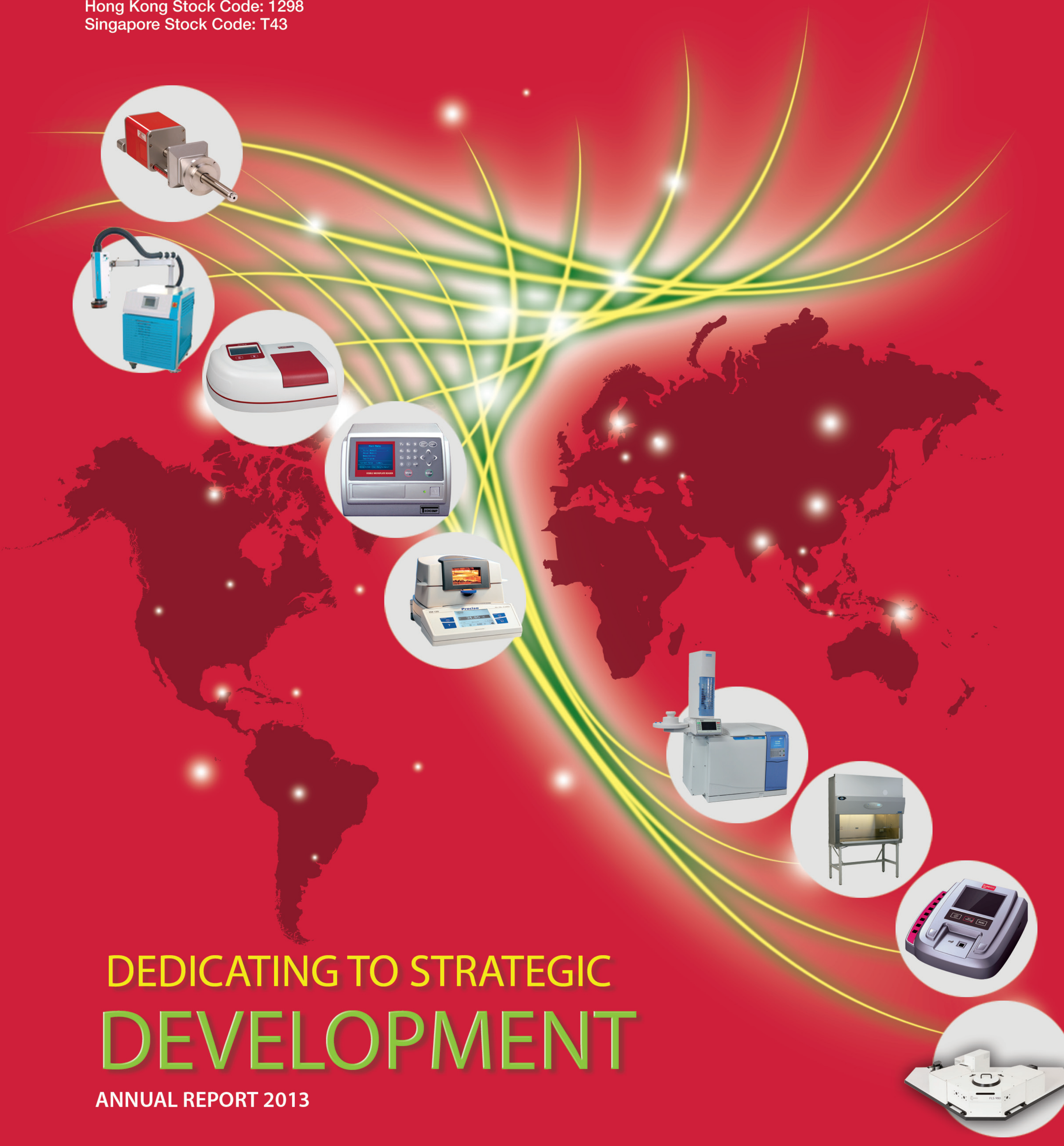
TECHCOMP 天美

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

(incorporated in Bermuda with limited liability)

