will govern the Company's administration and the relationship between its members and the Board of Directors. The Bye-laws are required, by Section 13 of the Companies Act, to make provision for a certain limited number of matters. It furthermore provides that certain additional matters may be included in the Bye-laws for the better regulation of the Company.

The members of the Company are entitled to receive copies of the Memorandum of Association and its Bye-laws upon request, which obligation is established by the provisions of the Companies Act. The Companies Act provides that all persons who agree to become members of the Company shall upon entry on the register of members, which shall include the branch register, be deemed to be members of the Company.

c. Taxation

In Bermuda there are no taxes on profits, income or dividends, nor is there any capital gains tax, estate duty or death duty. Profits can be accumulated and it is not obligatory for a company to pay dividends. The Company is required to pay an annual government fee (the "Government Fee"), which is determined on a sliding scale by reference to a company's authorised share capital and share premium account, with the minimum fee being BD$1,995 and the maximum fee being BD$31,120 (the Bermuda dollar is treated at par with the U.S. dollar). The Government Fee is payable at the end of January in every year and is based on the authorised share capital and share premium account as they stood at the 31st August in the preceding year.

The Bermuda government has enacted legislation under which the Minister is authorised to give an assurance to an exempted company or a partnership that, in the event of there being enacted in Bermuda any legislation imposing tax computed on profits or income or computed on any capital asset, gain or appreciation, then the imposition of any such tax shall not be applicable to such entities or any of their operations. In addition, there may be included an assurance that any such tax or any tax in the nature of estate duty or inheritance tax, shall not be applicable to the shares, debentures or other obligations of such entities. This assurance has been obtained by the Company for a period ending 28th March, 2016.

d. Stamp Duty

The law relating to stamp duties has been fundamentally changed as a result of the enactment of certain legislation that came into force on the 1st April, 1990. Stamp duty is no longer chargeable in respect of the incorporation, registration or licensing of an exempted company, nor, subject to certain minor exceptions, on their transactions. Accordingly, no stamp duty will be payable on the increase in or the issue or transfer of the share capital of the Company.

e. Prospectus issues and public offers

The Companies Act regulates the issue of shares by way of public offer. It requires that, before or as soon as reasonably practicable after an offer of shares to the public (defined in the case of an exempted company as, inter alia, an offer calculated to result directly or indirectly in the shares becoming available to more than thirty-five persons), the Company shall have first published, in writing, a prospectus signed by or on behalf of all the Directors and shall have filed a copy with the Registrar. It also requires that a certificate, signed by an attorney in Bermuda, be filed with the prospectus, certifying: (i) that the prospectus contains certain particulars required by the Companies Act and is accompanied by a written statement from the auditor of the Company wherein the auditor confirms his consent to the inclusion of his report in the prospectus to be issued by the Company; or (ii) that an appointed stock exchange or a competent regulatory authority has received or otherwise accepted the prospectus as a basis for offering shares to the public. The following are some of the stock exchanges or regulatory authorities approved by the Minister and designated as:-

Appointed Stock Exchanges

The Alberta Stock Exchange
Australian Stock Exchange Ltd.
The Bermuda Stock Exchange
The Bolsa de Madrid
Boston Stock Exchange, Inc.
Bourse de Montreal
Bursa Malaysia Securities Berhad
Canadian Dealing Network
Canadian Venture Exchange
The Commission de Surveillance du Secteur Financier
The Euro MTF Market
The Euronext Exchange
European Association of Security Dealers Automated Quotation S.A. (EASDAQ)
Frankfurt Stock Exchange
The Irish Stock Exchange
JASDAQ Market
The Johannesburg Stock Exchange
NASDAQ Dubai
London Stock Exchange
London Stock Exchange — Alternative Investment Market (AIM)
The Nasdaq Stock Market, Inc.
New York Stock Exchange, Inc.
New Zealand Stock Exchange
Nya Marknaden
NYSE Euronext
Oslo BØrs
Paris Bourse

PLUS Markets
Sao Paulo Stock Exchange
Shanghai Stock Exchange
Singapore Exchange Securities Trading Limited
Societe de la Bourse de Luxembourg S.A.
Specialist Fund Market
The Stock Exchange of Hong Kong Ltd.
Stockholm Stock Exchange
Swiss Exchange
Taiwan Stock Exchange
Tel Aviv Stock Exchange
Tokyo Stock Exchange
The Toronto Stock Exchange
The TSX Venture Exchange
Vancouver Stock Exchange
Viennese Stock Exchange

Competent Regulatory Authorities

Australian Securities and Investments Commission
Austrian Federal Ministry of Finance
Bermuda Monetary Authority
The Commission de Surveillance du Secteur Financier
Dubai Financial Services Authority
Financial Services Authority
Hong Kong Securities and Futures Commission
Japanese Financial Services Agency and its delegate, the Kanto Local Finance Bureau of the Ministry of Finance of Japan
Luxembourg Commissariat aux Bourses
The Monetary Authority of Singapore
Ontario Securities Commission
Securities and Exchange Commission of Brazil
Securities Commission, Malaysia
Swiss Exchange
United States Securities and Exchange Commission

Accordingly, where an appointed stock exchange or any competent regulatory authority has received or otherwise accepted a prospectus as a basis for offering shares to the public, the Company need not comply with the requirements of the Companies Act as to the detailed content of the prospectus, nor set out the minimum subscription which must be raised by the issue of shares. If otherwise, then every prospectus shall contain particulars with regard to the minimum subscription which must be raised by the issue of shares in order to provide the sums, or, if any part thereof is to be defrayed in any other manner, the balance of the sums required to be provided, in respect of each of the following matters:

(i) the purchase price of any assets purchased or to be purchased which is to be defrayed in whole or in part out of the proceeds of the issue;

(ii) any preliminary expenses payable by the Company, and any commission so payable to any person in consideration of his agreeing to subscribe for, or if he is procuring or agreeing to procure subscriptions for, any shares in the Company;

(iii) the repayment of any monies borrowed by the Company in respect of any of the foregoing matters;

(iv) working capital; and

(v) the amount to be provided in respect of the matters aforesaid otherwise than out of the proceeds of the issue and the sources out of which those amounts are to be provided.

Furthermore where any company continuously over a period offers shares to the public, it shall, when any of the particulars in a prospectus issued by that company ceases to be accurate in a material respect, as soon as reasonably practicable, publish supplementary particulars, file a copy thereof with the Registrar as well as give a copy of the same to each member of the company.

The Companies Act provides for both criminal offences in relation to the making of an untrue statement in a prospectus and civil liability for misstatements in a prospectus.

f. Exchange Control

Although incorporated in Bermuda, the Company has been classified as non-resident in Bermuda for exchange control purposes by the Bermuda Monetary Authority ("BMA"). Accordingly, the Company may convert currency (other than Bermudian currency) held for its account to any other currency without restriction.

Persons, firms or companies regarded as residents of Bermuda for exchange control purposes require specific consent under the Exchange Control Act 1972 of Bermuda, and regulations thereunder, to purchase or sell shares or warrants of the Company which are regarded as foreign currency securities by the BMA. Pursuant to Part I paragraph 1 of the public notice issued by the Bermuda Monetary Authority on 1 June 2005 (the "BMA Notice"), where any equity securities of a Bermuda company are listed on an Appointed Stock Exchange (as defined in the BMA Notice which includes The Stock Exchange of Hong Kong Limited), general permission is given for the issue and subsequent transfer of any securities of the company from and/or to a non-resident of Bermuda, for as long as any equity securities of the company remain so listed.

In granting such permission, the BMA accepts no responsibility for the financial soundness of any proposals or for the correctness of any statements made or opinions expressed in this document with regard to them.

g. Share Capital

The Companies Act provides for the giving of financial assistance by a company for the acquisition of its own or its holding company's shares in specific circumstances.

The Companies Act provides that where a company issues shares at a premium whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on those shares shall be transferred to an account, to be called "the share premium account" and the provisions of the Companies Act relating to a reduction of share capital of a company shall, except as provided in Section 40 of the Companies Act, apply as if the share premium account were paid up share capital of the company. An exception is made to this rule in the case of an exchange of shares where the excess value of the shares acquired over the nominal value of the shares being issued may be credited to a contributed surplus account of the issuing company. Contributed surplus is a North American concept recognised under the generally accepted accounting principles of the Canadian Institute of Chartered Accountants which accounting principles are applied in Bermuda.

The Companies Act permits a company to issue preference shares and under certain circumstances to convert those preference shares into redeemable preference shares.

h. Alteration of Share Capital

A company may if authorised by a general meeting of the members of the company and by its bye-laws, alter the conditions of its memorandum of association to increase its share capital, divide its shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions, consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares, subdivide its shares or any of them into shares of a smaller amount than is fixed by the memorandum of association, make provision for the issue and allotment of shares which do not carry any voting rights, cancel shares which have not been taken or agreed to be taken by any person, diminish the amount of its share capital by the amount of the shares so cancelled and change the currency denomination of its share capital. With the exception of an increase of capital, cancellation of shares and redenomination of currency of capital, there are no filing requirements for any of the above-mentioned alterations.

Furthermore a company may, if authorised by a general meeting of the members, reduce its share capital. There are certain requirements, including a requirement prior to the reduction to publish a notice in an appointed newspaper stating the amount of the share capital as last determined by the company, the amount to which the share capital is to be reduced and the date on which the reduction is to have effect. The Companies Act provides that the Company shall not reduce the amount of its share capital if on the date the reduction is to be effected there are reasonable grounds for believing that the Company is, and after the reduction would be, unable to pay its liabilities as they become due.

The Companies Act includes certain protections for holders of special classes of shares requiring their consent to be obtained before their rights may be varied.

The Companies Act requires that as soon as practicable after the allotment of any of its shares a company must complete and have ready for delivery share certificates in relation to those shares allotted unless the conditions of issue of the shares otherwise provide. A certificate under the common seal of the company shall be prima facie evidence of the title of the member to the shares. The Companies Act prohibits bearer shares.

i. Purchase by the Company of its own shares

The Companies Act permits the Company, if authorised to do so by its Memorandum of Association or by its Bye-laws, to purchase its own shares. It should be noted that the Company is authorised by its Bye-laws, subject to certain approvals, to purchase its own shares. Such purchases may only be effected out of the capital paid up on the purchased shares, profits otherwise available for dividend (see "Dividends" below) or out of the proceeds of a new issue of shares made for the purpose. Any premium payable on a repurchase over the par value of the shares to be repurchased must be provided for out of the profits otherwise available for dividends, out of the Company's share premium account, or out of contributed surplus. A purchase by the Company of its own shares may be authorised by its Board of Directors or otherwise by or in accordance with the provisions of its Bye-laws. Further, the consideration payable to a member whose shares are repurchased may be satisfied by cash and/or the transfer of any part of the undertaking or property of the Company or a combination of the foregoing.

The Companies Act provides that no purchase by the Company of its own shares may be effected if, on the date on which the purchase is to be effected, there are reasonable grounds for believing that the Company is, or after the purchase would be, unable to pay its liabilities as they become due.

The shares purchased pursuant to the Companies Act shall be treated as cancelled and the amount of the Company's issued capital shall be diminished by the nominal amount of those shares accordingly. It shall not be taken as reducing the amount of the Company's authorised share capital.

The Company is not prevented from purchasing and may purchase its own warrants. There is no requirement of Bermuda law that the Memorandum of Association or the Bye-laws contain a specific enabling provision authorising any such purchase and the Directors may rely upon the general power to buy and sell and deal in personal property of all kinds.

A company has power to hold and purchase shares of its holding company. A distinction must be drawn between the purchase of shares in the holding company by the holding company itself and the purchase by a subsidiary. A holding company can only purchase its own shares in accordance with the provisions referred to above. When a subsidiary acquires shares in its holding company, the shares, once purchased, may be voted by the subsidiary for its own benefit.

j. Transfer of Securities

Title to securities of companies whose securities are traded or listed on an appointed stock exchange may, only with effect from the coming into operation of regulations made by the Minister, be evidenced and transferred without a written instrument either in accordance with regulations made by the Minister or by a person appointed by the Minister ie. through the mechanism required or permitted by an appointed stock exchange.

k. Dividends and Distributions

The Companies Act provides that a company shall not declare or pay a dividend or make a distribution out of contributed surplus, if there are reasonable grounds for believing that (a) the company is, or would after the payment be, unable to pay its liabilities as they became due; or (b) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

Contributed surplus for these purposes is defined as including proceeds arising from donated shares, credits resulting from the redemption or conversion of shares at less than the amount set up as nominal capital, the excess value of shares acquired over those issued in a share exchange should the Board elect to treat it as such and donations of cash and other assets to the company.

l. Charges on the Assets of the Company

The Companies Act established a register of charges at the office of the Registrar permitting any charges on the assets of a company to be registered. Registration is not mandatory but does govern priority in Bermuda, giving a registered charge priority over any subsequently registered charge and over all unregistered charges save those in effect prior to the coming into effect of the Companies Act in July of 1983. The register of charges is available for inspection by members of the public. The Companies Act also makes provision for the registration of a series of debentures.

m. Management and Administration

The management and administration of a Bermuda company is essentially governed by Part VI of the Companies Act and provides that the management and administration of a Bermuda company shall be vested in the hands of not less than two directors duly elected by the members.

The Companies Act requires that a Bermuda company maintains either:

a) a minimum of one director, other than an alternate director, who is ordinarily resident in Bermuda; or

b) a secretary that is (i) an individual who is ordinarily resident in Bermuda; or (ii) a company which is ordinarily resident in Bermuda; or

c) a resident representative that is (i) an individual who is ordinarily resident in Bermuda; or (ii) a company which is ordinarily resident in Bermuda.

The Companies Act contains no specific restrictions on the power of the Directors to resolve to dispose of assets of a company although it specifically requires that every officer (which includes a director and managing director and secretary) of a company, in exercising his powers and discharging his duties, shall act honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Furthermore it requires that every officer should comply with the Companies Act, regulations passed pursuant to the Companies Act and the Bye-laws.

n. Loans to Directors

The Companies Act prohibits the making of loans by the Company to any of its Directors or to their families or companies in which they hold a 20 per cent interest, without the consent of members of the Company holding in the aggregate not less than nine-tenths of the total voting rights of all members having the right to vote at any meeting of the members of the Company. These prohibitions do not apply to anything done to provide a Director with funds to meet expenditure incurred or to be incurred by him for the purposes of the Company, provided that the Company gives its prior approval at a general meeting or, if not, the loan is made on condition that it shall be repaid within six months of the next annual general meeting if the loan is not approved at such meeting. If the approval of the Company is not given for a loan, the Directors who authorised it will be jointly and severally liable for any loss arising.

o. The Investigation of the Affairs of a Company and the Protection of Minorities

The Companies Act makes specific provision with regard to the foregoing and provides that the Minister may, at any time of his own volition, appoint one or more inspectors to investigate the affairs of an exempted company and to report thereon in such manner as he may direct. The Companies Act requires that such an investigation be made in private unless the company requests that it be held in public. Furthermore any member of a company who complains that the affairs of the company are being conducted or have been conducted in a manner oppressive or prejudicial to the interests of some part of the members, including himself, or where a report has been made to the Minister under the foregoing, the Registrar on behalf of the Minister, may make an application to the court by petition for an order that the company's affairs are being conducted or have been conducted in a manner oppressive or prejudicial to the interests of some part of the members and that to wind up the company would unfairly prejudice that part of the members but otherwise the facts would justify the making of a winding up order on the ground that it would be just and equitable that the company should be wound up. If the court is of this opinion, then it may, with a view to bringing to an end the matters complained of, make such order as it thinks fit whether for regulating the conduct of the company's affairs in future or for the purchase of shares of any members of the company by other members of the company or by the company and in the case of a purchase by the company, for the reduction accordingly of the company's capital, or otherwise.

Class actions and derivative actions are generally not available to members under the laws of Bermuda; however, the Bermuda courts ordinarily would expect to follow English case law precedent which would permit a member to commence an action in the name of the company to remedy a wrong done to the company where the act complained of is alleged to be beyond the corporate power of the company or is illegal or would result in the violation of a company's memorandum of association and bye-laws. Furthermore consideration would be given by the court to acts that are alleged to constitute a fraud against the minority members or, for instance, where an act requires the approval of a greater percentage of the company's members than that which actually approved it.

In addition to the above, members may be able to bring claims against a company; such claims must, however, be based on the general laws of contract or tort applicable in Bermuda.

A statutory right of action is conferred on subscribers to shares of a company against persons (including directors and officers) responsible for the issue of a prospectus in respect of damage suffered by reason of an untrue statement therein (see above) but this confers no right of action against the company itself. In addition, the company itself (as opposed to its members) may take action against the officers (including directors) for breach of their statutory and fiduciary duty to act honestly and in good faith with a view to the best interests of the company (as mentioned above). Furthermore, a subscriber is not debarred from obtaining damages or other

compensation from the Company by reason only of his holding or having held shares in the Company or any right to apply or subscribe for shares or to be included in the Company's register of members in respect of shares.

p. Inspection of Corporate Records

Members of the general public have the right to inspect the public documents of the Company available at the office of the Registrar which will include the Company's Certificate of Incorporation, its Memorandum of Association (including its objects and powers) and any alteration to the Memorandum of Association and documents relating to an increase or reduction of authorised capital. The members have the additional right to inspect the Bye-laws, minutes of general (i.e. members') meetings and audited financial statements of the Company, which must be presented to the Annual General Meeting of members. The Company is required to maintain its share register in Bermuda but may establish a branch register outside Bermuda. The register of members of the Company and any branch register are also open to inspection by members without charge, and to general members of the public for a fee. The Companies Act stipulates that where a member of the Company or other person requests a copy of the register of members or branch register of members, this must be provided within 14 days of the request. The Company is required to keep at its registered office a register of its Directors and Officers which is open for inspection by members of the public without charge. Bermuda law does not, however, provide a general right for members to inspect or obtain copies of any other corporate records.

q. Restrictions on the Activities of Exempted Companies

Unless specifically authorised by its memorandum of association, an exempted company shall not be permitted to:

(i) acquire or hold land in Bermuda except land required for its business held by way of a lease or tenancy agreement for a term not exceeding fifty years;

(ii) acquire or hold land that is designated as tourist accommodation or a hotel residence by regulations made under section 102D(1)(ba) of the Bermuda Immigration and Protection Act 1956 subject to certain exceptions;

(iii) take any mortgage of land in Bermuda (subject to certain exceptions); and

(iv) acquire any bonds or debentures secured on any land in Bermuda except bonds or debentures issued by the Government or a public authority in Bermuda.

Exempted companies are specifically permitted to carry on business with persons outside Bermuda or to do business in Bermuda with an exempted company in furtherance only of the business of the exempted company carried on exterior to Bermuda. It may buy, sell or otherwise deal in shares, bonds, debenture stock obligations, mortgages or other securities issued or created by an exempted

undertaking or a local company or any partnership which is not an exempted undertaking. It may transact banking business with a bank licensed in Bermuda. It may effect or conclude contracts in Bermuda and exercise in Bermuda all other powers so far as may be necessary for carrying on its business with persons outside Bermuda. It may act as manager or agent for or consultant or advisor to the business of another exempted company, provided that the company has an object in its memorandum of association to enable it to carry on such type of business.

The Company has been incorporated as an "exempted company". Accordingly the Company is authorised to carry on business outside Bermuda from a place of business in Bermuda but may not, without a specific licence granted by the Minister, conduct business within Bermuda. The Company is, therefore, permitted to establish a place of business in Bermuda in order to conduct business outside Bermuda or with other exempted companies in Bermuda. However, it may not engage in trading or other business activities (e.g. the provision of services) in Bermuda. Furthermore, as an exempted company, the Company has been designated as "non resident" for exchange control purposes and is authorised to deal in any currency of its choosing, other than Bermuda dollars.

The Company will, under the provisions of the Companies Act, be required to file in January of every year a declaration in writing stating what is the principal business of the Company and to pay the Government Fee.

r. Accounting and Auditing Requirements under the Companies Act

The Companies Act requires that a company shall cause to be kept proper records of account with respect to:

(i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure take place;

(ii) all sales and purchases of goods by the company; and

(iii) the assets and liabilities of the company.

It furthermore requires that the records of account shall be kept at the registered office of the Company or at such other place as the Directors think fit and shall at all times be open to inspection by the Directors or by a resident representative. The Companies Act also requires that, these records of account also be maintained at the office of the resident representative where the Company is listed on an appointed stock exchange and the Company has appointed a resident representative. There is a provision in the Companies Act to the effect that if the records of account are kept at some place outside Bermuda, there shall be kept at an office of the Company in Bermuda such records as will enable the Directors or the resident representative to ascertain with reasonable accuracy the financial position of the Company at the end of each three month period (or each six month period, where the Company is listed on an appointed stock exchange). Power is vested in the courts of Bermuda to order the

Company to make available the records of account to any of the Directors of the Company should the Company for some reason refuse to do so. Furthermore, the Companies Act imposes a fine in the event of failure to comply with the aforementioned requirements which fine is limited to the sum of BD$500.00 (approximately equivalent in value to US$500.00), for the time being.

s. Auditing Requirements

The Companies Act requires that the board of every company shall, at least once in every year, lay before the company in general meeting:

(i) financial statements for the period, which shall include:

(aa) a statement of the results of operations for such period;

(bb) a statement of retained earnings or deficits;

(cc) a balance sheet at the end of such period;

(dd) a statement of changes in the financial position for the period;

(ee) notes to the financial statements;

(ff) such further information as required by the Companies Act and the company's memorandum of association and its bye-laws;

(ii) the report of the auditor in respect of the financial statements described above based upon the results of the audit made in accordance with generally accepted accounting principles; and

(iii) the notes referred to in paragraph (ee) above shall include a description of the generally accepted accounting principles used in the preparation of the financial statements and where the accounting principles used are those of a country or jurisdiction other than Bermuda the notes shall disclose this fact and shall name the country or jurisdiction.

Financial Statements to be laid before the members in general meeting shall be signed on the balance sheet by two of the directors of the company.

If for some reason it becomes impossible, for reasons beyond the reasonable control of the directors, to lay the financial statements before the members, it shall be lawful for the Chairman to adjourn the meeting for a period of up to ninety days or such longer period as the members may agree.

All members of a company are entitled to receive a copy of the financial statements prepared in accordance with the aforementioned requirements, at least seven days before the general meeting of the company at which the financial statements would be tabled.

The Companies Act also provides that companies listed on an appointed stock exchange may send summarized financial statements instead of the unabridged financial statements mentioned above. Each member can elect to receive unabridged financial statements for that period and/or any subsequent period. The summarized financial statements together with auditors report and notice to elect to receive the unabridged financial statements must be sent to members twenty-one days before the general meeting. A company shall send the full financial statements to a member within seven days of receipt of the member's election to receive the full financial statements.

The summarized financial statements must be derived from the company's financial statements and shall include:

(a) a summarized report of the unabridged financial statements;

(b) such further information extracted from the financial statements as the board of directors considers appropriate; and

(c) a statement that it is only a summarized version of the company's financial statements and does not contain sufficient information to allow as full an understanding of the financial position, results of operations or changes in financial position or cash flows of the company as would be provided by unabridged financial statements.

There are certain exceptions in the case of members not entitled to receive notices of general meetings, joint holders of shares or where the address for a person is not known to the company.

The Companies Act also makes provision vesting power in the members in general meeting to waive the laying of the financial statements and auditors' report and to waive the appointment of an auditor. In order to do so it is required that all members and directors of the company agree either in writing or at a general meeting, that in respect of a particular interval no financial statement or auditors' report thereon need be laid before a general meeting.

The Companies Act contains specific requirements in Section 89 in relation to the appointment and disqualification of an auditor.

By way of general reference, the provisions of Sections 83, 84, 87, 88, 89 and 90 govern the preparation and maintenance of accounting records and audited financial statements.

t. Continuation and Discontinuation of Companies

(i) A company incorporated outside Bermuda may be continued in Bermuda as an exempted company to which the provisions of the Companies Act and any other relevant laws of Bermuda may apply. The consent of the Minister will

be required if the Company's Memorandum of Continuance includes special objects enabling it to carry on any "restricted business activity" within the definition of section 4A of the Companies Act; and

(ii) An exempted company may be continued in a country or jurisdiction outside Bermuda as if it had been incorporated under the laws of that other jurisdiction and be discontinued under the Companies Act, provided that, inter alia, it is an appointed jurisdiction pursuant to the Companies Act, or has been approved by the Minister, upon application by the Company for the purpose of the discontinuance of the Company out of Bermuda.

u. Winding-Up and Liquidation Provisions of Bermuda Legislation

(i) Introduction:

The winding-up of Bermuda companies is governed by the provisions of the Companies Act and by the Companies (Winding-Up) Rules 1982 (the "Rules") and may be divided into the following two types:

(aa) Voluntary winding-up which commences with the members' resolution or upon the happening of a specified event (fixed or limited life company) and which itself can be sub-divided into a members' voluntary winding-up and a creditors' voluntary winding-up; and

(bb) Compulsory winding-up, by petition presented to the courts of Bermuda followed by winding-up order.

(ii) Voluntary Winding-Up:

(aa) Members' Voluntary Winding-up — A members' voluntary winding-up is only possible if a company is solvent. A Statutory Declaration of Solvency to the effect that a company is able to meet its debts within 12 months from the date of the commencement of its winding-up is sworn by a majority of the company's directors and filed with the Registrar.

A general meeting of members is then convened which resolves that the company be wound-up voluntarily and that a liquidator (responsible for collecting in the assets of the company, determining its liabilities and distributing its assets amongst its creditors and the surplus to the members) be appointed.

Once the affairs of the company are fully wound-up the liquidator prepares a full account of the liquidation which he then presents to the company's members at a special general meeting called for that purpose. This special general meeting must be advertised in an appointed

newspaper in Bermuda at least one month before it is held. Within one week after this special general meeting is held, the liquidator shall notify the Registrar that the company has been dissolved.

(bb) Creditors' Voluntary Winding-up — A creditors' voluntary winding-up may occur where a company is insolvent and a Declaration of Solvency cannot be sworn.

A board meeting is convened which resolves to recommend to the members of the company that the company be placed into a creditors' voluntary winding-up. This recommendation is then considered and, if thought fit, approved at a special general meeting of the company's members and, subsequently, at a meeting of the company's creditors.

Notice of the creditors' meeting must appear in an appointed newspaper on at least two occasions and the Directors must provide this meeting with a list of the company's creditors and a full report of the position of the company's affairs.

At their respective meetings, the creditors and members are entitled to nominate a person or persons to serve as liquidator(s) and whose responsibilities include collecting in the assets of the company, ascertaining its liabilities and distributing its assets ratably amongst its creditors in accordance with their proofs of debt. In addition to the liquidator, the creditors are entitled to appoint a Committee of Inspection which, under Bermuda law, is a representative body of creditors who assist the liquidator during the liquidation.

As soon as the affairs of the company are fully wound-up, the liquidator prepares his final account explaining the liquidation of the company and the distribution of its assets which he then presents to the company's members in a special general meeting and to the company's creditors in a meeting. Within one week after the last of these meetings, the liquidator sends a copy of the account to the Registrar who proceeds to register it in the appropriate public records and the company is deemed dissolved three months after the registration of this account.

(iii) Compulsory Winding-Up:

The courts of Bermuda may wind-up a Bermuda company on a petition presented by persons specified in the Companies Act and which include the company itself and any creditor or creditors of the company (including contingent or prospective creditors) and any member or members of the company.

Any such petition must state the grounds upon which the Bermuda court has been asked to wind-up the company and may include either one of the following:

(aa) that the company has by resolution resolved that it be wound-up by the Bermuda court;

(bb) that the company is unable to pay its debts;

(cc) that the Bermuda court is of the opinion that it is just and equitable that the company be wound-up.

The winding-up petition seeks a winding-up order and may include a request for the appointment of a provisional liquidator.

Prior to the Winding-up Order being granted and the appointment of the provisional liquidator, (who under Bermuda law, may or may not be the Official Receiver — a government appointed officer) an interim provisional liquidator may be appointed to administer the affairs of the company with a view to its winding-up until he is relieved of these duties by the appointment of the provisional liquidator. (Often, the interim provisional liquidator is appointed the provisional liquidator).

As soon as the Winding-up Order has been made, the provisional liquidator summons separate meetings of the company's creditors and members in order to determine whether or not he should serve as the permanent liquidator or be replaced by some other person who will serve as the permanent liquidator and also to determine whether or not a Committee of Inspection should be appointed and, if appointed, the members of that Committee. The provisional liquidator notifies the Court of the decisions made at these meetings and the Court makes the appropriate orders.

A permanent liquidator's powers are prescribed by the Companies Act and include the power to bring or defend actions or other legal proceedings in the name and on behalf of the company and the power to carry on the business so far as may be necessary for the beneficial winding-up of the company. His primary role and duties are the same as a liquidator in a creditors' voluntary winding-up i.e. to distribute the company's assets ratably amongst its creditors whose debts have been admitted.

As soon as the affairs have been completely wound-up, the liquidator applies to the courts of Bermuda for an order that the company be dissolved and the company is deemed dissolved from the date of this order being made.

v. General

Appleby, the Company's legal advisers on Bermuda law, have sent to the Company a letter of advice summarising aspects of Bermuda company law. This letter, together with a copy of the Companies Act, is available for inspection as referred to in paragraph (h) of Appendix VII. Any person wishing to have a detailed summary of Bermuda company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

SINGAPORE

(1) Listing Manual of the Singapore Exchange Securities Trading Limited ("Listing Manual")

Continuing obligations on disclosure of material information

Rule 703 of the Listing Manual

Rule 703 of the Listing Manual states that the Company must announce any information known to the Company concerning it or any of its subsidiaries or associated companies which:

(a) is necessary to avoid the establishment of a false market in its securities; or

(b) would be likely to materially affect the price or value of its securities.

Rule 703 does not apply to information which it would be a breach of law to disclose.

Rule 703 also does not apply to particular information while each of the following conditions applies.

Condition 1: a reasonable person would not expect the information to be disclosed;

Condition 2: the information is confidential; and

Condition 3: one or more of the following applies:

(i) the information concerns an incomplete proposal or negotiation;

(ii) the information comprises matters of supposition or is insufficiently definite to warrant disclosure;

(iii) the information is generated for the internal management purposes of the entity;

(iv) the information is a trade secret.

In complying with the disclosure requirements of the SGX-ST, the Company must (a) observe the Corporate Disclosure Policy set out in Appendix 7.1 of the Listing Manual, and (b) ensure that its directors and executive officers are familiar with the SGX-ST's disclosure requirements and Corporate Disclosure Policy.

The SGX-ST will not waive any requirements under Rule 703.

Acquisitions and Realisations

Chapter 10 of the Listing Manual contains rules classifying transactions by issuers, principally, acquisitions and realisations into various categories, namely, non-discloseable transactions, discloseable transactions, major transactions and very substantial acquisitions or reverse takeovers. Under these rules, shareholders' approval would be required for certain categories of transactions. The rules of Chapter 10 of the Listing Manual should be read together with the general principle of disclosure of material information which is necessary to avoid the establishment of a false market in the issuer's securities or would be likely to materially affect the price or value of its securities, as stated in Rule 703 of the Listing Manual.

Thresholds

Transactions are classified into four categories, depending on the size of the relative figures computed on the following bases:

(a) The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets.

(b) The net profits attributable to the assets acquired or disposed of, compared with the group's net profits.

(c) The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.

(d) The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.

The four categories of transactions are non-discloseable transactions, discloseable transactions, major transactions and very substantial acquisitions or reverse takeovers. A non-discloseable transaction is one where all the relative figures computed on the bases above amount to 5% or less. A discloseable transaction is one where any of the relative figures computed on the bases above exceeds 5% but does not exceed 20%. A major transaction is one where any of the relative figures computed on the bases above exceed 20%. A very substantial acquisition or reverse takeover is one where any of the relative figures computed on the bases above are 100% or more.

Shareholders' approval

Major transactions and very substantial acquisitions or reverse takeovers are subject to shareholders' approval. A circular containing the information in Rule 1010 of the Listing Manual must be sent to all shareholders.

Circular requirements

Rule 1206 of the Listing Manual states that any circular sent to shareholders must:

(1) contain all information necessary to allow shareholders to make a properly informed decision or, if no decision is required, to be properly informed;

(2) advise shareholders that if they are in any doubt as to any action they should take, they should consult independent advisers;

(3) state that the SGX-ST takes no responsibility for the accuracy of any statements or opinions made or reports contained in the circular;

(4) comply with specific circular requirements in the Listing Manual; and

(5) include an appropriate statement if a person is required to abstain from voting on a proposal at a general meeting by a listing rule,

Rules1014(2) and 1015(5)(a) read with Rule 1010 of the Listing Manual provide that the information which should be contained in a circular to shareholders in relation to major transactions and very substantial acquisitions or reverse takeovers includes the following:

(1) Particulars of the assets acquired or disposed of, including the name of any company or business, where applicable;

(2) A description of the trade carried on, if any;

(3) The aggregate value of the consideration, stating the factors taken into account in arriving at it and how it will be satisfied, including the terms of payment;

(4) Whether there are any material conditions attaching to the transaction including a put, call or other option and details thereof;

(5) The value (book value, net tangible asset value and the latest available open market value) of the assets being acquired or disposed of, and in respect of the latest available valuation, the value placed on the assets, the party who commissioned the valuation and the basis and date of such valuation;

(6) In the case of a disposal, the excess or deficit of the proceeds over the book value, and the intended use of the sale proceeds. In the case of an acquisition, the source(s) of funds for the acquisition;

(7) The net profits attributable to the assets being acquired or disposed of. In the case of a disposal, the amount of any gain or loss on disposal;

(8) The effect of the transaction on the net tangible assets per share of the issuer for the most recently completed financial year, assuming that the transaction had been effected at the end of that financial year;

(9) The effect of the transaction on the earnings per share of the issuer for the most recently completed financial year, assuming that the transaction had been effected at the beginning of that financial year;

(10) The rationale for the transaction including the benefits which are expected to accrue to the issuer as a result of the transaction;

(11) Whether any director or controlling shareholder has any interest, direct or indirect, in the transaction and the nature of such interests;

(12) Details of any service contracts of the directors proposed to be appointed to the issuer in connection with the transaction; and

(13) The relative figures that were computed on the bases set out in Rule 1006 of the Listing Manual.

Interested person transactions

Under Chapter 9 of the Listing Manual, an interested person transaction is broadly defined as any transaction between (i) the issuer, its non-listed subsidiary or its non-listed associated company (as defined in the Listing Manual) over which the listed group or the listed group and its interested persons has control, and (ii) an interested person. Interested persons are broadly defined as the director, chief executive officer or controlling shareholders (holding directly or indirectly at least 15% of the total number of issued shares excluding treasury shares in the issuer or who in fact exercises control over the issuer) of the issuer and their associates.

Shareholders' approval

Rule 906 of the Listing Manual states that an issuer must obtain shareholder approval for any interested person transaction of a value equal to, or more than:

(i) 5% of the Group's latest audited net tangible assets, or

(ii) 5% of the Group's latest audited net tangible assets, when aggregated with other transactions entered into with the same interested person during the same financial year (save for transactions which have already been approved by shareholders).

Rule 906 of the Listing Manual does not apply to any transaction below S$100,000.

Rule 918 of the Listing Manual states that shareholders' approval must be obtained prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction. Rule

919 of the Listing Manual states that in a meeting to obtain shareholder approval, the interested person and any associate of the interested person must not vote on the resolution.

Circular requirements

Rule 921 of the Listing Manual states the information which should be included in a circular to shareholders in relation to interested person transactions:

(1) details of the interested person transacting with the entity at risk, and the nature of that person's interest in the transaction.

(2) details of the transaction (and all other transactions which are the subject of aggregation pursuant to Rule 906 of the Listing Manual) including relevant terms of the transaction, and the bases on which the terms were arrived at.

(3) the rationale for, and benefit to, the entity at risk.

(4) (a) an opinion in a separate letter from an independent financial adviser who is acceptable to the SGX-ST stating whether the transaction (and all other transactions which are the subject of aggregation pursuant to Rule 906 of the Listing Manual):

(i) is on normal commercial terms, and

(ii) is prejudicial to the interests of the issuer and its minority shareholders.

(b) however, the opinion from an independent financial adviser is not required for the following transactions. Instead, an opinion from the audit committee in the form required in Rule 917(4)(a) of the Listing Manual must be disclosed:

(i) the issue of shares pursuant to Part IV of Chapter 8 of the Listing Manual, or the issue of other securities of a class that is already listed, for cash.

(ii) purchase or sale of any real property where:

- the consideration for the purchase or sale is in cash;
- an independent professional valuation has been obtained for the purpose of the purchase or sale of such property; and
- the valuation of such property is disclosed in the circular.

(5) an opinion from the audit committee, if it takes a different view to the independent financial adviser.

(6) all other information known to the issuer or any of its directors, that is material to shareholders in deciding whether it is in the interests of the issuer to approve the transaction. Such information includes, from an economic and commercial point of view, the true potential costs and detriments of, or resulting from, the transaction, including opportunity costs, taxation consequences, and benefits forgone by the entity at risk.

(7) a statement that the interested person will abstain, and has undertaken to ensure that its associates will abstain, from voting on the resolution approving the transaction.

(8) Where the issuer accepts a profit guarantee or a profit forecast (or any covenant which quantifies the anticipated level of future profits) from the vendor of businesses/assets, the information required in Rules 1013(1) and 1013(2) of the Listing Manual, and a statement confirming that it will comply with Rule 1013(3) of the Listing Manual.

Share Buybacks

The Company may make purchases or acquisitions of our Shares, at any time and from time to time, on and from the date of the extraordinary general meeting at which a share buyback mandate (the "Share Buyback Mandate") is approved, up to:

(a) the date on which the next annual general meeting is held or required by law to be held; or

(b) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by our Shareholders in a general meeting; or

(c) the date on which the purchases or acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated,

whichever is the earliest.

The authority conferred on our Directors by the Share Buyback Mandate to purchase Shares may be renewed by our Shareholders in any general meeting of the Company, such as at the next annual general meeting or at an extraordinary general meeting to be convened immediately after the conclusion or adjournment of the next annual general meeting. When seeking the approval of our Shareholders for the Share Buyback Mandate, the Company is required to disclose details pertaining to any share buy-back made by the Company during the previous 12 months, including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such purchases of Shares, where relevant, and the total consideration paid for such purchases.

Manner of Purchase

The Company may purchase or acquire Shares by way of on-market purchases ("Market Purchases"), transacted on the SGX-ST through the ready market, and which may be transacted through one or more duly licensed stock brokers appointed by the Company for the purpose.

Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses ("related expenses")) to be paid for a Share will be determined by our Directors. However, the purchase price to be paid for the Shares pursuant to the purchases or acquisitions of the Shares must not exceed 105% of the Average Closing Price (as defined hereinafter), excluding related expenses.

For the above purposes:

"Average Closing Price" means the average of the closing market prices of the Shares over the last five Market Days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, and deemed to be adjusted for any corporate action that occurs after the relevant five Market Days.

(2) Singapore Takeover Obligations

Offences and Obligations Relating to Take-overs

Section 140 of the Securities and Futures Act (Chapter 289) of Singapore ("SFA")

Section 140 of the SFA provides that a person shall not give notice or publicly announce that he intends to make a take-over offer if (a) he has no intention to make a take-over offer; or (b) he has no reasonable or probable grounds for believing that he will be able to perform his obligations if the take-over offer is accepted or approved, as the case may be. A person who contravenes section 140 of the SFA is guilty of an offence and shall be liable on conviction to a fine not exceeding S$250,000 or to imprisonment for a term not exceeding 7 years or to both.

Obligations under the Singapore Code on Takeovers and Mergers ("Singapore Code") and the Consequences of Non-compliance

Obligations under the Singapore Code

The Singapore Code regulates the acquisition of ordinary shares of public companies and contains certain provisions that may delay, deter or prevent a future takeover or change in control of the Company. Any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30.0% or more of the voting Shares in the Company, or, if such person holds, either on his own or together with parties acting in concert with him, between 30.0% and 50.0% (both inclusive) of the voting Shares in the Company, and if he (or parties acting in concert with him) acquires additional voting Shares representing more than 1.0% of the voting Shares in the Company in any six-month period, must, except with the consent of the Securities Industry Council in Singapore, extend a takeover offer for the remaining voting Shares in accordance with the provisions of the Singapore Code.

"Parties acting in concert" comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Certain persons are presumed (unless the presumption is rebutted) to be acting in concert with each other. They are as follows:

(a) a company and its related companies, the associated companies of any of the company and its related companies, companies whose associated companies include any of these companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;

(b) a company and its directors (including their close relatives, related trusts and companies controlled by any of the directors, their close relatives and related trusts);

(c) a company and its pension funds and employee share schemes;

(d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis;

(e) a financial or other professional advisers and its clients in respect of the shareholdings of the advisers and persons controlling, controlled by or under the same control as the advisers and all the funds managed by the advisers on a discretionary basis, where the shareholdings of the advisers and any of those funds in the client total 10.0% or more of the client's equity share capital;

(f) directors of a company (including their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for the company may be imminent;

(g) partners; and

(h) an individual and his close relatives, related trusts, any person who is accustomed to act in accordance with his instructions and companies controlled by the individual, his close relatives, his related trusts or any person who is accustomed to act in accordance with his instructions and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights.

In the event that one of the abovementioned trigger-points is reached, the person acquiring an interest (the "Offeror") must make a public announcement stating the terms of the offer and its identity. The Offeror must post an offer document not earlier than 14 days and not later than 21 days from the date of the offer announcement. An offer must be kept open for at least 28 days after the date on which the offer document was posted.

The Offeror may, subject to the provisions of the Singapore Code, vary the offer by offering more for the shares or by extending the period in which the offer remains open. If a variation is proposed, the Offeror is required to give a written notice to the offeree company and its shareholders, stating the modifications made to the matters set out in the offer document. The revised offer must be kept open for at least another 14 days. Where the consideration is varied, shareholders who agree to sell before the variation are also entitled to receive the increased consideration.

A mandatory offer must be in cash or be accompanied by a cash alternative at not less than the highest price paid by the offeror or parties acting in concert with the offeror within the six months preceding the acquisition of Shares that triggered the mandatory offer obligation.

Under the Singapore Code, where effective control of a company is acquired or consolidated by a person, or persons acting in concert, a general offer to all other shareholders is normally required. An offeror must treat all shareholders of the same class in an offeree company equally. A fundamental requirement is that shareholders in the company subject to the takeover offer must be given sufficient information, advice and time to consider and decide on the offer.