Hong Kong Stock Code: 1298
Singapore Stock Code: T43



DEDICATING TO STRATEGIC DEVELOPMENT

ANNUAL REPORT 2013

* FOR IDENTIFICATION PURPOSE ONLY

CONTENTS

CORPORATE PROFILE

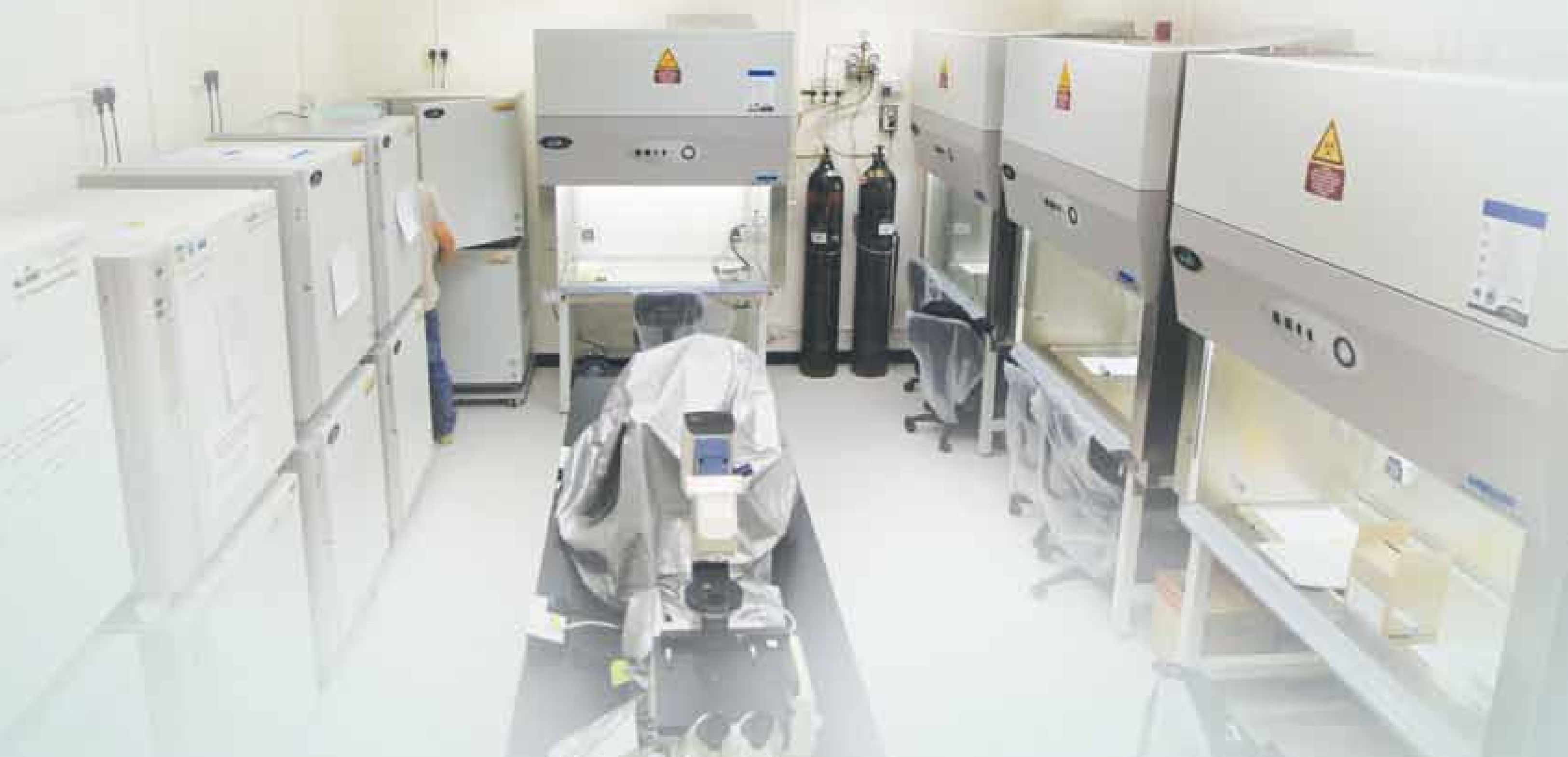
Engaged in the design, development, manufacture and distribution of analytical instruments, life science equipment and laboratory instruments. Operations are grouped into 2 business segments: manufacturing and distribution.