Consequences of Non-compliance with the Requirements under the Singapore Code

The Singapore Code is non-statutory in that it does not have the force of law. Therefore, as provided in section 139(8) of the SFA, a failure of any party concerned in a take-over offer or a matter connected therewith to observe any of the provisions of the Singapore Code shall not of itself render that party liable to criminal proceedings. However, the failure of any party to observe any of the provisions of the Singapore Code may, in any civil or criminal proceedings, be relied upon by any party to the proceedings as tending to establish or to negate any liability which is in question in the proceedings.

Section 139 of the SFA further provides that where the Securities Industry Council has reason to believe that any party concerned in a take-over offer or a matter connected therewith is in breach of the provisions of the Singapore Code or is otherwise believed to have committed acts of misconduct in relation to such take-over offer or matter, the Securities Industry Council has power to enquire into the suspected breach or misconduct. The Securities Industry Council may summon any person to give evidence on oath or affirmation, which it is thereby authorised to administer, or produce any document or material necessary for the purpose of the enquiry.

(3) Reporting Obligations of Shareholders

A person has a substantial shareholding in a company if he has an "interest" in voting shares in the company, and the total votes attached to those shares is not less than 5.0% of the total votes attached to all the voting shares in the company.

A substantial shareholder of a company is required to notify the company in writing of his name, address and full particulars of his "interests" in the voting shares in the company within two business days after becoming a substantial shareholder.

A substantial shareholder is required to notify the company in writing of changes in the "percentage level" of his shareholding or his ceasing to be a substantial shareholder within two business days after he is aware of such changes or within two business days after he ceases to be a substantial shareholder, as the case may be.

The reference to "percentage level" means the percentage figure ascertained by expressing the total votes attached to all the voting shares in which the substantial shareholder has an interest or interests immediately before or (as the case may be) immediately after the relevant time as a percentage of the total votes attached all the voting shares in the Company, and, if it is not a whole number, rounding that figure down to the next whole number.

Section 137(1) of the SFA

A substantial shareholder is also required to give the above notifications to the SGX-ST at the same time. A person has a substantial shareholding in a company if he has an interest or interests in one or more voting shares in the company, and the total votes attached to that share, or those shares, is not less than 5 per cent of the total votes attached to all the voting shares in the company.

Prohibited Conduct in Relation to Trading in the Securities of the Company

Prohibitions against False Trading and Market Manipulation

Section 197 of the SFA

Section 197 of the SFA prohibits (i) the creation of a false or misleading appearance of active trading in any securities on a securities exchange; (ii) the creation of a false or misleading appearance with respect to the market for, or price of, any securities on a securities exchange; (iii) affecting the price of securities by way of purchases or sales which do not involve a change in the beneficial ownership of those securities; and (iv) affecting the price of securities by means of any fictitious transactions or devices.

Section 197(3) of the SFA provides that a person is deemed to have created a false or misleading appearance of active trading in securities on a securities market if he does any of the following acts:

(i) if he effects, takes part in, is concerned in or carries out, directly or indirectly, any transaction of purchase or sale of any securities, which does not involve any change in the beneficial ownership of the securities;

(ii) if he makes or causes to be made an offer to sell any securities at a specified price where he has made or caused to be made or proposes to make or to cause to be made, or knows that a person associated with him has made or caused to be made or proposes to make or to cause to be made, an offer to purchase the same number, or substantially the same number, of securities at a price that is substantially the same as the first-mentioned price; or

(iii) if he makes or causes to be made an offer to purchase any securities at a specified price where he has made or caused to be made or proposes to make or to cause to be made, or knows that a person associated with him has made or caused to be made or proposes to make or to cause to be made, an offer to sell the same number, or substantially the same number, of securities at a price that is substantially the same as the first-mentioned price,

unless he establishes that the purpose or purposes for which he did the act was not, or did not include, the purpose of creating a false or misleading appearance of active trading in securities on a securities market.

Section 197(5) of the SFA provides that a purchase or sale of securities does not involve a change in the beneficial ownership if a person who had an interest in the securities before the purchase or sale, or a person associated with the first-mentioned person in relation to those securities, has an interest in the securities after the purchase or sale.

Section 197(6) of the SFA provides a defence to proceedings against a person in relation to a purchase or sale of securities that did not involve a change in the beneficial ownership of those securities. It is a defence if the defendant establishes that the purpose or purposes for which he purchased or sold the securities was not, or did not include, the purpose of creating a false or misleading appearance with respect to the market for, or the price of, securities.

Prohibition against Securities Market Manipulation

Section 198 of the SFA

Section 198(1) of the SFA provides that no person shall carry out directly or indirectly, 2 or more transactions in securities of a corporation, being transactions that have, or likely to have, the effect of raising, lowering, maintaining or stabilising the price of the securities, with intent to induce other persons to subscribe for, purchase or sell securities of the corporation or of a related corporation. Section 198(2) of the SFA provides that transactions in securities of a corporation includes (i) the making of an offer to purchase or sell such securities of the corporation; and (ii) the making of an invitation, however expressed, that directly or indirectly invites a person to offer to purchase or sell such securities of the corporation.

Prohibition Against the Making or Dissemination of Misleading Information

Section 199 of the SFA

Section 199 of the SFA prohibits the making of false or misleading statements. Under this provision, a person shall not make a statement, or disseminate information, that is false or misleading in a material particular and is likely (a) to induce other persons to subscribe for securities; (b) to induce the sale or purchase of securities by other persons; or (c) to have the effect of raising, lowering, maintaining or stabilising the market price of securities, if, when he makes the statement or disseminates the information, he either does not care whether the statement or information is true or false, or knows or ought reasonably to have known that the statement or information is false or misleading in a material particular.

Prohibition against Fraudulently Inducing Persons to Deal in Securities

Section 200 of the SFA

Section 200 of the SFA prohibits a person from inducing or attempting to induce another person to deal in securities, (a) by making or publishing any statement, promise or forecast that he knows or ought reasonably to have known to be misleading, false or deceptive; (b) by any dishonest concealment of material facts; (c) by the reckless making or publishing of any statement, promise or forecast that is misleading, false or deceptive; or (d) by recording or storing in, or by means of, any mechanical, electronic or other device information that he knows to be false or misleading in a material particular, unless it is established that, at the time when the defendant so recorded or stored the information, he had no reasonable grounds for expecting that the information would be available to any other person.

Prohibition against Employment of Manipulative and Deceptive Devices

Section 201 of the SFA

Section 201 of the SFA prohibits (i) the employment of any device, scheme or artifice to defraud; (ii) engaging in any act, practice or course of business which operates as a fraud or deception, or is likely to operate as a fraud or deception, upon any person; and (iii) making any statement known to be false in a material particular or (iv) omitting to state a material fact necessary to make statements made not misleading, in connection with the subscription, purchase or sale of any securities.

Prohibition against the Dissemination of Information about Illegal Transactions

Section 202 of the SFA

Section 202 of the SFA prohibits a person from the circulating or disseminating any statement or information to the effect that the price of any securities of a corporation will rise, fall or be maintained by reason of any transaction entered into or to be entered into in contravention of sections 197 to 201 of the SFA. This prohibition applies if (i) the person who is circulating or disseminating the information or statements or a person associated with such person, has entered into or purports to enter into the illegal transaction; or (ii) the person, or a person associated with such person, has received or expects to receive (whether directly or indirectly) any consideration or benefit for circulating or disseminating the statement or information.

Prohibition against Insider Trading

Sections 218 and 219 of the SFA

Sections 218 of the SFA prohibit connected persons from dealing in securities of a corporation or processing another person to deal in securities of a corporation if the person knows or reasonably ought to know that he is in possession of information that is not generally available, which if generally available might have a material effect on the price or value of securities of that corporation. Connected persons include officers of that corporation or of a related corporation, substantial shareholders of a corporation or a related corporation, and persons who occupy a position reasonably expected to give him access to inside information by virtue of professional or business relationship or by virtue of being an officer of a substantial shareholder of the corporation or a related corporation. Where the prosecution or plaintiff proves that the connected person was at the material time in possession of information concerning the corporation and the information was not generally available, it shall be presumed, until the contrary is proved that the connected person know that is it information that is not generally available which if generally available might have a material effect on the price or value of securities of that corporation.

Section 219 of the SFA has similar prohibitions against dealing in securities by other persons who are not connected persons but who (i) possession information that is not generally available but if the information were generally available, a reasonable person would expect it to have a material effect on the price of value of securities, and (ii) knows that it is information that is not generally available which if generally available might have a material effect on the price or value of those securities.

For an alleged contravention of section 218 or 219, section 220 makes it clear that it is not necessary for the prosecution or plaintiff to prove that the accused person or defendant intended to use the information referred to in section 218(1)(a) or (1A)(a) or 219(1)(a) of the SFA in contravention of section 218 or 219 of the SFA, as the case may be.

Section 216 of the SFA

Section 216 of the SFA provides that a reasonable person would be taken to expect information to have a material effect on the price or value of securities if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell the first-mentioned securities.

Penalties

Section 232 of the SFA

Section 232 of the SFA provides that the Monetary Authority of Singapore may, with the consent of the Public Prosecutor, bring an action in a court against the offender to seek an order for a civil penalty in respect of any contravention. If the court is satisfied on the balance of probabilities that the contravention resulted in the gain of a profit or avoidance of a loss by the offender, the offender may have to pay a civil penalty of a sum (a) not exceeding 3 times the amount of the profit that the person gained; or the amount of the loss that he avoided, as a result of the contravention; or (b) equal to S$50,000 if the person is not a corporation, or S$100,000 if the person is a corporation, whichever is the greater. If the court is satisfied on a balance of probabilities that the contravention did not result in the gain of a profit or avoidance of a loss by the offender, the court may make an order against him for the payment of a civil penalty of a sum not less than S$50,000 and not more than S$2 million.

Section 204 of the SFA

Any person who contravenes sections 197, 198, 201 or 202 of the SFA is guilty of an offence and shall be liable on conviction to a fine not exceeding S$250,000 or to imprisonment for a term not exceeding 7 years or to both under section 204 of the SFA. Section 204 of the SFA further provides that no proceedings shall be instituted against a person for the offence after a court has made an order against him for the payment of a civil penalty under section 232 in respect of the contravention.

Section 221 of the SFA

Any person who contravenes section 218 or 219 of the SFA, is guilty of an offence and shall be liable on conviction to a fine not exceeding S$250,000 or to imprisonment for a term not exceeding 7 years or to both under section 221 of the SFA. Section 221 of the SFA further provides that no proceedings shall be instituted against a person for an offence in respect of a contravention of section 218 or 219 of the SFA after a court has made an order against him for the payment of a civil penalty under section 232 of the SFA in respect of that contravention.

A. PRINCIPAL DIFFERENCES BETWEEN THE CONTINUING OBLIGATIONS APPLICABLE TO THE ISSUERS UNDER THE LISTING RULES AND THE LISTING MANUAL AND CERTAIN APPLICABLE LAWS IN SINGAPORE AND HONG KONG

		Listing Rules and Hong Kong laws	Listing Manual and Singapore laws
1.	**FINANCIAL REPORTING OBLIGATIONS**		
(A)	Annual reports	**Rule 13.46 of the Listing Rules** An issuer shall send to (i) every member of the issuer; and (ii) every other holders of its listed securities (not being bearer securities), a copy of either (a) its annual report including its annual accounts and, where the listed company prepares group accounts, its group accounts, together with a copy of the auditors' report thereon or (b) its summary financial report, not less than 21 days before the date of the listed company's annual general meeting and in any event not more than four months after the end of the financial year to which they relate.	**Rule 707 of the Listing Manual** (1) The time between the end of an issuer's financial year and the date of its annual general meeting (if any) must not exceed four months. (2) An issuer must issue its annual report to shareholders and the SGX-ST at least 14 days before the date of its annual general meeting.
(B)	Preliminary result announcements for full financial year	**Rule 13.49(1) of the Listing Rules** An issuer shall publish its preliminary results in respect of each financial year as soon as possible, but in any event not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the next business day after approval by or on behalf of the board. The issuer must publish such results: (a) for annual accounting periods ending before 31 December 2010 — not later than four months after the end of the financial year; and	**Rule 705 of the Listing Manual** (1) An issuer must announce the financial statements for the full financial year immediately after the figures are available, but in any event not later than 60 days after the relevant financial period. (2) An issuer must announce the financial statements for each of the first three quarters of its financial year immediately after the figures are available, but in any event not later than 45 days after the quarter end if: (a) its market capitalisation exceeded S$75 million as at 31 March 2003; or

		Listing Rules and Hong Kong laws	Listing Manual and Singapore laws
		(b) for annual accounting periods ending on or after 31 December 2010 — not later than three months after the end of the financial year.	(b) it was listed after 31 March 2003 and its market capitalisation exceeded S$75 million at the time of listing (based on the IPO issue price); or (c) its market capitalisation is S$75 million or higher on the last trading day of each calendar year commencing from 31 December 2006.
(C)	Interim reports	**Rule 13.48(1) of the Listing Rules** In respect of the first six months of each financial year of an issuer unless that financial year is of six months or less, the issuer shall send to (i) every member of the issuer; and (ii) every other holder of its listed securities (not being bearer securities), either (a) an interim report, or (b) a summary interim report not later than three months after the end of that period of six months.	An issuer whose obligation falls within this sub-section (c) will have a grace period of a year to prepare for quarterly reporting. As an illustration, an issuer whose market capitalisation is S$75 million or higher as at the end of the calendar year 31 December 2006 must announce its quarterly financial statements for any quarter of its financial year commencing in 2008.
(D)	Preliminary result announcements for first half of financial year	**Rule 13.49(6) of the Listing Rules** an issuer shall publish in respect of its results for the first six months of each financial year, unless that financial year is of six months or less, as soon as possible, but in any event not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the next business day after approval by or on behalf of the board. The issuer must publish such results: (a) for half-year accounting periods ending before 30 June 2010 — not later than three months after the end of that period of six months; and (b) for half-year accounting periods ending on or after 30 June 2010 — not later than two months after the end of that period of six months.	Notwithstanding the grace period, all issuers whose obligation falls under this sub-section (c) are strongly encouraged to adopt quarterly reporting as soon as possible. (3) (a) An issuer who falls within the sub-sections in Rule 705(2) above must comply with Rule 705(2) even if its market capitalisation subsequently decreases below S$75 million. (b) An issuer who does not fall within the sub-sections in Rule 705(2) above must announce its first half financial statements immediately after the figures are available, but in any event not later than 45 days after the relevant financial period.

		Listing Rules and Hong Kong laws	Listing Manual and Singapore laws
(E)	Quarterly financial results	No such requirement for the issuers. However, information disclosed pursuant to the Listing Manual in Singapore will be simultaneously disclosed in Hong Kong as required under Rule 13.09(2) of the Listing Rules.	(5) In the case of an announcement of interim financial statements (quarterly or half-yearly, as applicable, but excluding full year financial statements), an issuer's directors must provide a confirmation that, to the best of their knowledge, nothing has come to the attention of the board of directors which may render the interim financial statements to be false or misleading in any material aspect. In order to make this confirmation, directors would not be expected to commission an audit of these financial statements. The confirmation may be signed by 2 directors on behalf of the board of directors.

2. DISCLOSURE OBLIGATIONS

		Chapter 14 of the Listing Rules	Chapter 10 of the Listing Manual (Acquisitions and Realisations)
(A)	Notifiable transactions	The transactions of an issuer are classified as: (1) share transaction: an acquisition of assets (excluding cash) by a listed issuer where the consideration includes securities for which listing will be sought and where all percentage ratios are less than 5%; (2) discloseable transaction: a transaction or a series of transactions by a listed issuer where any percentage ratio is 5% or more, but less than 25%; (3) major transaction: a transaction or a series of transactions by a listed issuer where any percentage ratio is 25% or more, but less than 100% for an acquisition or 75% for a disposal; (4) very substantial disposal: a disposal or a series of disposals of assets by a listed issuer where any percentage ratio is 75% or more;	Under Chapter 10, transactions are classified as: (a) Non-Discloseable Transactions, (b) Discloseable Transactions; (c) Major Transactions; and (d) Very Substantial Acquisitions or Reverse Takeovers. **Rule 1006, Listing Manual** The relevant category that a transaction falls under depends on the size of the relative figures computed on the following bases: (a) The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets. (b) The net profits attributable to the assets acquired or disposed of, compared with the group's net profits.

Listing Rules and Hong Kong laws

(5) very substantial acquisition: an acquisition or a series of acquisitions of assets by a listed issuer where any percentage ratio is 100% or more;

(6) reverse takeover: an acquisition or a series of acquisitions of assets by a listed issuer which, in the opinion of the Stock Exchange, constitutes, or is part of a transaction or arrangement or series of transactions or arrangements which constitute, an attempt to achieve a listing of the assets to be acquired and a means to circumvent the requirements for new applicants set out in Chapter 8 of the ListingRules.

As soon as possible after the terms of a share transaction, discloseable transaction, major transaction, very substantial disposal, very substantial acquisition or reverse takeover have been finalised, the listed issuer must in each case (1) inform the Stock Exchange; and (2) publish an announcement in accordance with Rule 2.07C of the Listing Rules. For a major transaction, very substantial disposal, very substantial acquisition or reverse takeover, the listed issuer must send to its shareholders and the Stock Exchange a circular containing in the information as required under Chapter 14 of the Listing Rules.

With respect to a major transaction for acquisitions of businesses and/or companies, and very substantial acquisition and reverse takeover, the listed issuer shall provide the accountants' report for the 3 preceding financial years on the business, company or companies being acquired. With respect to very substantial disposal, the listed issuer shall provide an accountants' report on the listed issuer's group.

Listing Manual and Singapore laws

(c) The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.

(d) The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.

Transactions are categorised as follows:

— Non-Discloseable Transaction: Where all of the relative figures in Rule 1006 is 5% or less

— Discloseable Transaction: Where any of the relative figures in Rule 1006 exceeds 5% but does not exceed 20%

— Major Transaction: Where any of the relative figures in Rule 1006 exceeds 20%

— Very Substantial Acquisition or Reverse Takeover: Where any of the relative figures in Rule 1006 is 100% or more, or where there is a change in control of the issuer

Where a transaction is classified as a Discloseable Transaction, Major Transaction or Very Substantial Acquisition/Reverse Takeover, the Company must make an immediate announcement, which includes the details prescribed in Rule 1010 of the Listing Manual.

Further, transactions that are Major Transactions are conditional upon the prior approval of shareholders. Very Substantial Acquisitions/Reverse Takeovers transactions are conditional upon the approval of shareholders and the approval of the SGX-ST.

		Listing Rules and Hong Kong laws	**Listing Manual and Singapore laws**
		For a major transaction, very substantial disposal and very substantial acquisition, the shareholders' approval is required, while the approvals from both the shareholders and the Stock Exchange are required for reverse takeover.	A circular to shareholders will need to be distributed to seek shareholders' approval. The disclosures required to be made in such circular for these types of transactions are prescribed in the Listing Manual.
(B)	Connected transactions	**Chapter 14A of the Listing Rules**	**Rule 904 of the Listing Manual**
		A listed issuer must publicly disclose a transaction entered into between the listed issuer or one of its subsidiaries and a connected person. Generally, a public announcement, a circular and/or independent shareholder approval are required unless one of the de-minimals or other exemptions set out below apply. The term 'connected person' is very widely defined under the Listing Rules and include directors, chief executive, substantial shareholders (i.e. shareholders interested in 10% or more of the equity interest in the listed issuer or any of its subsidiaries), associates (as defined under the Listing Rules) of directors, chief executive or substantial shareholders, non-wholly-owned subsidiaries of the listed issuer and its subsidiaries. *Connected transactions or continuing connected transactions exempt from the reporting, announcement and independent shareholders' approval requirements:* A connected transaction or continuing connected transaction will be considered as de minimis transaction where each of the percentage ratios (other than the profits ratio) is/are: (a) less than 0.1%; or (b) less than 1% and the transaction is a connected transaction only because it involves a person who is a connected person of the listed issuer by virtue of its/his relationship(s) with the listed company's subsidiary/subsidiaries; or (c) 5% and the total consideration is less than HK$1,000,000, such connected transaction will be exempt from all the reporting, announcement and independent shareholders' approval requirements, and in the case of continuing connected transactions, the annual review requirements as set out in Rules 14A.37 to 14A.40 of the Listing Rules.	For the purposes of Chapter 9, the following definitions apply: (1) "approved exchange" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9. (2) "entity at risk" means: (a) the issuer; (b) a subsidiary of the issuer that is not listed on the SGX-ST or an approved exchange; or (c) an associated company of the issuer that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company. (3) "financial assistance" includes: (a) the lending or borrowing of money, the guaranteeing or providing security for a debt incurred or the indemnifying of a guarantor for guaranteeing or providing security; and (b) the forgiving of a debt, the releasing of or neglect in enforcing an obligation of another, or the assuming of the obligations of another.

Listing Rules and Hong Kong laws

Connected transactions exempt from the reporting and announcement requirements:

A connected transaction or continuing connected transaction on normal commercial terms where each of the percentage ratios (other than the profits ratio) (a) is less than 5%; or (b) less than 25% and the total consideration is less than HK$10,000,000, then such transaction is only subject to the reporting and announcement requirements, and in thecase of continuing connected transactions, the annual review requirements as set out in Rules 14A.37 to 14A.40 of the Listing Rules and is exempt from the independent shareholders' approval requirements.

Exemptions

In the case of connected transactions, the following transactions are not required to comply with the reporting, announcement and independent shareholders approval requirements:

(1) intra-group transactions;

(2) de minimis transactions;

(3) issue of new securities under circumstances specified in Rule 14A.31(3) of the Listing Rules;

(4) stock exchange dealings under circumstances specified in Rule 14A.31(4) of the Listing Rules;

(5) purchase of own securities under circumstances specified in Rule 14A.31(5) of the Listing Rules;

(6) directors' service contracts under circumstances specified in Rule 14A.31(6) of the Listing Rules;

(7) consumer goods or consumer services under circumstances specified in Rule 14A.31(7) of the Listing Rules;

Listing Manual and Singapore laws

(4) "interested person" means:

(a) a director, chief executive officer, or controlling shareholder of the issuer; or

(b) an associate of any such director, chief executive officer, or controlling shareholder.

(5) "interested person transaction" means a transaction between an entity at risk and an interested person.

(6) "transaction" includes:

(a) the provision or receipt of financial assistance;

(b) the acquisition, disposal or leasing of assets;

(c) the provision or receipt of services;

(d) the issuance or subscription of securities;

(e) the granting of or being granted options; and

(f) the establishment of joint ventures or joint investments;

whether or not in the ordinary course of business, and whether or not entered into directly or indirectly (for example, through one or more interposed entities).

An issuer must make an immediate announcement of any interested person transaction of a value equal to, or more than, 3% of the group's latest audited net tangible assets.

Listing Rules and Hong Kong laws

(8) sharing of administrative services under circumstances specified in Rule 14A.31(8) of the Listing Rules;

(9) transactions with persons connected at the level of subsidiaries under circumstances specified in Rule 14A.31(9) of the Listing Rules; and

(10) transactions with associates of a passive investor under circumstances specified in Rule 14A.31(10) of the Listing Rules.

In the case of continuing connected transactions, only the circumstances in (2), (7), (8), (9) and (10) are applicable and where applicable, the transaction would also be exempt from the annual review requirements as set out in Rules 14A.37 to 14A.40 of the Listing Rules.

Listing Manual and Singapore laws

If the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3% or more of the group's latest audited net tangible assets, the issuer must make an immediate announcement of the latest transaction and all future transactions entered into with that same interested person during that financial year.

The above two requirements to make announcements do not apply to any transaction below S$100,000.

An issuer must obtain shareholder approval for any interested person transaction of a value equal to, or more than:

(a) 5% of the group's latest audited net tangible assets; or

(b) 5% of the group's latest audited net tangible assets, when aggregated with other transactions entered into with the same interested person during the same financial year. However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

An issuer must disclose the aggregate value of interested person transactions entered into during the financial year under review in its annual report. The name of the interested person and the corresponding aggregate value of the interested person transactions entered into with the same interested person must be presented in the prescribed format.

If a transaction requires shareholder approval, it must be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction.

Listing Rules and Hong Kong laws	Listing Manual and Singapore laws
	The following transactions are not required to comply with Rules 905, 906 and 907:
	(1) A payment of dividends, a subdivision of shares, an issue of securities by way of a bonus issue, a preferential offer, or an off-market acquisition of the issuer's shares, made to all shareholders on a pro rata basis, including the exercise of rights, options or company warrants granted under the preferential offer.
	(2) The grant of options, and the issue of securities pursuant to the exercise of options, under an employees' share option scheme approved by the SGX-ST.
	(3) A transaction between an entity at risk and an investee company, where the interested person's interest in the investee company, other than that held through the issuer, is less than 5%.
	(4) A transaction in marketable securities carried out in the open market where the counterparty's identity is unknown to the issuer at the time of the transaction.
	(5) A transaction between an entity at risk and an interested person for the provision of goods or services if: (a) the goods or services are sold or rendered based on a fixed or graduated scale, which is publicly quoted; and (b) the sale prices are applied consistently to all customers or class of customers. Such transactions include telecommunication and postal services, public utility services, and sale of fixed price goods at retail outlets.

	Listing Rules and Hong Kong laws	Listing Manual and Singapore laws
		(6) The provision of financial assistance or services by a financial institution that is licensed or approved by the Monetary Authority of Singapore, on normal commercial terms and in the ordinary course of business.
		(7) The receipt of financial assistance or services from a financial institution that is licensed or approved by the Monetary Authority of Singapore, on normal commercial terms and in the ordinary course of business.
		(8) Director's fees and remuneration, and employment remuneration (excluding "golden parachute" payments).

3. ISSUANCE OF SHARES AND SHARES REPURCHASE REQUIREMENTS

(A)	General Mandate	**Rule 13.36(2)(b) of the Listing Rules.** The existing shareholders of an issuer may by an ordinary resolution in general meeting give a general mandate to the directors of the issuer which shall be subject to a restriction that the aggregate number of securities allotted or agreed to be allotted under the general mandate must not exceed the aggregate of 20% of the existing issued share capital of the issuer plus the number of such securities repurchased by the issuer itself since the granting of the general mandate (up to a maximum number equivalent to 10% of the existing issued share capital of the issuer), provided that the existing shareholders of the issuer have by a separate ordinary resolution in general meeting given a general mandate to the directors of the issuer to add such repurchased securities to the 20% general mandate. **Rule 13.36(3) of the Listing Rules** A general mandate given under rule 13.36(2) of the Listing Rules shall only continue in force until (a) the conclusion of the first annual general meeting of the issuer following the passing of the resolution at which time it shall lapse unless, by ordinary resolution passed at that meeting, the mandate is renewed, either unconditionally or subject to conditions; or (b) revoked or varied by an ordinary resolution of the shareholders in general meeting.	**Rule 806(2) of the Listing Manual** A general mandate must limit the aggregate number of shares and convertible securities that may be issued. The limit must be not more than 50% of the total number of issued shares excluding treasury shares, of which the aggregate number of shares and convertible securities issued other than on a pro rata basis to existing shareholders must be not more than 20% of the total number of issued shares excluding treasury shares. A general mandate may remain in force until the earlier of the following: (a) the conclusion of the first annual general meeting of the issuer following the passing of the resolution. By an ordinary resolution passed at that meeting, the mandate may be renewed, either unconditionally or subject to conditions; or (b) it is revoked or varied by ordinary resolution of the shareholders in general meeting.

		Listing Rules and Hong Kong laws	Listing Manual and Singapore laws
(B)	Repurchase Mandate	**Rule 13.36(2)(b) of the Listing Rules** The existing shareholders of an issuer may by an ordinary resolution in general meeting give a general mandate to the directors of the issuer which shall be subject to a restriction that the aggregate number of securities allotted or agreed to be allotted under the general mandate must not exceed the aggregate of 20% of the existing issued share capital of the issuer plus the number of such securities repurchased by the issuer itself since the granting of the general mandate (up to a maximum number equivalent to 10% of the existing issued share capital of the issuer), provided that the existing shareholders of the issuer have by a separate ordinary resolution in general meeting given a general mandate to the directors of the issuer to add such repurchased securities to the 20% general mandate. **Rule 10.05 of the Listing Rules** Subject to the provisions of the Code on Share Repurchases, a listed company may purchase its shares on the Stock Exchange or on another stock exchange recognised for this purpose by the SFC and the Stock Exchange. All such purchases must be made in accordance with Rule 10.06 of the Listing Rules. The Code on Share Repurchases must be complied with by an issuer and its directors and any breach thereof by the issuer will be a deemed breach of the Listing Rules and the Stock Exchange may in its absolute discretion take such action to penalise any breach of this Rule 10.05 of the Listing Rules or the listing agreement as it shall think appropriate. It is for the issuer to satisfy itself that a proposed purchase of shares does not contravene the Code on Share Repurchases.	**Rule 881 of the Listing Manual** An issuer may purchase its own shares if it has obtained the prior specific approval of shareholders in general meeting. **Rule 882 of the Listing Manual** A share buy-back may only be made on the SGX-ST or on another stock exchange on which the issuer's securities are listed ("Market Purchases") or by way of an off-market acquisition in accordance with an equal access scheme as defined in section 76C of the Singapore Companies Act. **Rule 884 of the Listing Manual** An issuer may only purchase shares by way of a market acquisition at a price which is not more than 5% above the average closing market price. For this purpose, the "**Average Closing Price**" means the average of the closing market prices of a share over the last 5 market days preceding the day of the Market Purchase on which transactions in the shares were recorded and deemed to be adjusted for any corporate action that occurs after the relevant 5-day period. **Rule 723 of the Listing Manual** An issuer must ensure that at least 10% of the total number of issued shares excluding treasury shares (excluding preference shares and convertible equity securities) in a class that is listed is at all times held by the public.

Listing Rules and Hong Kong laws	Listing Manual and Singapore laws
Rule 10.06(2) of the Listing Rules	
An issuer shall not purchase its shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the 5 preceding trading days on which its shares were traded on the Stock Exchange; and an issuer shall not purchase its shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.	
Rule 8.08 of the Listing Rules	
There must be an open market in the securities for which listing is sought. This will normally mean at least 25% of the listed issuer's total issued share capital must at all times be held by the public. The Stock Exchange may, at its discretion, accept a percentage of between 15% and 25% if the market capitalisation of the company is over HK$10 billion. In addition, there must be a minimum of 300 public shareholders and not more than 50% of the shares in public hands at the time of listing can be beneficially owned by the three largest public shareholders.	

	Listing Rules and Hong Kong laws	Listing Manual and Singapore laws
(C) Share Option Scheme	**Chapter 17 of the Listing Rules** The share option scheme of a listed issuer or any of its subsidiaries must be approved by shareholders of the listed issuer in general meeting. The total number of securities which may be issued upon exercise of all options to be granted under the scheme and any other schemes must not in aggregate exceed 10% of the relevant class of securities of the listed issuer (or the subsidiary) in issue as at the date of approval of the scheme. Options lapsed in accordance with the terms of the scheme will not be counted for the purpose of calculating the 10% limit. The limit on the number of securities which may be issued upon exercise of all outstanding options granted and yet to be exercised under the scheme and any other schemes must not exceed 30% of the relevant class of securities of the listed issuer (or the subsidiary) in issue from time to time. No options may be granted under any schemes of the listed issuer (or the subsidiary) if this will result in the limit being exceeded. The period within which the securities must be taken up under the option, which must not be more than 10 years from the date of grant of theoption, and the life of the scheme, which must not be more than 10 years. The exercise price must be at least the higher of: (i) the closing price of the securities as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and (ii) the average closing price of the securities as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant. For the purpose of calculating the exercise price where a listed issuer has been listed for less than five business days, the new issue price shall be used as the closing price for any business day falling within the period before listing.	**Rule 845 of the Listing Manual** A limit on the size of each scheme, the maximum entitlement for each class or category of participant (where applicable), and the maximum entitlement for any one participant (where applicable) must be stated. For SGX Main Board issuers, the following limits must not be exceeded: (1) The aggregate number of shares available under all schemes must not exceed 15% of the total number of issued shares excluding treasury shares from time to time; (2) The aggregate number of shares available to controlling shareholder and their associates must not exceed 25% of the shares available under a scheme; (3) The number of shares available to each controlling shareholder or his associate must not exceed 10% of the shares available under a scheme; (4) The aggregate number of shares available to directors and employees of the issuer's parent company and its subsidiaries must not exceed 20% of the shares available under a scheme; and (5) The maximum discount under the scheme must not exceed 20%. The discount must have been approved by shareholders in a separate resolution. Participation in a scheme by controlling shareholders and their associates must be approved by independent shareholders of the issuer. A separate resolution must be passed for each person and to approve the actual number and terms of options to be granted to that participant. An issuer must disclose the terms of the scheme or a summary of the principal terms in the circular.

Listing Rules and Hong Kong laws

In addition to the shareholders' approval, each grant of options to a director, chief executive or substantial shareholder of a listed issuer, or any of their respective associates, under a scheme of the listed issuer or any of its subsidiaries must comply with the requirements of Rule 17.04(1) of the Listing Rules. Each grant of options to any of these persons must be approved by independent non-executive directors of the listed issuer (excluding independent non-executive director who is the grantee of the options).

Where any grant of options to a substantial shareholder or an independent non-executive director of the listed issuer, or any of their respective associates, would result in the securities issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant, (a) representing in aggregate over 0.1% of the relevant class of securities in issue; and (b) (where the securities are listed on the Stock Exchange), having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK$5 million, such further grant of options must be approved by shareholders of the listed issuer.

The listed issuer must send a circular to the shareholders. All connected persons of the listed issuer must abstain from voting in favour at such general meeting.

Listing Manual and Singapore laws

Shareholders who are eligible to participate in the scheme must abstain from voting on any resolution relating to the scheme (other than a resolution relating to the participation of, or grant of options to, directors and employees of the issuer's parent company and its subsidiaries).

		Listing Rules and Hong Kong laws	Listing Manual and Singapore laws
4.	**OTHER OBLIGATIONS**		
(A)	Continuing obligations	Chapter 13 of the Listing Rules sets out the continuing obligations of a listed company to disclose information.	Chapter 7 of the Listing Manual sets out the continuing obligations of a listed company to disclose information.
(B)	Board composition and other committees	**Rules 3.10 and 8.12 of the Listing Rules** Every board of directors of a listed issuer must include at least three independent non-executive directors. A new applicant applying for a primary listing on the Stock Exchange must have sufficient management presence in Hong Kong, which normally means to have at least two of its executive directors be ordinarily resident of Hong Kong. **Rules 3.21, 3.22 and paragraph C.3 of Appendix 14 of the Listing Rules** Every listed issuer must establish an audit committee comprising non-executive directors only. The audit committee must comprise a minimum of three members, at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise. The board of directors of the listed issuer must approve and provide written terms of reference for the audit committee. **Rule 3.25 and paragraph B.1 of Appendix 14 of the Listing Rules** It is a recommended best practice that listed issuer should establish a remuneration committee with specific written terms of reference. A majority of the members of the remuneration committee should be independent non-executive directors. **Rule 3.25 and paragraph A.4 of Appendix 14 of the Listing Rules** It is a recommended best practice that a listed issuer should establish a nomination committee. A majority of the members should be independent non-executive directors.	**Rule 720 (read with Rule 221) of the Listing Manual** Foreign issuers are required to have at least two independent directors who are Singapore residents on the Board of Directors on a continuing basis, and not just on listing. **Rule 11 of the Code of Corporate Governance ("COCG")** The Board or Directors should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties. The AC should comprise at least three directors, all non-executive, the majority of whom including the chairman should be independent. The Board of Directors should ensure that at least 2 members of the AC should have accounting or related financial management expertise or experience. **Rule 7.1 of the COCG** The Board of Directors should set up a Remuneration Committee ("RC") comprising entirely of non-executive directors, the majority of whom, including the Chairman should be independent. **Rule 4.1 of the COCG** Companies should establish a Nominating Committee ("NC") to make recommendations to the Board on all Board appointments. The NC should comprise at least 3 directors, a majority of whom, including the Chairman should be independent.

	Listing Rules and Hong Kong laws	Listing Manual and Singapore laws
5. SHAREHOLDERS' REPORTING OBLIGATIONS		
Disclosure of interest	The Listing Rules requires that the interests held by directors and chief executives and substantial shareholders (i.e. shareholders interested in 10% or more of the voting power) be disclosed in annual reports, interim reports and circulars of the listed issuer. The SFO provides that a substantial shareholder (i.e. shareholder interested in 5% or more of the shares in the listed issuer) is required to disclose his interest, and short positions, in the shares of the listed issuer, within ten business days after first becoming a substantial shareholder, or to disclose his changes in percentage figures of his shareholdings in the listed company or ceasing to be a substantial shareholder within three business days after becoming aware of the relevant events. When there is a increase or decrease in the percentage level of the holding of a substantial shareholder in the listed issuer that results in his crossing over a whole percentage number which is above 5%. For example, the interest of a substantial shareholder increases from 6.8% to 7.1% which crossing over 7%, then he is required to submit the notifications; but if his interest increases from 6.1% to 6.9%, he is not required to make notification. To work out the "percentage level" of the interest, a substantial shareholder simply rounds down the percentage figure of his interest to the next whole number. A director or a chief executive of a listed issuer is required to disclose his interest and short position in any shares in a listed issuer (or any of its associated companies) and their interest in any debentures of the listed issuer (or any of its associated companies) within ten business days after becoming a director or chief executives of the listed company or within three business days after becoming aware of the relevant events. If a person, who is both a substantial shareholder and a director of the listed issuer concerned under the SFO, such person may have separate duties to file notices (one in each capacity) as a result of a single event. For example, a person who is interested in 5.9% of the shares of a listed issuer and buys a further 0.2% will have to file a notice because he is a director (and therefore has to disclose all transactions) and will also have to file a notice as a substantial shareholder because his interest has crossed the 6% level.	Under the Singapore Companies Act (Cap 50) ("Singapore Companies Act"), a substantial shareholder (i.e. shareholder having not less than 5 per cent of the total votes attached to all the voting shares in the company) of a company shall within 2 business days after becoming a substantial shareholder, or when there is a change in the percentage level (as defined in the Singapore Companies Act) of the substantial shareholder's interest, or when he ceases to be a substantial shareholder, give notice in writing to the company. Under the Securities and Futures Act (Cap 289) ("Singapore SFA"), a substantial shareholder shall within 2 business days after becoming a substantial shareholder, or when there is a change in the percentage level of the substantial shareholder's interest, or when he ceases to be a substantial shareholder give notice in writing to the SGX-ST. **Sections 83 and 84 of the Singapore Companies Act** A substantial shareholder is required to notify the company of changes in the "percentage level" (as defined in the Singapore Companies Act) of his shareholding or his ceasing to be a substantial shareholder, again within two business days after he is aware of such changes. The reference to "percentage level" mean the percentage figure ascertained by expressing the total votes attached to all the voting shares in which the substantial shareholder has an interest or interests immediately before or (as the case may be) immediately after the relevant time as a percentage of the total votes attached all the voting shares in the company, and, if it is not a whole number, rounding that figure down to the next whole number. **Section 137(1) of the SFA** A substantial shareholder is also required to give the above notifications to the SGX-ST at the same time.

B. TAKEOVER OBLIGATIONS

1. The Singapore Code

The Singapore Code regulates the acquisition of ordinary shares of public companies and contain certain provisions that may delay, deter or prevent a future takeover or change in control of the Company. Any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30.0% or more of the Company's voting Shares, or, if such person holds, either on his own or together with parties acting in concert with him, between 30.0% and 50.0% (both inclusive) of the Company's voting Shares, and if he (or parties acting in concert with him) acquires additional voting Shares representing more than 1.0% of the Company's voting Shares in any six-month period, must, except with the consent of the Securities Industry Council in Singapore, extend a takeover offer for the remaining voting Shares in accordance with the provisions of the Singapore Code.

- "Parties acting in concert" comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of Shares in a company, to obtain or consolidate effective control of that company. Certain persons are presumed (unless the presumption is rebutted) to be acting in concert with each other. They are as follows:

  - a company and its related companies, the associated companies of any of the company and its related companies, companies whose associated companies include any of these companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;

  - a company and its directors (including their close relatives, related trusts and companies controlled by any of the directors, their close relatives and related trusts);

  - a company and its pension funds and employee share schemes;

  - a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis;

  - a financial or other professional adviser and its clients in respect of Shares held by the adviser and persons controlling, controlled by or under the same control as the adviser and all the funds managed by the adviser on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10.0% or more of the client's equity share capital;

- directors of a company (including their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for the company may be imminent;

- partners; and

- an individual and his close relatives, related trusts, any person who is accustomed to act in accordance with his instructions and companies controlled by the individual, his close relatives, his related trusts or any person who is accustomed to act in accordance with his instructions and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights.

A mandatory offer must be in cash or be accompanied by a cash alternative at not less than the highest price paid by the offeror or parties acting in concert with the offeror within the six months preceding the acquisition of Shares that triggered the mandatory offer obligation.

Under the Singapore Code, where effective control of a company is acquired or consolidated by a person, or persons acting in concert, a general offer to all other shareholders is normally required. An offeror must treat all shareholders of the same class in an offeree company equally.

A fundamental requirement is that shareholders in the company subject to the takeover offer must be given sufficient information, advice and time to consider and decide on the offer.

2. Takeovers Code

Public companies with a primary listing of their equity securities in Hong Kong fall within the regulatory framework of the Takeovers Code. The Takeovers Code is not legally enforceable. Its purpose is to provide guidelines for companies and their advisers contemplating, or becoming involved in, takeovers and mergers affecting public companies in Hong Kong.

The aim of the Takeovers Code is to ensure fair treatment of shareholders affected by merger or takeover transactions. It requires the timely disclosure of adequate information to enable shareholders to make an informed decision as to the merits of any offer.

The Takeovers Code regulates acquisitions of Shares (whether by way of takeovers, mergers and share repurchases) in an offeree company which changes its control, currently defined as a holding, or aggregate holdings, of 30% or more of the voting rights of a company, regardless of whether that holding or holdings gives de facto control.

The Takeovers Code also applies not only to the offeror and the offeree company, but also to those persons "acting in concert" with the offeror. Under the Takeovers Code, "persons acting in concert" are persons who "pursuant to an agreement or understanding, actively cooperate to obtain or consolidate control of a company through the acquisition by any of them of voting rights of the company". The Takeovers Code also describes classes of persons who are presumed to be acting in concert with others in the same class.