MANUFACTURING

- Designs, develops, manufactures, distributes and services spectrophotometers, fluorescence spectrofluorometers, chromatographs, balances, deep freezers, ovens, incubators and centrifuges for a broad range of chemical analysis and life science applications
- Develops and manufactures various instruments marketed under brands named “Techcomp”, “Sanco”, “Dynamica”, “Froilabo”, “IXRF”, “Precisa”, “Edinburgh” etc.
- Develops and manufactures analytical and life science instruments for other companies
- Manufacturing facilities in Shanghai, USA & Europe
- Dedicated Research and Development (“R&D”) team
- Contributed 32.8% of revenue in FY2013

DISTRIBUTION

- Distributes and services analytical instruments, life science equipment and laboratory instruments
- Exclusive distributorship agreements with leading scientific instrument companies
- Strong distribution presence through Hong Kong, Singapore, India, and 14 branch offices in the PRC. Products are also distributed via our distribution network to South East Asia, South Asia, Australia, Middle East region, Europe and South America
- Able to provide integrated solutions and turnkey laboratories to customers due to its strong technical capabilities as well as extensive product range
- Contributed 67.2% of revenue in FY2013



GAINING A STRONG FOOTHOLD

With the increased awareness in food safety, health care and research and development in the PRC market, the company is positive for a growth in demand for its products in the region. Backed by a strong research team, we continued to grow our presence in Europe and United States of America and gained strong foothold in these countries to stay at the competitive edge.

SHANGHAI, CHINA

LYON, FRANCE

ZURICH, SWITZERLAND

HONG KONG OFFICE

EDINBURGH, UNITED KINGDOM

AUSTIN, UNITED STATES

MESSAGE TO SHAREHOLDERS

Dear Shareholders,

On behalf of the Board of Directors of Techcomp (Holdings) Limited, I am pleased to present the annual results of the Group for the year ended December 31, 2013 ("FY2013").

Since the Group's market entry into the scientific and analytical instrument industry in the 1980s, Techcomp has developed into a competitive player with a global presence, leveraging on its core technologies and strong brand awareness. The year 2013 saw the Group continue on its growth trajectory.

The revenue of Techcomp Group in FY2013 increased by US$8.7 million or 5.6% to US$166.4 million, primarily due to the consolidation of newly acquired subsidiaries during the year. With improved gross profit margin recorded in the distribution business, profit attributable to the owners of the Company stood at US$3.7 million for FY2013, which represents an increase of 15.8% compared to the year earlier.

MARKET OVERVIEW

Over the past few decades, people have become increasingly concerned with quality of life issues that encompass more than purely material living standards. An emerging focus on environmental protection, food safety and healthcare gives impetus to governments as well as enterprises to increase investments in life science and biopharmaceutical research. Total global R&D spending reached US$638 billion in 2013, an increase of 5.8% from the previous year. As a result, affiliated industries such as scientific and analytical instruments experienced dynamic growth in their market demand.

Compared to its international peers, PRC is still playing a limited role in these areas given its relatively late start. Moving from a labor-intensive economy towards one, which is knowledge-based, PRC is enhancing the intensity of its R&D efforts as a key measure to boost its innovation capabilities and competitiveness going forward. In 2012, PRC invested US$160.8 billion into total R&D, representing 2% of the country's GDP. It is estimated that China's R&D spending will surpass that of the U.S. by the early 2020s.

BUSINESS DEVELOPMENT

The scientific and analytical instrument industry that Techcomp is engaged in is characterized by high market entry barriers due to long R&D cycles, expertise in cross-industry cooperation, long equipment replacement cycles, challenging supply chain management issues and complicated product qualification processes. Such characteristics, on the other hand, have helped strengthen the stability of business bonds once they are established.