The Takeovers Code requires the making of a mandatory general offer to all shareholders of the offeree company, unless a waiver has been granted by the SFC, where a person or a group of persons acting in concert (1) acquires control of a company (meaning 30% or more of the voting rights), whether by a series of transactions over a period of time, or not, or (2) when already holding between 30% and 50% of the voting rights of a company, acquires more than 2% of the voting rights in the target company in a 12 -month period from the date of the relevant acquisition.

In either of the above cases, an offer must be made to the shareholders for the balance of the Shares of the public company. The offer must be in cash or accompanied by a cash alternative at not less than the highest price paid by the purchaser (or persons acting in concert with it) for Shares of that class during the offer period and within 6 months prior to its commencement.

A. FURTHER INFORMATION ABOUT THE COMPANY AND THE SUBSIDIARIES

1. Incorporation

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act on 26 January 2004. The Company's registered office is situated at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda. The Company has established, and was registered as a non-Hong Kong company under Part XI of the Companies Ordinance on 5 May 2011 and its principal place of business in Hong Kong is located at 6th Floor, Mita Center, 552–566 Castle Peak Road, Kwai Chung, Kowloon, Hong Kong. Mr. Sin Sheung Nam Gilbert has been appointed as the authorised representative of the Company for the acceptance of service of process and notices under the same address.

As the Company is incorporated in Bermuda with the Shares admitted to trading on the SGX-ST, its corporate structure and operation are subject to the laws of Bermuda, Singapore and its constitutive documents which comprise the memorandum of association and the Bye-laws. A summary of certain parts of the constitution of the Company and relevant aspects of the Bermuda Companies Law is set out in the section headed "Summary of the Constitution of the Company and Bermuda Companies Law" in Appendix V to this document.

2. Changes in share capital of the Company

As at 17 May 2010, 77,500,000 bonus shares were issued pursuant to a bonus share issue, which were subsequently listed and quoted on the SGX-ST on 18 May 2010. Following the allotment and issue of the bonus shares, the aggregate number of issued Shares increased from 155,000,000 Shares to 232,500,000 Shares.

Saved as disclosed above and the trading of Shares on SGX-ST, there has been no alteration in the share capital of the Company within the two years immediately preceding the date of this document.

3. Resolutions of the Shareholders of the Company passed at the Company's general meetings held on 29 April 2011 and 9 June 2011

At the annual general meeting of the Company held on 29 April 2011, the following resolutions were passed by the Shareholders pursuant to which, amongst other things, approval was given to the Directors at any time to such persons and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, to:

(a) Authority to issue Shares:

(i) offer, allot and issue Shares in the capital of the Company whether by way of rights, bonus or otherwise;

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares;

(iii) (notwithstanding the authority conferred by the Shareholders may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while the authority was in force, provided that:

(1) The aggregate number of Shares to be issued pursuant to such authority (including Shares to be issued in pursuance of Instruments made or granted pursuant to the authority) does not exceed 50% of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to the authority) does not exceed 20% of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares) shall be based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time of the passing of the resolution, after adjusting for:

(i) new Shares arising from the conversion or exercise of any convertible securities or exercise of share options or vesting of share awards outstanding or subsisting at the time the authority is passed; and

(ii) any subsequent bonus issue, consolidation or sub-division of Shares;

(3) In exercising the authority conferred by the authority, the Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Bye-Laws for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by the authority shall continue in force until the conclusion of the next annual general meeting of the Company

or the date by which the next annual general meeting of the Company is required by law or the Bye-Laws of the Company to be held, whichever is the earlier.

Note: Notwithstanding the above, it must be noted that the Listing Rules provide that the general mandate obtained from Shareholders in a general meeting shall be subject to a restriction that the aggregate number of Shares allotted or agreed to be allotted under the general mandate must not exceed the aggregate of 46,500,000 Shares, representing 20% of the existing issued share capital of the Company. Consequently, going forward, the Company will comply with the Listing Rules in relation to the issue of general mandate as the Listing Rules are generally more onerous than the Listing Manual in this aspect.

At an extraordinary general meeting of the Company held on 9 June 2011, resolutions were passed pursuant to which, amongst other things;

(a) subject to and contingent upon the Stock Exchange granting the approval for the Listing, the adoption of the Bye-laws which shall take effect upon the Listing;

(b) the adoption of "天美(控股)有限公司" as the secondary name of the Company; and

(c) the adoption of the Share Option Scheme which shall take effect upon the Listing, and the offer and grant of share options to selected directors and employees of the Group in accordance with the rules of the Share Option Scheme, and to allot, issue and deal with from time to time such number of Shares as may be required to be allotted, issued or dealt with pursuant to the exercise of the share options under the Share Option Scheme.

4. Changes in share capital of the subsidiaries of the Company

The subsidiaries of the Company are referred to in the Accountants' Report, the text of which is set out in Appendix I in this document.

The following subsidiaries of the Company have undergone the following changes in their respective share capital during the two years immediately prior to the date of this document:

(a) Glory Union

On 10 December 2009, Glory Union was incorporated under the laws of Hong Kong with an authorized share capital of HK$10,000 divided into 10,000 shares of HK$1.00 each.

Upon incorporation, Ready-made Incorporations Limited was the sole registered shareholder of Glory Union. On 9 February 2010, Ready-made Incorporations Limited transferred one ordinary share, the entire issued share capital of Glory Union, and further allotted and issued an additional 9,999 shares of Glory Union to the Company.

(b) Graceful Sky

On 26 November 2009, Graceful Sky was incorporated under the laws of Hong Kong with an authorized share capital of HK$10,000 divided into 10,000 shares of HK$1.00 each.

Upon incorporation, Ready-made Incorporations Limited was the sole registered shareholder of Graceful Sky. On 9 February 2010, Ready-made Incorporations Limited transferred one ordinary share, the entire issued share capital of Graceful Sky, and further allotted and issued an additional 9,999 shares of Graceful Sky to the Company.

(c) Regent Lite

On 29 June 2009, Regent Lite was incorporated under the laws of Singapore with a share capital of S$1 comprising 1 share issued at the price of S$1.00.

Upon incorporation, Tan Mei Siew was the sole registered shareholder of Regent Lite. On 15 July 2009, Tan Mei Siew transferred one ordinary share, the entire issued share capital of Regent Lite to the Company.

(d) Richwell

On 21 November 2002, Richwell was incorporated under the laws of BVI with an authorized share capital of US$50,000 divided into 50,000 shares of US$1.00 each.

Upon incorporation, Esternbridge Hightech System Holdings Inc. subscribed one share and was the sole registered shareholder of Richwell. On 30 September 2008, Esternbridge Hightech System Holdings Inc. was allotted and issued 80 additional shares of Richwell and transferred 55 shares of Richwell to the Company. On 15 December 2010, Shanghai Bing Yin Electric Co., Ltd., an Independent Third Party, acquired all of the 26 shares in Richwell held by Esternbridge Hightech System Holdings Inc.

(e) Sunny Time

On 19 August 2010, Sunny Time was incorporated under the laws of Hong Kong with an authorized share capital of HK$10,000 divided into 10,000 shares of HK$1.00 each.

Upon incorporation, Ready-made Incorporations Limited was the sole registered shareholder of Sunny Time. On 10 September 2010, Ready-made Incorporations Limited transferred one ordinary share, the entire issued share capital of Sunny Time, and further allotted and issued an additional 9,999 shares of Sunny Time to the Company.

(f) Aura

On 17 June 2010, Aura was incorporated under the laws of England and Wales with an authorized share capital of £20,000 divided into 20,000 shares of £1.00 each.

Upon incorporation, Techcomp Scientific subscribed one share, the entire issued share capital of Aura, and was the sole registered shareholder of Aura.

(g) Cheetah Scientific

On 17 December 2009, Cheetah Scientific was incorporated under the laws of Hong Kong with an authorized share capital of HK$10,000 divided into 10,000 shares of HK$1.00 each.

Upon incorporation, Techcomp Instrument subscribed 10,000 shares, the entire issued share capital of Cheetah Scientific, and was the sole registered shareholder of Cheetah Scientific.

(h) Craponne

On 9 June 2009, Joel Jean Cinier and Michel Coin transferred their respective shares in Craponne to Froilabo and Froilabo became the sole registered shareholder of Craponne.

(i) Frilabor

On 20 June 2009, Joel Jean Cinier, Michel Coin, Alain Michel Moronval and Roxana Moronval transferred their respective shares in Frilabor to HCC and on 7 July 2009 HCC became the sole registered shareholder of Frilabor.

(j) Froilabo

On 8 June 2009, Joel Jean Cinier, Michel Coin, Herve Rea, Norbert Chareyron, Gilles Peillon, Catherine Cinier and Jeanine Coin transferred their respective shares in Froilabo to HCC and HCC became the sole registered shareholder of Froilabo.

(k) HCC SAS

On 31 August 2009, the Group, through Regent Lite, entered into a sale and purchase agreement for the acquisition of a 75% interest in the issued share capital of HCC.

On 4 January 2011, the Company exercised an option to purchase the remaining 25% equity interest of HCC's share capital at the total consideration of €650,000. Upon the completion of the acquisition, Regent Lite owned 100% of the equity interest in HCC.

(l) Precisa Gravimetrics

On 24 February 2010, the Group, through Graceful Sky, entered into a sale and purchase agreement for the acquisition of 80% of the issued capital and 80% of the shareholder's loan of Precisa Gravimetrics at a total consideration of CHF3,510,000. Jürg Strub also acquired 20% of the issued share capital in Precisa Gravimetrics from Swiss Scale AG. Upon completion of the aforesaid acquisitions, Graceful Sky and Jürg Strub effectively held 80% and 20% of the equity interest in Precisa Gravimetrics respectively.

(m) Precisa Real Estate

On 13 September 2010, Precisa Real Estate was incorporated under the laws of Zug, Switzerland with an authorized share capital of CHF100,000 divided into 100 shares of CHF1,000 each.

Upon incorporation, Jürg Strub subscribed 100 shares, the entire issued share capital of Precisa Real Estate, and was the sole registered shareholder of Precisa Real Estate.

On 5 October 2010, Jürg Strub transferred 100% of equity interest in Precisa Real Estate to Sunny Times. On 7 October 2010, the authorized share capital was increased from CHF100,000 to CHF500,000 and an additional 400 shares of Precisa Real Estate AG was further allotted and issued to Sunny Time.

(o) Techcomp India

On 7 August 2009, Techcomp India was incorporated under the laws of India with an authorized share capital of Rs.500,000 divided into 50,000 shares of Rs.10 each.

Upon instructions from Techcomp Scientific, Manmeet Singh and Li Hong had incorporated Techcomp India on behalf of Techcomp Scientific. Upon incorporation, Manmeet Singh and Li Hong were the registered shareholders of Techcomp India. On 4 October 2009, Techcomp Scientific entered into a share purchase agreement with Manmeet Singh and Li Hong whereby Techcomp Scientific agreed to acquire the shares of Techcomp India from Manmeet Singh and Li Hong. Since a private limited company incorporated under the laws of India is required to have a minimum of two shareholders, Li Hong continues to hold 1 share in Techcomp India as a nominee of Techcomp Scientific and the beneficial interest in that 1 share is owned by Techcomp Scientific.

(p) Jingke Scientific

On 1 September 2010, Jingke Scientific was incorporated in the PRC with a registered capital of RMB40,000,000.

Upon incorporation, Glory Union and SPSIC were the registered shareholders of 51% and 49% of the equity interest in Jingke Scientific respectively.

(q) Dynamica Asia

On 10 February 2011, Dynamica Asia was incorporated in Hong Kong with an authorized share capital of HK$10,000 divided into 10,000 shares of HK$1.00 each. Techcomp Scientific subscribed 10,000 shares, the entire issued share capital of Dynamica Asia, and was the sole registered shareholder of Dynamica Asia.

Save as disclosed above, none of the other subsidiaries have undergone changes in their respective share capital during the two years immediately prior to the date of this document.

5. Repurchase by the Company of its own securities

This paragraph contains information required by the Stock Exchange to be included in this document concerning the repurchase by a company of its own securities.

Provisions of the Listing Rules

The Listing Rules permit a company listed on the Stock Exchange to repurchase its securities on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(a) Shareholders' approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company listed on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Note: The Company has not passed any resolutions to give the Directors the authority to repurchase the Shares by the Company.

(b) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Company's memorandum of association and the New Bye-laws, and the applicable laws and regulations of Hong Kong, Bermuda and Singapore. A dual-listed company on the Stock Exchange and SGX-ST may not repurchase its own securities on the SGX-ST and the Stock

Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST and/or the trading rules of the Stock Exchange (as the case may be) from time to time.

Reasons for repurchases

The Directors believe that if the Company repurchases the Shares, such repurchases of Shares will enhance the return on equity of the Company, and will facilitate the return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-effective manner.

Funding of repurchases

The Bermuda Companies Act permits the Company to purchase or acquire its own Shares out of capital paid up on the purchased Shares, or from funds of the Company which would otherwise be available for dividend or distribution, or out of the proceeds of a fresh issue of Shares made for the purpose of the purchase. Apart from using its internal sources of funds, the Company may obtain or incur borrowings to finance its purchase or acquisition of Shares.

If the resolution on the proposed repurchases of Shares is passed at a general meeting in the future, the Directors will provide the details of the repurchase of Shares, inter, alia, the funding of repurchases. In addition, in the event that the aforesaid resolution is passed at a general meeting, the Directors shall not propose to exercise such share repurchase mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Group. The purchase or acquisition of Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions. The share repurchase mandate will be exercised with a view of enhancing the earnings per Share and/or the net tangible assets value per Share.

General

None of the Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, any of their associates currently intends to sell any Shares to the Company or its subsidiaries.

No connected person has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so if the share repurchase mandate is exercised.

If, as a result of the repurchase of the securities by the Company pursuant to the share repurchase mandate, a Shareholder's proportionate interest in the voting rights of the Company is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of

the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the share repurchase mandate.

The Company had not repurchased any Shares on the SGX-ST or by any other means in the previous six months from the Latest Practicable Date.

B. FURTHER INFORMATION ABOUT THE BUSINESS

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by, or relating to the reorganisation of, the members of the Group within the two years preceding the date of this document and are or may be material:

(a) a purchase agreement dated 11 February 2010 entered into between Swiss Scale AG and Graceful Sky in relation to the purchase of 400,000 shares of Precisa Gravimetrics and 80% of the shareholders' loans due from Precisa Gravimetrics to Swiss Scale AG at a total consideration of CHF3.51 million;

(b) a share acquisition agreement dated 21 July 2010 entered into among Bibby, the Company and Bibby HK pursuant to which (i) Bibby agreed to pay a call option consideration of £500,000 and a share transfer consideration of HK$2,000,000 in respect of the transfer of 50% equity interest in Bibby HK held by the Company, and (ii) Bibby HK agreed to repay to the Company all amount outstanding to the Company;

(c) an escrow agreement dated 11 February 2010 between Swiss Scale AG, Graceful Sky and Thomas Loher in relation to the retaining of CHF0.85 million in escrow;

(d) a shareholders' agreement dated 11 February 2010 between Graceful Sky and Jürg Strub in relation to the purchase of 100,000 shares in Precisa Gravimetrics AG by Jürg Strub;

(c) a joint venture agreement dated 31 March 2010 between SPSIC and Glory Union in relation to the establishment of Jingke Scientific with the registered capital of RMB40 million;

(f) a joint venture agreement dated 31 March 2010 between SPSIC and Glory Union in relation to the establishment of Jingke Trading with the registered capital of RMB10.8 million; and

(g) a deed of non-competition dated 5 December 2011 executed by the Controlling Shareholder, Mr. Chan and Mr. Xu in favour of the Company.

2. Intellectual property rights

(a) Trademarks

(i) As at the Latest Practicable Date, the Group had registered the following trademarks:

Trademark	Place of registration	Class	Registration number	Effective period
	PRC	10	693696	14 June 2004 to 13 June 2014
	PRC	9	1368712	28 February 2000 to 27 February 2020

(ii) As at the Latest Practicable Date, Group had applied for registration of the following trademarks:

Trademark	Place of application	Class	Application number	Date of application
	Hong Kong	9	301878779	4 April 2011
	Hong Kong	9	301888101	13 April 2011
	Hong Kong	9	301914426	12 May 2011
	Hong Kong	9	301936648	3 June 2011
"Froilabo"	France	7, 9, 10, 11, 42	11/3844143	4 July 2011

(b) Patents

(i) As at the Latest Practicable Date, the Group had registered the following patents:

Title of patent	Place of registration	Patent number	Duration of validity
Mini oven converter in gas chromatography (帶微型轉化爐的氣相色譜儀)	PRC	ZL 03 2 10472.3	9 September 2003 to 8 September 2013
Absolute method reflectivity rate testing device (絕對法反射率測試裝置)	PRC	ZL 03 2 10473.1	9 September 2003 to 8 September 2013
Wide bore capillary liner (大口徑毛細管柱襯管)	PRC	ZL 2003 2 0108424.7	28 November 2003 to 27 November 2013
Data storage device with USB interface (使用USB接口進行數據存儲的分析儀器)	PRC	ZL 2003 2 0108435.5	28 November 2003 to 27 November 2013
Full quartz optical cement phase flow cell (全石英光膠液相流通池)	PRC	ZL 2004 2 0081014.2	22 July 2004 to 21 July 2014
Combination valve in gas chromatographs (多流程氣體組合閥)	PRC	ZL 2004 2 0019215.X	2 January 2004 to 1 January 2014
Device of controlling temperature by area and section (溫度分區域、分段控制裝置)	PRC	ZL 2008 2 0055230.8	30 January 2008 to 29 January 2018
Full spectrum D2 lamp correction system (寬範圍氘燈背景校正系統)	PRC	ZL 2003 1 0108951.2	28 November 2003 to 27 November 2023
Phase compensator utilizing UV-near infrared spectroscopic ellipsometry (用於紫外-近紅外波段橢圓偏振光譜儀的相位補償器)	PRC	ZL 2005 1 0024222.8	4 March 2005 to 3 March 2025

Title of patent	Place of registration	Patent number	Duration of validity
One type of centrifuge machine (一種離心機)	PRC	ZL 2011 2 0020162.3	21 January 2011 to 20 January 2021
Carbohydrate amperometric detection cell (糖類碳水化合物安培檢測池)	PRC	ZL 2011 2 0020150.0	21 January 2011 to 20 January 2021
Thermal conductivity detector (熱導檢測器)	PRC	ZL 2011 2 0067757.4	15 March 2011 to 14 March 2021
Connection block of make-up gas and reference gas circuit (尾吹和參考氣路接頭部件)	PRC	ZL 2011 2 0067744.7	15 March 2011 to 14 March 2021
FID detector (FID檢測器)	PRC	ZL 2011 2 0067915.6	16 March 2011 to 15 March 2021

(ii) As at the Latest Practicable Date, the Group had applied for registration of the following patent(s):

Title of patent	Place of application	Date of application	Application number
Micro flow detection device and its method of production (微量流通檢測裝置及其製作方法)	PRC	30 January 2008	200810033273.0
Door lock state detection sensor (檢測門鎖狀態的傳感器)	PRC	21 January 2011	201110024108.0
Carbohydrate amperometric detection cell and its method of detection (糖類碳水化合物安培檢測池及其檢測方法)	PRC	21 January 2011	201110024106.1

(c) Domain names

As at the Latest Practicable Date, the Company had registered the following domain name:

Domain name	Registrant	Registration date
www.techcomp.com.hk	Techcomp Hong Kong	22 August 1995

3. Further information about the PRC establishments of the Company

As at the Latest Practicable Date, the Company had the following PRC subsidiaries, the basic information of which is set out below:

(a) Shanghai Techcomp Trading

(i)	Corporate nature:	WFOE
(ii)	Registered capital:	US$200,000
(iii)	Attributable interest of the Group:	100%
(iv)	Date of incorporation:	13 August 2001
(v)	Scope of business:	international trading and re-export trading with focus on analytical apparatus and bio-chemical equipment, trading and trading agency among enterprises within bonded zones, as well as repair and consultation services for relevant products; import and export of technology (excluding distribution and forbidden items in China); simple commercial processing within bonded zones (those require the grant of a permit shall be operated under the required permit).
(vi)	Legal Representative:	Mr. Lo
(vii)	Board of directors:	Mr. Lo Mr. Chan Mr. Xu

(b) Techcomp Guangzhou

(i)	Corporate nature:	WFOE
(ii)	Registered capital:	US$200,000
(iii)	Attributable interest of the Group:	100%

(iv)	Date of incorporation:	5 April 2002
(v)	Scope of business:	Engaging in international trading, re-export trading, commercial trading (except forbidden and restricted commodities in China) and commodity display within Guangzhou bonded zones.
(vi)	Legal Representative:	Mr. Lo
(vii)	Board of directors:	Mr. Lo Mr. Chan Mr. Xu Mr. Tse Po Wah Mr. Xia Yisheng

(c) Techcomp Tianjin

(i)	Corporate nature:	WFOE
(ii)	Registered capital:	US$1,300,000
(iii)	Attributable interest of the Group:	100%
(iv)	Date of incorporation:	10 April 2002
(v)	Scope of business:	International trading and relevant simple processing, development of analytical apparatus products and relevant consultation services, bonded warehousing services on one's behalf, exhibition of clinical diagnosis equipment, operation room equipment and basic equipment and tools for medication and chemical examination, repair services on analytical apparatus and products, and wholesale, retail, import and export of analytical apparatus, examination equipment, precision instrument and equipment, clinical examination and analytical apparatus, basic equipment for medication and chemical examination and tools as well as the spare parts of the above items.
(vi)	Legal Representative:	Mr. Lo
(vii)	Board of directors:	Mr. Lo Mr. Chan Mr. Xu Mr. Wang Meng Mr. Tse Po Wah

(d) Tiande Tianjin

(i)	Corporate nature:	WFOE
(ii)	Registered capital:	US$200,000
(iii)	Attributable interest of the Group:	100%
(iv)	Date of incorporation:	16 May 2005
(v)	Scope of business:	International trading and relevant simple processing, development of analytical apparatus products and bio-chemical equipment and products and relevant consultation services, bonded warehousing services on one's behalf, display and exhibition of analytical apparatus products and bio-chemical equipment, and wholesale, retail, import and export of analytical apparatus, bio-chemical equipment and its products and spare parts.
(vi)	Legal Representative:	Mr. Chan
(vii)	Board of directors:	Mr. Chan Mr. Xu Mr. Wang Meng

(e) Techcomp China

(i)	Corporate nature:	WFOE
(ii)	Registered capital:	US$10,000,000
(iii)	Attributable interest of the Group:	100%
(iv)	Date of incorporation:	2 April 2008

(v)	Scope of business:	wholesale of category III medical machinery: equipment and tools for operation room, first aid room and diagnosis and treatment room. Wholesale of device and meters, machinery equipment and tools, electronic equipment, category I medical machinery and spare parts for the above commodities (those commodities require management under permit quota and management under specific items shall be carried out pursuant to the relevant requirements of China); after-sales services.
(vi)	Legal Representative:	Mr. Lo
(vii)	Board of directors:	Mr. Lo Mr. Chan Mr. TSE Po Wah

(f) Shanghai Techcomp Instrument

(i)	Corporate nature:	WFOE
(ii)	Registered capital:	US$3,350,000
(iii)	Attributable interest of the Group:	100%
(iv)	Date of incorporation:	10 June 1994
(v)	Scope of business:	production of physical and chemical analytical apparatus, experimental equipment and its accessories, bio-safety laboratory device, purifying engineering, provision of after-sale installation, repair and maintenance service, and sale of self-produced products (those require the grant of administrative permit shall be operated under the required permit).
(vi)	Legal Representative:	Mr. Lo
(vii)	Board of directors:	Mr. Lo Mr. Chan Mr. Xu

(g) Shanghai Techcomp Bio-equipment

(i)	Corporate nature:	WFOE
(ii)	Registered capital:	US$2,000,000
(iii)	Attributable interest of the Group:	100%
(iv)	Date of incorporation:	9 October 2005
(v)	Scope of business:	development and production of apparatus for life science, bio-safety laboratory device, purifying engineering and its accessories, provision of after-sale installation, repair and maintenance service, and sale of self-produced products (those require the grant of administrative permit shall be operated under the required permit).
(vi)	Legal Representative:	Mr. Lo
(vii)	Board of directors:	Mr. Lo Mr. Chan Mr. Xu

(h) Shanghai Sanco

(i)	Corporate nature:	Sino-foreign joint enterprise
(ii)	Registered capital:	US$350,000
(iii)	Attributable interest of the Group:	81%
(iv)	Date of incorporation:	15 December 1992
(v)	Scope of business:	production of analytical diagnostic apparatus and its consumables and provision of technical advice, technology development, technical training, technical services, and sale of self-produced products (those require the grant of administrative permit shall be operated under the required permit).
(vi)	Legal Representative:	Mr. Xing Zhongxian

(vii)	Board of directors:	Mr. Xu Mr. Huang Zhengyi Mr. Shao Yifang Mr. Yu Xionghua Mr. Jiang Shuping Mr. Zhao Xia Mr. Yuan Weili

(i) Jingke Scientific

(i)	Corporate nature:	Sino-foreign joint enterprise
(ii)	Registered capital:	RMB40,000,000
(iii)	Attributable interest of the Group:	51%
(iv)	Date of incorporation:	1 September 2010
(v)	Scope of business:	development and production of scientific equipment and devices in relation to electrical balances, mechanical balances, thermal analysis, viscosity analytical device, moisture analytical device and so on, sale of self-produced products, and provision of relevant technical and after-sale services (those require the grant of administrative permit shall be operated under the required permit).
(vi)	Legal Representative:	Mr. Lo
(vii)	Board of directors:	Mr. Lo Mr. Xu Mr. Fan Zhiqiang Mr. Tang Zhidong Mr. Wang Meng

C. FURTHER INFORMATION ABOUT DIRECTORS

1. Particulars of service agreements

Each of Mr. Lo, Mr. Chan and Mr. Xu, the executive Directors, has entered into a service agreement with the Company pursuant to which each of them has agreed to act as the executive Director for an initial term of three years with effect from 26 January 2004. Each of the service agreements shall automatically continue from year to year upon expiry of its term, unless either of the parties thereto notifies the other party by giving not less than six months notice in writing provided that the Company shall have the option to pay salary in lieu of any required period of notice. Each of Mr. Lo, Mr. Chan and Mr. Xu has further covenanted in his service agreement that, during the period of his employment with the Company, and for a period of one year thereafter, he shall not, inter alia, carry on or be engaged or interested in any business, trade or occupation competing with the business of the Group. In addition, each of them is also subject to confidentiality obligation protecting the Group's proprietary interest.

Each of Mr. Seah, Mr. Ho and Mr. Teng has been appointed as the independent non-executive Directors since 14 February 2007, 28 May 2004 and 28 May 2004 respectively. For the purpose of the Listing, each of the independent non-executive Directors has entered into an appointment letter with the Company on 5 December 2011, which supercedes and substitutes the original appointment letter, if any. Each of the independent non-executive Directors is appointed for an initial term of 3 years from the Listing Date and may be terminated by either party giving to the other not less than three months' prior notice in writing.

Save as disclosed above, none of the Directors has entered or has proposed to enter into any service agreements with the Company or any member of the Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

2. Directors' remuneration

The aggregate remuneration paid (including benefits in kind) to the Directors by the Company and members of the Group in respect of the years ended 31 December 2008, 2009 and 2010 and the six months ended June 2011 were approximately US$599,000, US$462,000, US$713,000 and US$461,000 respectively. Please refer to note 12 of the section headed "Accountants' Report" for further details of the Directors' remuneration. Under the service agreements and appointment letters of the Directors, the aggregate remuneration payable in respect of the year ending 31 December 2011 is US$698,000.

D. DISCLOSURE OF INTERESTS

1. Disclosure of interests

(a) Interests and/or short positions of the Directors in shares of the Company's and its associated corporations, their underlying Shares or debentures

Immediately following completion of the Listing, the Directors will have the following interests and/or short positions in the Shares, underlying Shares or debentures of the Company and the associated corporations (within the meaning of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, will be required to be notified to the Company and the Stock Exchange once the Shares are listed:

Long positions in the Shares

Name of directors	Capacity/nature of interest	Number of Shares	Approximate percentage of shareholding
Mr. Lo	Beneficial owner	104,956,500[3]	45.14%
Mr. Lo[1]	Deemed interest, interest of his spouse	7,500,000	3.23%
Mrs. Lo	Beneficial owner	7,500,000	3.23%
Mrs. Lo[2]	Deemed interest, interest of her spouse	104,956,500[3]	45.14%
Mr. Chan	Beneficial owner	9,720,000[4]	4.18%
Mr. Xu	Beneficial owner	9,870,000	4.25%
Mr. Ho Yew Yuen	Beneficial owner	300,000	0.13%

Notes:

(1) Mr. Lo, being the President and an executive Director, is deemed to be interested in the shares held by his spouse, Mrs. Lo, who has an interest in 7,500,000 Shares.

(2) Mrs. Lo is deemed to be interested in the Shares held by her spouse, Mr. Lo, who has an interest in 104,956,500 Shares.

(3) There is a Stock Borrowing Agreement between Mr. Lo and the Bridging Dealer, pursuant to which Mr. Lo shall, from time to time upon request by the Bridging Dealer lend up to a maximum of 58,125,000 Shares, representing 25% of Shares in issue in aggregate to the Bridging Dealer, on one or more occasions, and an equivalent number of Shares shall be returned to Mr. Lo not later than 13 business days after the expiry of the Bridging Period (being the 30-day period from and including the Listing Date), subject to compliance with applicable laws, rules and regulations in Singapore and Hong Kong, including but without limitation that the lending and the subsequent acceptance of redelivery of any Shares by Mr. Lo, and the borrowing and the subsequent redelivery of any Shares by the Bridging Dealer, will not lead to either party being obliged to make a mandatory general offer under the Takeovers Code and/or the Singapore Code. Further details of the Stock Borrowing Agreement are set out in the section headed "Listing, Registration, Dealings and Settlement — Bridging Arrangements" of this document.

(4) To facilitate the role of the Bridging Dealer commencing from the pre-opening period on the first day of the Listing, the Bridging Dealer has established a mechanism in place to build up an ownership of a small inventory of Shares prior to the commencement of trading. Accordingly, there is a Sale and Repurchase Agreement entered into between Mr. Chan and the Bridging Dealer for the sale of an aggregate of 9,300,000 Shares (representing 4% of the Shares in issue) at a sale price of S$0.395 per Share, being the closing price of the Shares quoted on the SGX-ST on the day immediately before the date of the Sale and Repurchase Agreement. Pursuant to such Sale and Repurchase Agreement, the Bridging Dealer shall sell and Mr. Chan shall repurchase the equivalent number of Shares it sold under the Sale and Repurchase Agreement, at the same price as such Shares were sold, not later than 13 business days after the expiry of the Bridging Period. Further details of the Sale and Repurchase Agreement are set out in the section headed "Listing, Registration, Dealings and Settlement — Bridging Arrangements" of this document.

(b) Interests and/or short positions of substantial shareholders in the shares which are discloseable under Divisions 2 and 3 of Part XV of the SFO

So far as is known to the Directors, immediately following the Listing, the following persons will have or be deemed or taken to have an interest and/or short position in the Shares or underlying Shares which will be required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or are directly or indirectly, interested in 10% or more of the nominal value of any class of the share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Long positions in the Shares

Name	Capacity/nature of interest	Number of Shares	Approximate percentage of shareholding
Mr. Lo	Beneficial owner	104,956,500[4]	45.14%
Mr. Lo[1]	Deemed interest, interest of his spouse	7,500,000	3.23%
Mrs. Lo	Beneficial owner	7,500,000	3.23%
Mrs. Lo[2]	Deemed interest, interest of her spouse	104,956,500[4]	45.14%
Kabouter Management, LLC[3]	Beneficial owner	25,384,000	10.92%

Notes:

(1) Mr. Lo, being the President and an executive Director, is deemed to be interested in the shares held by his spouse, Mrs. Lo, who has an interest in 7,500,000 Shares.

(2) Mrs. Lo is deemed to be interested in the shares held by her spouse, Mr. Lo, who has an interest in 104,956,500 Shares.

(3) As at the Latest Practicable Date, Kabouter Management, LLC is deemed interested in 25,384,000 shares, held through Raffles Nominees Pte Ltd., owned by Kabouter Fund II (managed by Kabouter Management, LLC), Kabouter Fund I QP (managed by Kabouter Management, LLC) and Talon International select partners fund (managed by Kabouter Management, LLC).

(4) There is a Stock Borrowing Agreement between Mr. Lo and the Bridging Dealer, pursuant to which Mr. Lo shall, from time to time upon request by the Bridging Dealer lend up to a maximum of 58,125,000 Shares, representing 25% of the Shares in issue in aggregate to the Bridging Dealer, on one or more occasions, and an equivalent number of Shares shall be returned to Mr. Lo not later than 13 business days after the expiry of the Bridging Period (being the 30-day period from and including the Listing Date), subject to compliance with applicable laws, rules and regulations in Singapore and Hong Kong, including but without limitation that the lending and the subsequent acceptance

of redelivery of any Shares by Mr. Lo, and the borrowing and the subsequent redelivery of any Shares by the Bridging Dealer, will not lead to either party being obliged to make a mandatory general offer under the Takeovers Code and/or the Singapore Code. Further details of the Stock Borrowing Agreement are set out in the section headed "Listing, Registration, Dealings and Settlement — Bridging Arrangements" of this document.

Save as disclosed above and in the section headed "Substantial Shareholders" in this document, the Directors are not aware of any person who will, immediately following completion of the Listing, have interests or short positions in the Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

2. Disclaimers

Except as disclosed in this document,

(a) none of the Directors has any interest and/or short position in the Shares, the underlying Shares of the Company, listed or unlisted derivatives of or debentures or any of the Company's associated corporations (within the meaning of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have taken under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, will be required to be notified to the Company and the Stock Exchange once the Shares are listed;

(b) there are no existing or proposed service contracts (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)) between the Directors and the Company;

(c) none of the Directors or the experts named in the paragraph headed "Consent of experts" in this section has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to, the Company, or are proposed to be acquired or disposed of by or leased to the Company;

(d) none of the Directors is materially interested in any contract or arrangement subsisting as at the date of this document which is significant in relation to the business of the Company taken as a whole;

(e) the Directors are not aware of any person who immediately following the completion of the Listing will have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company; and

(f) none of the experts named in the paragraph headed "Consent of experts" in this section has any shareholding in the Company or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company or is an officer or servant or in employment of an officer or servant of the Company.

E. EXISTING SHARE OPTION SCHEME

Options granted under the Existing Share Option Scheme will remain valid after Listing but no further options will be granted under the Existing Share Option Scheme after Listing. The following is a summary of the principal terms of the Existing Share Option Scheme adopted pursuant to the written resolutions of the then Shareholders on 28 May 2004.

(a) Purpose

The Existing Share Option Scheme is a share incentive scheme and is established to recognize and acknowledge the contributions that the Eligible Participants (as defined in paragraph (b) below) have or may have made to the Company. The Existing Share Option Scheme will provide the Eligible Participants with an opportunity to have a personal stake in the Company with a view to motivate the Eligible Participants to optimize their performance efficiency for the benefit of the Company.

(b) Who may join

The remuneration committee of the Company (the "**Committee**") may, at its absolute discretion, select any of the following persons (unless they are also controlling shareholders of the Company or associates of such controlling shareholders) to participate in the Scheme:

(1) Full-time employees of the Company and directors selected by the Committee to participate in the Existing Share Option Scheme (the "**Employees**"); and

(2) Directors,

Provided Always That any of the aforesaid persons selected by the Committee to participate in the Existing Share Option Scheme:

(i) must be at least of twenty-one (21) years of age;

(ii) must not be an undischarged bankrupt; and

(iii) must, in the case of a non-executive Director who is a nominee of any Shareholder, obtain the approval of such Shareholder to participate in the Existing Share Option Scheme.

(c) Maximum number of Shares

The aggregate number of Shares to be issued pursuant to the exercise of the options under the Existing Share Option Scheme over which the Committee may grant options on any date, when added to the number of Shares issued and issuable in respect of all options granted under the Existing Share Option Scheme (and if applicable, options granted under any other employees' share option scheme adopted from time to time by the Company) shall not exceed fifteen per cent (15%) of the issued share capital of the Company on the day preceding that date.

(d) Subscription price of Shares

The subscription price (the "**Subscription Price**") of a Share in respect of any particular option granted under the Existing Share Option Scheme shall be the Market Price (as hereafter defined), or the nominal value of the Shares, whichever is the higher.

For the purpose of the Existing Share Option Scheme, the "Market Price" means the average of the last dealt prices per Share determined by reference to the daily official list or other publication published by the SGX-ST for a period of five (5) consecutive market days immediately preceding the relevant date of grant rounded up in the case of cents (if applicable) to the nearest whole cent, provided that in the case of a market day on which the Shares are not traded on the SGX-ST, the last dealt price for Shares on such market day shall be deemed to be the last dealt price of the Shares on the immediately preceding market day on which the Shares were traded.

Subject to any applicable laws, rules and regulations, the Committee may at its discretion set the Subscription Price at a discount to the Market Price; Provided Always That (a) the maximum discount shall not exceed 20%, and shall have been approved by Shareholders in a separate resolution; and (b) the discounted subscription price shall not be lower than the nominal value of the Shares (the "**Discounted Subscription Price**").

(e) Rights are personal to grantee

An option is personal to the grantee and may be exercised or treated as exercised, as the case may be, in whole or in part. No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any option or attempt so to do.

(f) Time of exercise of Option and duration of the Existing Share Option Scheme

The grantees to whom an option has been granted under the Existing Share Option Scheme will be entitled to exercise his/her option, in whole or in part, at any time during the Option Period.

For the purpose of the Existing Share Option Scheme, the "Option Period" shall be, subject as provided in rules of the Existing Share Option Scheme and any other conditions as may be introduced by the Committee from time to time:

(1) In relation to options which are granted at a Subscription Price which is equivalent to the Market Price:

(i) Subject to paragraph (1)(ii) below, a period commencing on a date not earlier than the first (1st) anniversary of the date of grant and expiring on the tenth (10th) anniversary of the date of grant; and

(ii) For options granted to non-executive Directors a period commencing on a date not earlier than the first (1st) anniversary of the date of grant and expiring on the fifth (5th) anniversary of the date of grant;

(2) In relation to options which are granted at a Discounted Subscription Price:

(i) Subject to paragraph (2)(ii) below, a period commencing on a date not earlier than the second (2nd) anniversary of the date of grant and expiring before the tenth (10th) anniversary of the date of grant; and

(ii) For options granted to non-executive Directors, a period commencing on a date not earlier than the second (2nd) anniversary of the date of grant and expiring on the fifth (5th) anniversary of the date of grant.

The Existing Share Option Scheme shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years commencing on the adoption date (i.e. 28 May 2004), provided always that the Existing Share Option Scheme may continue beyond the above stipulated period with the approval of the Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

(g) Ranking of Shares

The Shares, when allotted and issued on the exercise of an option granted under the Existing Share Option Scheme, shall be subject to all the provisions of the Memorandum of Association of the Company and Bye-laws of the Company, and shall rank in full for all entitlements including dividends or other distributions declared or recommended in respect of the then existing issued Shares, the record date for which is on or after the date upon which such exercise takes place, and shall in all other respects rank pari passu with other Shares then in issue.

(h) Effect of alterations to capital

(1) If a variation in the issued share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, sub-division, consolidation or distribution) 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:

(i) the Subscription Price for the Shares on the exercise of an option granted under the Existing Share Option Scheme, the nominal amount, class and (or number of such Shares comprised in an Option to the extent unexercised); and/or

(ii) the nominal amount, class and/or number of Shares over which such options may be granted under the Existing Share Option Scheme, shall be adjusted in such manner as the Committee may determine to be appropriate and upon the written confirmation of the auditors (acting only as experts and not as arbitrators), except in relation to a capitalisation issue where no such certification shall be required, that in their opinion, such adjustment is fair and reasonable. The adjustment must be made in such a way that a holder of such options will not receive a benefit that a Shareholder does not receive.

(2) Notwithstanding paragraph (h)(1) above, no adjustment shall be made:

(i) if as a result of such adjustment, the Subscription Price would fall below the nominal amount of a Share and if such adjustment would, but for this paragraph (i), result in the Subscription Price being less than the nominal amount of a Share, the Subscription Price payable shall be the nominal amount of a Share;

(ii) unless the Committee having considered all relevant circumstances, considers it equitable to do so; and

(iii) if as a result of such adjustment, the holder of the options receives a benefit that a Shareholder does not receive.

(3) Unless the Committee considers an adjustment to be appropriate:

(i) the issue of securities as consideration for an acquisition or a private placement of securities;

(ii) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force; or

(iii) any increase in the issued share capital of the Company as a consequence of the exercise of the options or other convertibles issued from time to time by the Company entitling holders thereof to subscribe for new Shares in the capital of the Company (including the exercise of any options granted pursuant to the Existing Share Option Scheme),

shall not normally be regarded as a circumstance requiring adjustment.

(4) Upon any adjustment made pursuant to rule of the Existing Share Option Scheme, the Company shall notify the Participant (or his duly appointed personal representative, where applicable) in writing and deliver to him (or his duly appointed personal representative where applicable) a statement setting forth the Subscription Price thereafter in effect and the nominal value, class and/or number of Scheme Shares thereafter to be issued on the exercise of the Option. Any adjustment shall take effect upon such written notification being despatched.

(5) The Committee shall make any such adjustment that is necessary to comply with the regulations of the SGX-ST or any other stock exchange on which the Shares are quoted or listed and shall not make any adjustment not permitted by such regulations.

(i) Expiry of option

An Option shall, to the extent unexercised, immediately lapse without any claim against the Company:

(1) upon the expiry of the Option Period;

(2) on the date on which a holder of the option ceases to be an Employee on the grounds that he has been guilty of misconduct, or has been convicted of any criminal offence involving his integrity or honesty;

(3) on the date on which a holder of the option commits a breach under the rules of the Existing Share Option Scheme if the Committee treats the grant of the Option as being invalid and ineffective;

(4) subject to the rules of the Existing Share Option Scheme, upon the Participant for any reason whatsoever ceasing to satisfy the eligibility criteria set out in paragraph (b) above as the Committee may determine; or

(5) upon the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such option, unless otherwise determined by the Committee in its absolute discretion.

(j) Alteration of the Existing Share Option Scheme

(1) The Existing Share Option Scheme may be altered in any respect by resolution of the Committee except that:

(i) no alteration shall alter adversely the rights attaching to any Options granted prior to such alteration except with the consent in writing of such number of holders of the options who, if they exercised their Options in full, would thereby become entitled to not less than three-quarters (3/4) in nominal value of all the Shares which would be allotted upon exercise in full of all outstanding Options;

(ii) the definitions of "Committee", "Employee", "Offeree", "Option Period", "Participant" and "Subscription Price" and the provisions in respect of (aa) grant of option, (bb) subscription price and payment, (cc) rights to exercise options, (dd) takeover or winding up of the Company, (ee) ranking of the shares on the exercise of the option under the Existing Share Option Scheme, (ff) limitation on the size of the Existing Share Option Scheme, (gg) variation of capital, (hh) administration of the Existing Share Option Scheme and (ii) alteration of the Existing Share Option Scheme shall not be altered to the advantage of holders of the options except with the prior sanction of the Company in general meeting;

(iii) any modification or alteration which would be to the advantage of holders of the options shall be subject to the prior approval of the Shareholders in general meeting; and

(iv) no alteration shall be made without the prior approval of such other regulatory authorities as may be necessary.

(2) Notwithstanding anything to the contrary contained in paragraph (1), the Committee may at any time by resolution amend or alter the Existing Share Option Scheme in any way to the extent necessary to cause the Existing Share Option Scheme to comply with, or otherwise as may be permitted in accordance with, any law or enactment, or any rules, regulations or guidelines of any regulatory or other relevant authority or body for the time being in force.

(k) Cancellation of Options

Any cancellation of options granted but not exercised must be approved by the grantees of the relevant options.

(l) Termination of the Existing Share Option Scheme

The Existing Share Option Scheme may be terminated at any time by the Committee or by resolution of the Company in general meeting subject to all relevant approvals which may be required and if the Scheme is so terminated, no further Options shall be offered by the Company hereunder.

(m) Administration of the Board

(1) The Existing Share Option Scheme shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the Committee shall participate in any deliberation or decision in respect of options to be granted to him or held by him.

(2) The Committee shall have the power, from time to time, to make and vary such regulations (not being inconsistent with the Existing Share Option Scheme) for the implementation and administration of the Existing Share Option Scheme as they may deem fit.

(3) Any decision of the Committee, made pursuant to any provision of the Scheme (other than a matter to be certified by the Auditors), shall be final and binding (including any decisions pertaining to disputes as to the interpretation of the Existing Share Option Scheme or any rule, regulation, or procedure thereunder or as to any rights under the Existing Share Option Scheme).

Outstanding Options

As at the Latest Practicable Date, outstanding options to subscribe for an aggregate of 21,835,000 Shares (representing approximately 9.39% of the existing issued share capital of the Company) have been conditionally granted to 193 eligible participants by the Company under the Existing Share Option Scheme. The options under the Existing Share Option Scheme were granted at a consideration of S$1 paid by each grantee and will be valid for 10 years from the date of grant. No further options will be granted under the Existing Share Option Scheme prior to the Listing. Set forth below is the details of the options granted under the Existing Share Option Scheme.

Date of grant	Number of options granted	Number of options exercised	Number of options cancelled/ lapsed	Balance at the Latest Practicable Date	Exercise price per share (adjusted after bonus issue of shares) *(Note 1)*	Exercisable period
15 April 2008	825,000	—	75,000	750,000	S$0.25	15 April 2009 to 14 April 2018
2 March 2009	3,855,000	—	45,000	3,810,000	S$0.16	2 March 2010 to 1 March 2019 *(Note 2)*
22 May 2009	150,000	—	—	150,000	S$0.16	22 May 2010 to 21 May 2019 *(Note 2)*
11 January 2010	10,500,000	—	150,000	10,350,000	S$0.23	11 January 2011 to 10 January 2020 *(Note 2)*
6 January 2011	6,800,000	—	25,000	6,775,000	S$0.42	6 January 2012 to 5 January 2021 *(Note 2)*
Total	22,130,000	—	295,000	21,835,000		

Notes:

(1) For the options granted on 15 April 2008, 2 March 2009, 22 May 2009 and 11 January 2010, an adjustment had been made to reflect the bonus shares of the Company issued on the basis of one bonus share for every two then existing Shares on 17 May 2010.

(2) 30% of the options vested on the first anniversary of the date grant. The remaining 70% of the options vested on the third anniversary of the date of grant.

The Company has applied to the Stock Exchange for a waiver from full compliance with the disclosure requirements of Rule 17.02(1)(b) and paragraph 27 of Appendix 1A of the Listing Rules, in respect of the names and addresses of the employees of the Group to whom options have been granted under the Existing Share Option Scheme on the ground that full compliance with these requirements would be unduly burdensome for the following reasons:

(a) The options have been granted to the executive Directors, certain senior management and employees of the Group by taking account of his or her performance, contribution to the Group and personal merit as assessed by the Directors. There are different views regarding the performance and merit of any particular employee from the perspectives of other employees. Disclosure of full particulars of the entitlements of all employees on an individual basis would likely have an adverse effect on the morale of the employees of the Group whether or not he or she has been granted any options under the Existing Share Option Scheme.

(b) The grant and exercise in full of the options granted under the Existing Share Option Scheme will not cause any material adverse change in the financial position of the Company.

(c) Under the Existing Share Option Scheme, there are a total of 193 grantees comprising of 2 Directors, 7 senior managerial staff and 184 employees of the Group. Full disclosure of the required particulars of the entitlements of employees of the Group under the Existing Share Option Scheme on an individual basis would be costly and unduly burdensome for the Company to comply with.

(d) The Company considers that disclosure of the information in the section headed "Outstanding Options Granted under the Existing Share Option Scheme" has already provided potential investors with necessary and sufficient information for them to make an informed assessment of the potential dilution effect and impact on earnings per share of the options granted under the Existing Share Option Scheme.

The Stock Exchange has granted the waiver on the conditions that:

(a) the following information and particulars shall be disclosed in this document:

(i) on an individual basis, the details of all options granted by the Company under the Existing Share Option Scheme to all senior managerial staff (including the Directors) and connected persons of the Group (as defined in the Listing Rules), and such details shall include all information and particulars required under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix 1A;

(ii) on an aggregated basis, other than those grantees as referred to in the above (i), the number of grantees and the number of Shares to be subscribed for under the options, the consideration paid for the grant of the options (being S$1.00), the period during which the options are exercisable, and the subscription price to be paid for the Shares upon exercise of the options;

(iii) the dilution effect and impact on earnings per share upon full exercise of the option granted under the Existing Share Option Scheme; and

(iv) the aggregate number of Shares subject to the outstanding options granted by the Company under the Existing Share Option Scheme and the percentage of the Company's issued share capital of which such number represents; and

(b) a list of all grantees (including both the senior managerial staff and the employees of the Group) of the options granted by the Company under the Existing Share Option Scheme with information required under the Listing Rules will be available for public inspection in accordance with the paragraph headed "Documents available for inspection" in Appendix VII to this document.

A summary of the list of such grantees containing all the details in respect of each outstanding option required under Rule 17.02(1)(b) of and paragraph 27 of Part A of Appendix I to the Listing Rules is set out below:

Name of grantee	Title	Address	Number of Shares to be issued subject to the option	Exercise Price	Exercise Period (Date of Grant)	Approximate percentage of total outstanding options granted under the Existing Share Option Scheme	Approximate percentage of the existing issued share capital of the Company upon full exercise of the option
Directors							
Chan Wai Shing	Executive Director	5H, Block 38, Laguna City, Kwun Tong, Kowloon, Hong Kong	1,800,000	S$0.23	From 11 January 2011 to 10 January 2020 (granted on 11 January 2010)	11.45%	0.983%
			700,000	S$0.42	From 6 January 2012 to 5 January 2021 (granted on 6 January 2011)		
Xu Guoping	Executive Director	Room 701, No. 23, Lane 88 Ping Ji Road, Shanghai, P.R.C.	1,800,000	S$0.23	From 11 January 2011 to 10 January 2020 (granted on 11 January 2010)	11.45%	0.983%
			700,000	S$0.42	From 6 January 2012 to 5 January 2021 (granted on 6 January 2011)		
Senior management							
Li Hong, Don	General manager of Techcomp	Block 511, West Coast Drive, #09–335 Singapore	60,000	S$0.16	From 2 March 2010 to 1 March 2019 (granted on 2 March 2009)	4.85%	0.417%
			900,000	S$0.23	From 11 January 2011 to 10 January 2020 (granted on 11 January 2010)		
			100,000	S$0.42	From 6 January 2012 to 5 January 2021 (granted on 6 January 2011)		
Sin Sheung Nam, Gilbert	Financial controller and company secretary of the Group	Flat G, 43/F, Tower West, Chelsea Court, Tusen Wan, Hong Kong	120,000	S$0.16	From 2 March 2010 to 1 March 2019 (granted on 2 March 2009)	9.25%	0.794%
			1,200,000	S$0.23	From 11 January 2011 to 10 January 2020 (granted on 11 January 2010)		
			700,000	S$0.42	From 6 January 2012 to 5 January 2021 (granted on 6 January 2011)		
Tse Po Wah	Director of marketing of Techcomp Hong Kong	Flat 3A, Hang Sing Mansion, Tai Koo Shing, Hong Kong	90,000	S$0.16	From 2 March 2010 to 1 March 2019 (granted on 2 March 2009)	4.17%	0.358%
			120,000	S$0.23	From 11 January 2011 to 10 January 2020 (granted on 11 January 2010)		
			700,000	S$0.42	From 6 January 2012 to 5 January 2021 (granted on 6 January 2011)		
Xia Yisheng	Vice president of Techcomp China	3A Hang Sing Mansion, Tai Koo Shing, Hong Kong	75,000	S$0.26	From 15 April 2009 to 14 April 2018 (granted on 15 April 2008)	1.60%	0.138%
			150,000	S$0.16	From 2 March 2010 to 1 March 2019 (granted on 2 March 2009)		
			75,000	S$0.23	From 11 January 2011 to 10 January 2020 (granted on 11 January 2010)		
			50,000	S$0.42	From 6 January 2012 to 5 January 2021 (granted on 6 January 2011)		

Name of grantee	Title	Address	Number of Shares to be issued subject to the option	Exercise Price	Exercise Period (Date of Grant)	Approximate percentage of total outstanding options granted under the Existing Share Option Scheme	Approximate percentage of the existing issued share capital of the Company upon full exercise of the option
Zhao Wei	Vice president of Techcomp China	5-3-1201, Shenggu Jia Yuan, Zhaoyang District, Beijing, P.R.C.	75,000	S$0.26	From 15 April 2009 to 14 April 2018 (granted on 15 April 2008)	2.63%	0.226%
			225,000	S$0.16	From 2 March 2010 to 1 March 2019 (granted on 2 March 2009)		
			150,000	S$0.16	From 22 May 2010 to 21 May 2019 (granted on 22 May 2009)		
			75,000	S$0.23	From 11 January 2011 to 10 January 2020 (granted on 11 January 2010)		
			50,000	S$0.42	From 6 January 2012 to 5 January 2021 (granted on 6 January 2011)		
Jürg Strub	CEO of Precisa Gravimetrics	Holderbackweg 6, 6315 Oberageri, Switzerland	100,000	S$0.42	From 6 January 2012 to 5 January 2021 (granted on 6 January 2011)	0.46%	0.039%
Joel Cinier	CEO of Froilabo	15, Chemin, De Jarnay, Vilemoirieu, France 38460	84,000	S$0.42	From 6 January 2012 to 5 January 2021 (granted on 6 January 2011)	0.38%	0.033%
Other option holders							
184 option holders			11,736,000			53.75%	4.614%
			21,835,000			100%	8.59%

As at the Latest Practicable Date, we have granted 21,835,000 outstanding options under the Existing Share Option Scheme. Such options, if exercised in full, represent approximately 9.39% of the existing issued share capital of the Company and approximately 8.59% of the enlarged issued share capital of the Company after the issue of Shares upon the exercise of such options (without taking into account any Shares which may be allotted and issued upon exercise of the options which may be granted under the Share Option Scheme). Such issuance of Shares will result in the dilution to the percentage of ownership of the Shareholders, and may affect the earnings per Share and the net asset value per Share. Further, assuming that (i) our Company had been listed on the Stock Exchange since 1 January 2010 with 232,500,000 Shares in issue; and (ii) our Company had been listed on the Stock Exchange since 1 January 2010 with 232,500,000 Shares in issue and all outstanding options granted under the Existing Share Option Scheme in respect of 21,835,000 Shares were exercised in full on 1 January 2010, the earnings per Share on a diluted basis would be approximately (i) US 4.52 cents per Share (audited) and (ii) US 4.13 cents per Share (unaudited) respectively for the year ended 31 December 2010. As at the Latest Practicable Date, none of the options under the Existing Share Option Scheme had been exercised by the grantees.

Application has been made to the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares which may be allotted and issued pursuant to the exercise of options granted under the Existing Share Option Scheme.

F. SHARE OPTION SCHEME

1. Summary of terms

The following is a summary of the principal terms of the Share Option Scheme and adopted conditionally approved by a resolution of the Shareholders in an extraordinary general meeting held on 9 June 2011 (the "**Adoption Date**"):

For the purpose of this section, unless the context otherwise requires:

"Controlling Shareholder" has the meaning as ascribed thereto under the Listing Manual;

"Offer Date" means the date of grant of the Option in accordance with the Share Option Scheme;

"Grantee" means any Participant (as defined below) who accepts an offer of grant of any Option in accordance with the terms of the Share Option Scheme or (where the context so permits) a person entitled, in accordance with the laws of succession, to any Option in consequence of the death of the original Grantee;

"Options" means the options to subscribe for Shares pursuant to the Share Option Scheme; and

"Option Period" means the period of time where the Grantee may exercise the Option, which period shall not be more than 10 years from the Offer Date to be notified by the remuneration committee of the Company (the "**Committee**") to each Grantee which period of time shall commence on the Offer Date and expire on such earlier date as may be determined by the Committee.

(a) Who may join

The Directors may at their absolute discretion grant Options to all Directors (whether executive or non-executive and whether independent or not), any employee (whether full-time or part-time) of the Company or the Group (whether on an employment or contractual or honorary basis and whether paid or unpaid), who, in the absolute opinion of the Committee, have contributed to the Company or the Group and each of the persons mentioned above is referred to as a "Participant".

For the purpose of this section, Employee means (i) any full-time employee and director (including executive director, non-executive director and independent non-executive director or proposed executive director, non-executive director and independent non-executive director) of any member of the Group; and (ii) any part-time employee with weekly working hours of 10 hours or above of the Group.

(b) Purpose of the scheme

The purpose of the Share Option Scheme is to provide the people and the parties working for the interests of the Group with an opportunity to obtain an equity interest in the Company, thus linking their interest with the interest of the Group and thereby providing them with an incentive to work better for the interest of the Group.

(c) Conditions

The Share Option Scheme is conditional upon:

(a) the SGX-ST granting approval of the listing of, and permission to deal in, the Shares to be issued upon exercise of any Options which may be granted under the Share Option Scheme;

(b) the passing of an ordinary resolution approving the adoption of the Share Option Scheme by the shareholders of the Company and authorising the directors of the Company to grant Options to subscribe for Shares thereunder and to allot and issue Shares pursuant to the exercise of any Options granted under the Share Option Scheme;

(c) the Listing Committee granting approval of the listing of, and permission to deal in, the Shares in issue and to be issued upon exercise of any Options which may be granted under the Share Option Scheme; and

(d) the commencement of dealings in the Shares on the Stock Exchange.

For the avoidance of doubt, in the event the Company decides not to proceed with the listing on the Stock Exchange and the offering of Shares pursuant thereto for any reason, the Share Option Scheme shall take effect from the date conditions under paragraph 3(a) and 3(b) above are satisfied or the date the Company decides not to proceed with the listing on the Stock Exchange, whichever is later

(d) Duration and administration

The Share Option Scheme shall continue in force for the period commencing from the Adoption Date and expiring at the close of business on the tenth anniversary of the Adoption Date (the "**Scheme Period**"), after which period no further Options shall be granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects in respect of Options remaining outstanding and exercisable on the expiry of the Scheme Period.

The Share Option Scheme shall be subject to the administration of the Committee whose decision (save as otherwise provided in the Scheme) shall be final and binding on all parties.

(e) Grant of Options

An offer of the grant of Options shall be made to a Participant in writing in such form as the Committee may from time to time determine specifying, inter alia, the maximum number of Shares in respect of which such offer is made and requiring the Participant to undertake to hold the Options on the terms of which they are to be granted and to be bound by the provisions of the Share Option Scheme and shall remain open for acceptance by the Participant to whom the offer is made for a period of twenty eight (28) days (or such other period as the Committee may determine) from the Offer Date provided that no such offer shall be open for acceptance after the expiry of the Share Option Scheme Period or after the Share Option Scheme has been terminated in accordance with the terms of the Share Option Scheme.

On and subject to the terms of the Share Option Scheme, the Committee shall be entitled at any time during the Scheme Period to offer to grant Options to any Participant as the Committee may at its absolute discretion select, and subject to such conditions and restrictions as the Committee may think fit.

An offer shall be deemed to have been accepted when the duplicate letter comprising acceptance of the Options, duly signed by the Participant, together with the remittance of S$1.00 in favor of the Company, irrespective of the number of Shares in respect of which the Options is accepted, as consideration for the grant is received by the Company within twenty eight (28) days from the Offer Date (or such other period as the Committee may determine).

The Offer Date shall be the date on which the offer relating to such Options are duly approved by the Committee in accordance with the Share Option Scheme.

(f) Subscription price

The subscription price in respect of each share issued pursuant to the exercise of any particular Options shall be such price as the Committee may at its absolute discretion determine at the time of the grant of the relevant Options (and shall be stated in the letter containing the offer of the grant of the Options (the "**Subscription Price**")), but in any case the Subscription Price must be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's or the SGX-ST's (whichever is higher) daily quotations sheet on the Offer Date, which must be a business day; and (ii) the average closing price of the Shares as stated in the Stock Exchange's or the SGX-ST's daily quotations sheets for the five (5) consecutive business days immediately preceding the Offer Date (whichever is higher). For the purpose of calculating the Subscription Price where the Company has been listed for less than five (5) business days before the Offer Date, the Subscription Price shall be used as the closing price of any business day falling within the period before Listing.

(g) Rights are personal to Grantee

Options shall be personal to the Grantee and shall not be assignable or transferable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (whether legal or beneficial) in favor of any third party over or in relation to any Options or enter into any agreement to do so.

(h) Exercise of Options

Subject to any condition or restriction in connection with the exercise of the Options which may be imposed by the Committee when granting the Options and other provisions of the Schemes, the Options may be exercised in whole or in part by the Grantee (or his legal personal representative) anytime after the first (1st) anniversary of the Offer Date and during the Option Period, provided that paragraphs (j), (k) or (l) below have been satisfied.

(i) Grant of Options to connected persons

Where a grant of Options to a Connected Person of the Company under the Share Option Scheme must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options).

Where any Options granted to a substantial shareholder (as defined in the Listing Rules) of the Company or an independent non-executive Director or any of their respective associates would result in the number and value of Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding but excluding Options which have lapsed) to such person in the 12-month period up to and including the date of such grant (i) exceeding in aggregate over 0.1% of the Shares in issue; and (ii) exceeding an aggregate value, (based on the closing price of the Shares on the Stock Exchange's daily quotations sheet at the Offer Date) in excess of HK$5,000,000, such further grant of Options must be approved by the Shareholders by taking of a poll in a general meeting. The Company must send a circular to the Shareholders. All Connected Persons of the Company must abstain from voting (except that any Connected Person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular) at the general meeting. The circular must contain: (i) details of the number and terms (including the Subscription Price) of the Options to be granted to each Participant, which must be fixed before the general meeting concerned; (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the Grantee of the Options) to the independent Shareholders as to voting; and (iii) the information required under the relevant provisions of Chapter 17 of the Listing Rules and Chapter 8 of the Listing Manual.

In addition, grant of Options to Controlling Shareholders and their associates must be approved by Shareholders, such Shareholders' resolution stating the number and terms of Options to be granted to each such Participant.

(j) Rights on ceasing employment

In the event that the Grantee ceases to be a Participant for any reason (other than on his death) including the termination of his employment or engagement with the Group on one or more of the grounds specified in (q)(vi) below, the Option granted to such Grantee will lapse on the date of such cessation (to the extent not already exercised) and will not be exercisable unless the Committee otherwise determines to grant an extension at the absolute discretion of the Committee in which event the Grantee may exercise the Option within such period of extension and up to a maximum entitlement directed at the absolute discretion of the Committee on the date of grant of extension (to the extent which has become exercisable and not already exercised) and subject to any other terms and conditions decided at the discretion of the Committee. For the avoidance of doubt, such period of extension (if any) shall be granted within and in any event ended before the expiration of the period of one month following the date of his cessation to be a Participant or the relevant Option Period, whichever is earlier.

(k) Rights on death

In the event the Grantee who is an individual dies before exercising the Option in full and none of the events which would be a ground for termination of his employment or engagement under paragraph (q)(vi) arises, the personal representative(s) of the Grantee shall be entitled to exercise the Option up to the entitlement of such Grantee as at the date of death (to the extent which has become exercisable and not already exercised) within a period of 12 months from the date of death (provided that such exercise is made during the Option Period) or such longer period as the Committee may at its absolute discretion determine.

(l) Rights on a take-over or share repurchase

If a general or partial offer, whether by way of take-over or share re-purchase offer (but other than by way of scheme of arrangement), is made to all the Shareholders (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert (within the meaning of the Takeovers Code and the Singapore Code) with the offeror) and if such offer becomes or is declared unconditional prior to the expiry of the relevant Option Period, the Grantee (or his personal representative(s)) shall be entitled to exercise the Option in full (to the extent which has become exercisable on the date of the notice of the offeror and not already exercised) at any time within one (1) month after the date on which the offer becomes or is declared unconditional.

(m) Rights on a compromise or arrangement

Other than a general or partial offer by way of a scheme of arrangement contemplated under the Share Option Scheme, if a compromise or arrangement between the Company and its Shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all the Grantees on the same date as it dispatches the notice which is sent to each member or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon each Grantee may by notice in writing to the Company accompanied by the remittance for the full amount of the Subscription Price in respect of the relevant Option (such notice to be received by the Company not later than two (2) business days before the proposed meeting) exercise any of his Options (to the extent which has become exercisable and not already exercised) whether in full or in part, but the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court of competent jurisdiction and becoming effective. The Company shall as soon as possible and in any event no later than the business day immediately prior to the date of the proposed meeting referred to above, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise credited as fully paid and register the Grantee as holder of such Shares. Upon such compromise or arrangement becoming effective, all Options shall lapse except insofar as previously exercised under the Share Option Scheme. The Company may require the Grantee (or his personal representative(s)) to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

(n) Rights on winding-up by court order

If a notice is given by the Company to the Shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith after it despatches such notice to each member of the Company give notice thereof to all the Grantees and thereupon, each Grantee (or his respective personal representative(s)) may, subject to the provisions of all applicable laws, by notice in writing to the Company, accompanied by the remittance for the full amount of the Subscription Price in respect of the relevant Option (such notice to be received by the Company not later than two (2) business days prior to the proposed general meeting of the Company) exercise the Option (to the extent which has become exercisable and not already exercised) whether in full or in part and the Company shall as soon as possible and, in any event, no later than one (1) business day immediately prior to the date of the proposed general meeting referred to above, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise credited as fully paid and register the Grantee as holder of such Shares.

(o) Ranking of shares

The Shares to be allotted and issued upon the exercise of Options will be subject to the Bye-laws in force at that time including with respect to voting and transfer rights and rights arising on a liquidation of the Company and will rank pari passu in all respects with the fully paid Shares in issue as of the date of allotment and thereafter the holders thereof will be entitled to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividends or other distributions previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment.

(p) Performance target

The Grantee will not be required to achieve, meet or exceed any performance targets before that particular Grantee can exercise the Options granted, except those otherwise imposed by the Committee pursuant to paragraph (e) above and/or stated in the offer of migrant of the Options.

(q) Lapse of options

The right to exercise an Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

(i) the expiry of the Option Period;

(ii) the expiry of the periods referred to in paragraphs (j), (k) or (m), where applicable;

(iii) subject to the court of competent jurisdiction not making an order prohibiting the offeror from acquiring the remaining shares in the offer, the expiry of the period referred to in paragraph (l);

(iv) subject to the scheme of arrangement becoming effective, the Grantee may thereafter (but only until such time as shall be notified by the Company, after which it shall lapse) exercise the Option (to the extent which has become exercisable and not already exercised) to its full extent or to the extent specified in such notice;

(v) subject to the expiry of the period of extension (if any) referred to in paragraph (j), the date on which the grantee ceases to be a Participant for any reason other than his death or the termination of his employment or engagement on one or more grounds specified in (vi) below;

(vi) the date on which the grantee of an option ceases to be a Participant by reason of the termination of his employment or engagement on grounds including, but not limited to, misconduct, bankruptcy, insolvency, and

conviction of any criminal offence. For the avoidance of doubt, Options granted shall survive a Grantee's termination of employment on grounds other than the aforementioned;

(vii) subject to paragraph (n) the date of the commencement of the winding-up of the Company;

(viii) the date on which the grantee commits a breach of paragraph (g); or

(ix) the date on which the option is cancelled by the Committee as set forth in paragraph (c).

(r) Maximum number of Shares available for subscription

The maximum aggregate number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company must not exceed in aggregate 15 per cent. of the Shares of the Company in issue from time to time (the "**Overall Scheme Limit**"). No Options may be granted under any schemes of the Company (or its subsidiaries) if such grant will result in the Overall Scheme Limit being exceeded. The total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other schemes must not in aggregate exceed 10 per cent. of the Shares of the Company in issue on the Adoption Date (i.e. 23,250,000 Shares) (the "**Scheme Mandate Limit**") for this purpose. Options lapsed in accordance with the terms of the Share Option Scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit.

Subject to the Overall Scheme Limit, the Company may seek approval from the Shareholders in general meeting for "refreshing" the Scheme Mandate Limit. However, the total number of Shares which may be issued upon exercise of all Options to be granted under all of the schemes of the Company under the limit as "refreshed" must not exceed 10 per cent. of the Shares in issue as of the date of approval by the Shareholders of the renewed limited (the "**Refreshed Scheme Mandate Limit**"); Options previously granted under any existing schemes (including those outstanding, cancelled or lapsed in accordance with the Share Option Scheme or exercised Options) shall not be counted for the purpose of calculating the Refreshed Scheme Mandate Limit. The Company must send a circular to the Shareholders containing the information required under the relevant provisions of Chapter 17 of the Listing Rules and Chapter 8 of the Listing Manual. Subject to the Overall Scheme Limit, the Company may seek approval from the Shareholders in general meeting for "refreshing" the Scheme Mandate Limit.

Subject to the Overall Scheme Limit, the Company may seek separate approval from the Shareholders in a general meeting for granting Options to subscribe for Shares beyond the Scheme Mandate Limit or the Refreshed Scheme Mandate Limit (as the case may be) provided that the Options in excess of the

Scheme Mandate Limit or the Refreshed Scheme Mandate Limit are granted only to Participants specifically identified by the Company before such approval is sought and the Company must send a circular to the Shareholders containing the information specified in the relevant provisions of the Listing Rules and the Listing Manual. Unless approved by the Shareholders in general meeting at which the relevant Participant and his/her associates abstain from voting in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules and Chapter 8 of the Listing Manual, the total number of Shares issued and to be issued upon exercise of the Options granted to such Participant (including exercised, cancelled and outstanding Options) in any 12-month period must not exceed 1% of the Shares in issue (the "**Individual Limit**") at such time. With respect to any further grant of Options to an Participant exceeding in aggregate the Individual Limit, the Company must send a circular to the Shareholders and the circular must disclose the identity of the Participant, the number and terms of the Options to be granted (and Options previously granted to such Participant), and the information required under the relevant provisions of Chapter 17 of the Listing Rules and Chapter 8 of the Listing Manual. The number and terms (including the Subscription Price) of Options to be granted to such Participant must be fixed before the general meeting at which the same are approved, and the date of the Board meeting for proposing such further grant should be taken as the Option Date for the purpose of calculating the Subscription Price.

In addition, grant of Options to Controlling Shareholders and their associates must be approved by the Shareholders, such Shareholders' resolution stating the number and terms of Options to be granted to reach Participant.

The aggregate number of Shares available to Controlling Shareholders and their associates must not exceed 25% of the maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme.

The aggregate number of Shares available to each Controlling Shareholder or his associates must not exceed 10% of the maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme.

(s) Price sensitive information

No offer of Options shall be made after a price sensitive development has occurred or a price sensitive matter has been the subject of a decision, until such price sensitive information has been published by the Company. In particular, during the period commencing one (1) month immediately preceding the earlier of (i) the date of the Board meeting (as such date is first notified to the Stock Exchange or the SGX-ST in accordance with the Listing Rules and the Listing Manual) for the approval of the Company's results for any year, half-year, quarterly or other interim period (whether or not required under the Listing Rules), and (ii) the deadline of the Company to publish its interim or annual

results announcement under the Listing Rules or the Listing Manual, or quarterly or any other interim period (whether or not required under the Listing Rules or the Listing Manual), and ending on the date of the results announcement, no Options may be granted. The period during which no Options may be granted will cover any period of delay in the publication of a results announcement.

(t) Cancellation of Options

The Committee may, with the consent of the relevant Grantee and such consent shall not be unreasonably withheld, at any time cancel any Option granted but not exercised. Where the Company cancels the Options and offers new Options to the same Option holder, the offer of such new Options may only be made under the Share Option Scheme with available Options (to the extent not yet granted and excluding the cancelled Options) within the limit approved by the Shareholders as mentioned in paragraph(s) above.

(u) Alteration of capital structure

In the event of any alteration in the capital structure of the Company whilst any Options remain exercisable, whether by way of capitalisation issue, rights issue, subdivision, consolidation, or reduction of the share capital of the Company or otherwise howsoever in accordance with legal requirements and requirements of the Stock Exchange, the issue of securities as consideration for an acquisition will normally not be regarded as a circumstance requiring adjustment. Such corresponding alterations (if any) must be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive, and shall be made to:

(i) the number of Shares subject to the Options so far as unexercised; or

(ii) the Subscription Price for the Shares subject to the Option so far as unexercised; or

(iii) the Shares to which the Option relates; or

(iv) the method of exercise of the Option (if applicable);

or any combination thereof, as an independent financial adviser or the auditors for the time being of the Company shall at the request of the Committee certify in writing to the Directors, either generally or as regards any particular Grantee, to be in their opinion fair and reasonable and that any such alterations shall satisfy the requirements set out in the note to Rule 17.03(13) of the Listing Rules and shall give a Grantee the same proportion of the issued share capital of the Company as that to which the Grantee was previously entitled provided that no such alterations shall be made to the effect of which would be to enable a Share to be issued at a less than nominal value and/or cause the Grantee to receive a benefit that the Shareholders do not receive and in no event shall adjustments be made to the advantage of a Grantee without specific prior Shareholder's approval

in accordance with the Listing Rules and the Listing Manual. The capacity of the independent financial adviser or the auditors for the time being of the Company in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees. The costs of the independent financial adviser or the auditors for the time being of the Company shall be borne by the Company.

(v) Alteration of Scheme

(i) subject to (ii) below, the terms and conditions of the Share Option Scheme may be altered by resolution of the Committee in any respect, or in any way to the extent necessary to cause the Scheme to comply with any statutory provision or regulations of any regulatory or other relevant authority or body (including the SGX-ST, the Stock Exchange, or any other stock exchange on which the Shares are quoted or listed), from time to time except that the provisions relating to matters contained in Rule 17.03 of the Listing Rules and all such matters as set out in Rules 844 to 849 and 853 to 854 of the Listing Manual shall not be altered to extend the class of persons eligible for the grant of Options or to the advantage of Grantees or Participants except with the prior approval of the Shareholders in general meeting, with Grantees and their associates abstaining from voting, and no such alteration shall not operate to affect materially and adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the grantees as would be required of the Shareholders under the Bye-laws of the Company for the time being for a variation of the rights attached to the Shares;

(ii) any alterations of the terms and conditions of the Share Option Scheme, which are of a material nature or change the authority of the Committee, shall be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme;

(iii) the amended terms of the Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules and Chapter 8 of the Listing Manual. If required, no modification or alteration shall be made without the prior approval of the SGX-ST, the Stock Exchange, or any other stock exchange on which the Shares are quoted or listed, and such other regulatory authorities as may be necessary; and

(iv) any change to the authority of the Directors or scheme administrators, if any, in relation to any alteration to the terms of the Share Option Scheme must be approved by the Shareholders in general meeting.

Shareholders who are Grantees shall abstain from voting on any alteration to the Share Option Scheme.

(w) Termination of Scheme

The Company by ordinary resolution in general meeting or the Committee may at any time terminate the operation of the Share Option Scheme and in such event no further Options shall be offered but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect. Options granted prior to such termination but not exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme.

2. Present status of the Share Option Scheme

As at the Latest Practicable Date, no option has been granted or agreed to be granted under the Share Option Scheme. An application has been made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the 23,250,000 Shares which may fall to be issued pursuant to the exercise of the options granted under the Share Option Scheme.

The Share Option Scheme complies with Chapter 17 of the Listing Rules.

G. OTHER INFORMATION

1. Tax liabilities

The Directors have been advised that no material liability for estate duty would be likely to fall upon any member of the Group.

2. Litigation

As at the Latest Practicable Date, the Company was not engaged in any litigation, claim or arbitration of material importance and, so far as the Directors are aware, no litigation, claim or arbitration of material importance is to be pending or threatened against the Company.

3. Sponsor

The Sponsor has made an application on behalf of the Company to the Listing Committee for the listing of and permission to deal in the Shares in issue (and to be issued) as mentioned herein.

4. Preliminary expenses

The Company's preliminary expenses relating to the incorporation of the Company are approximately US$1,780 (equivalent to approximately HK$13,884) and have been paid for by the Company.

5. Promoter

The Company has no promoter for the purpose of the Listing Rules. Save as disclosed in this document, no cash, securities or other benefit has been paid, allotted or given, or proposed to be paid, allotted or given, to any promoters within two years preceding the date of this document.

6. Qualification of experts

The following are the qualifications of the experts who have given an opinion or advice which are contained in this document:

Name	Qualifications
Oriental Patron Asia Limited	Licensed under the SFO to conduct Type 1 (dealing in securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities as defined under the SFO
Deloitte Touche Tohmatsu	Certified Public Accountants
Appleby	Bermuda barristers and attorneys
Shu Jin Law Firm	PRC legal advisers to the Company
BMI Appraisals Limited	Professional property valuer
Artur dos Santos Robarts	Macau legal advisers to the Company
Bacioiu Adrian Florin	Romanian legal advisers to the Company
Jurilex	French legal advisers to the Company
Schweiger Advokatur/Notariat	Switzerland legal advisers to the Company
DSK Legal	Indian legal advisers to the Company

7. Consent of experts

Each of Oriental Patron Asia Limited, Deloitte Touche Tohmatsu, Appleby, Shu Jin Law Firm, BMI Appraisals Limited, Artur dos Santos Robarts, Bacioiu Adrian Florin, Jurilex, Schweiger Advokatur/Notariat and DSK Legal has given and has not withdrawn their respective written consents to the issue of this document with copies of their reports, valuation certificate, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

None of the experts named above has any shareholding in the Company or any of its subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company or any of its subsidiaries.

8. Binding effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

9. Taxation and holder of Shares

(a) Hong Kong

The sale, purchase and transfer of Shares registered with the Hong Kong share register will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration of, if higher, of the fair value of the Shares being sold or transferred. Profits from dealing in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) Singapore

Dividend distribution

Singapore adopts a one-tier corporate tax system. Under the one-tier corporate tax system, the tax paid by a Singapore resident company is a final tax and the distributable profits of the company can be paid to shareholders as tax exempt (one-tier) dividends.

As the Company will be tax resident in Singapore, dividends paid by the Company will be exempt from tax in the hands of Shareholders, regardless of the tax residence status or the legal form of the Shareholders. However, foreign Shareholders are advised to consult their own tax advisers to take into account the tax laws of their respective countries of residence and the existence of any double taxation agreement which their country of residence may have with Singapore.

Gains on disposal of ordinary Shares

Singapore does not impose tax on capital gains. However, gains arising from the disposal of the Shares that are construed to be of an income nature will be subject to tax. Hence, any profits from the disposal of the Shares are not taxable in Singapore unless the seller is regarded as having derived gains of an income nature, in which case the gains on disposal of the Shares would be taxable. Similarly, if the gains are regarded by the Inland Revenue Authority of Singapore as having arisen from the carrying on of a trade or business in Singapore, such gains may be taxed as trading income.

Stamp duty

Stamp duty is generally payable in Singapore on instruments relating to immovable property or stocks and shares which are first executed in Singapore or executed outside Singapore and subsequently received in Singapore. However, as the Company is incorporated in Bermuda and the Shares are not registered in any register kept in Singapore, no stamp duty is payable in Singapore on any instrument of transfer upon a sale or gift of the Shares. Stamp duty is also not applicable to electronic transfers of our shares through the CDP.

(c) Consultation with professional advisers

Potential holders of the Shares are recommended to consult their professional advisers if they are in any doubt about the taxation implications of the subscription, holding or disposal of, dealing in, or the exercise of any rights in relation to, the Shares. It is emphasised that none of the Company, the Sponsor, any of their respective directors, agents, employees, advisers or affiliates or any other person involved in the Listing accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, holding or disposal of, dealing in, or the exercise of any rights in relation to, the Shares.

10. Miscellaneous

(a) Save as disclosed in this document, within the two years preceding the date of this document:

(i) no share or loan capital of the Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

(ii) no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) no founder, management or deferred shares of the Company or any of its subsidiaries have been issued or agreed to be issued;

(iv) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of the Company or any of its subsidiaries;

(v) no commission has been paid or payable to any persons for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any of the Share in the Company or any of its subsidiaries; and

(vi) the Group has no outstanding convertible debt securities or debentures.

(b) The Directors confirm that there has been no material adverse change in the Group's financial position or prospects since 30 June 2011 (being the date to which the Group's latest audited consolidated financial statements were made up).

(c) There has not been any interruption in the business which may have or has had a significant effect on the financial position in the 12 months preceding the date of this document.

(d) All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

(e) The principal register of members of the Company will be maintained in Bermuda by the Bermuda Principal Registrar, while a Hong Kong branch register of members of the Company will be maintained in Hong Kong by the Hong Kong Branch Share Registrar. Unless the Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with the Hong Kong Branch Share Registrar or the Singapore Transfer Agent and may not be lodged in Bermuda.

(f) There is no arrangement under which future dividends are waived or agreed to be waived.

11. Bilingual Document

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and prospectus from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

12. No material adverse change

The Directors confirm that there has been no material adverse change in the financial or trading position of the Company since 30 June 2011 (being the date of the latest audited combined financial results of the Company as set out in Appendix I in this document).

Copies of the following documents will be available for inspection at the office of Li & Partners at 2201–2203, 22nd Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this document:

(a) the memorandum of association and Bye-laws;

(b) the Accountants' Report prepared by the Reporting Accountants, the text of which is set out in Appendix I in this document;

(c) the letter, summary of values and valuation certificates relating to the property interests of the Group prepared by BMI Appraisals Limited, the texts of which are set out in Appendix II in this document;

(d) the letter of advice prepared by Appleby referred to in the section headed "Summary of the constitution of the Company and Bermuda Companies Law" in Appendix III in this document;

(e) the PRC legal opinion prepared by Shu Jin Law Firm, the Company's PRC Legal Advisers, in respect of the Group's overall business operation in the PRC and properties located in the PRC;

(f) the Companies Act;

(g) the material contracts referred to in the paragraph headed "Summary of material contracts" under the section headed "Statutory and General Information" in Appendix VI in this document;

(h) the written consents referred to in the paragraph headed "Consent of experts" under the section headed "Statutory and General Information" in Appendix VI in this document;

(i) the rules of the Share Option Scheme;

(j) the audited consolidated financial statements of the Group for each of the two years ended 31 December 2010 or such audited financial statements as have been prepared for each of the companies comprising the Group for each of the two years ended 31 December 2010 or from their respective dates of incorporation where this is a shorter period;

(k) the annual reports of the Company for each of the two financial years ended 31 December 2009 and 2010;

(l) Singapore Companies Act;

(m) Singapore Securities and Futures;

(n) the Singapore Code;

(o) Listing Manual;

(p) the service agreements and appointment letters referred to in the paragraph headed "Particulars of service agreements" under the section headed "Further information above Directors" in Appendix VI to this document;

(q) the Macau legal opinion issued by Artur dos Santos Robarts, the Company's Macau legal adviser;

(r) the Romanian legal opinion issued by Bacioiu Adrian Florin, the Company's Romanian legal adviser;

(s) the French legal opinion issued by Jurilex, the Company's French legal adviser;

(t) the Switzerland legal opinion issued by Schweiger Advokatur/Notariat, the Company's Switzerland legal adviser;

(u) the Indian legal opinion issued by DSK Legal, the Company's Indian legal adviser;

(v) the Bermuda legal opinion issued by Appleby, the Company's Bermuda legal adviser;

(w) the Master Supply Agreement referred to in the paragraph headed "Exempt Continuing Connected Transaction" under the section headed "Connected Transaction" to this document; and

(x) a list of all grantees (including both the senior managerial staff and the employees of the Group) of the options granted by the Company under the Existing Share Option Scheme with information required under paragraph 27 of Appendix 1A to the Listing Rules.

In addition, prospective investors and/or Shareholders can access copies of the following documents (all of which are voluminous documents) via the following web-links:

(i) Singapore Companies Act: http://statutes.agc.gov.sg

(ii) Singapore Securities and Futures Act: http://statutes.agc.gov.sg

(iii) The Singapore Code:

http://www.mas.gov.sg/legislation_guidelines/securities_futures/sub_legislation/SFA_Codes.html

(iv) Listing Manual:

http://www.sgx.com/wps/portal/corporate/cp-en/listing_on_sgx/listing_manual

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天美(控股)有限公司*