Techcomp's early market presence affords the Group a leading position in the PRC market as well as a strong loyalty track record amongst its existing customers while attracting new ones. Furthermore, we have devoted persistent effort to provide customers with integrated solutions that cater to their various demands. Our high-quality customized products and services have earned us a reputation of reliability and trust from our business partners that enabled us to diversify our customer base. These include hospitals & clinics, testing laboratories, university & research institutions and government agencies. Therefore, Techcomp continues to outpace its competitors in terms of our resilience amid ever-changing market conditions.

The performance we achieved for the year ended December 31, 2013 again proved the effectiveness of our business model, which consists of two separate segments: distribution and manufacturing.

Distribution

Although the tense Sino-Japan relationship had adversely affected our sales of Japanese distribution products in PRC and the depreciation of Asian currencies such as the Indian rupee and Indonesian rupiah have hindered sales in those markets, our distribution business in FY2013 registered a 0.9% increase in revenue to US$111.9 million.

MESSAGE TO SHAREHOLDERS

Despite a marginal growth in revenue, the segment results from our distribution business registered a notable increase of 172.0% year-on-year to US$3.1 million, which resulted from the depreciation of the Japanese yen, as a significant portion of our distribution products was imported from Japan.

Manufacturing

As management believes that Techcomp's strength and capability in R&D provide the momentum for the Group's sustainable growth development, the Group has made further acquisitions in FY2013 with a view of absorbing technological knowhow and strengthening our manufacturing segment.

In early 2013, Techomp acquired Edinburgh Instruments -- the world's leading manufacturer of fluorescence spectrometers and lasers & gas sensors. Strategic acquisitions in Europe in recent years have allowed Techcomp to gain access to complimentary technologies as well as to enhance the Group's brand equity in the European markets. Moreover, we strive to maximize synergies by centralizing the sourcing of components and boosting sales through the well-established distribution networks in Asia. The double digit revenue increase of 16.5% to US$54.5 million for our manufacturing business this year was the result of our unrelenting efforts to consolidate acquired subsidiaries in Europe.

However, as we increase the Group's investment in new product development aimed at reaping benefits over the long run, the segment results from the manufacturing business decreased 78.9% to US$0.4 million in FY2013. Our performance in this segment was affected by increased loss contribution from non-wholly owned subsidiaries and goodwill impairment.

PROSPECTS

The management believes that the global laboratory analytical instrument market will grow steadily in the coming years. PRC, in particular, is enhancing R&D spending on food safety, healthcare, environment protection, etc. to address growing public concerns over mounting hazards to quality of life.

The overall scientific instrument industry is expected to regain its glow in 2014 given a broad basket of favorable market conditions. In view of the opportunities arising from our biggest revenue contributor -- the PRC market -- Techcomp is well-positioned to enhance its brand value with a larger market share. In the meantime, we are cautious about the risks that may arise from the tense Sino-Japan relationship and the fluctuating exchange rate of the Japanese yen against the US dollar. Furthermore, we seek to develop and strengthen the Group's business connections with its customers in other Asian markets, including India and Indonesia, which are expected to contribute favorably over the long term. As for the European market, we will strive to optimize R&D initiatives and manufacturing operations efficiency to generate greater economies of scale. We believe the synergistic effects among our manufacturing facilities in Europe and PRC will help to improve our product quality and facilitate competitive pricing.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to the management team and staff for their tireless dedication that helps fuel the Group's healthy development. In addition, I would also like to thank all our shareholders, business partners and customers for their continuous support. We will continue to devote unwavering efforts to reap promising returns for all parties.

Sincerely,

Lo Yat Keung
President
Hong Kong, 20 March 2014

OPTIMISING R&D INITIATIVES
AND MANUFACTURING OPERATIONS EFFICIENCY

We believe the synergistic effects among our manufacturing facilities in Europe and PRC will help to improve our product quality and facilitate competitive pricing. One of the key strategies would be through the acquisition of remaining interests in Jingke Companies which are mainly engaged in the manufacturing and trading of analytical and laboratory instruments. Through the acquisition, it allowed for the company to execute our strategies in a more efficient and effective manner.

CORPORATE INFORMATION

Board of Directors
Lo Yat Keung
(President & Executive Director)

Chan Wai Shing
(Vice President & Executive Director)

Xu Guoping
(Executive Director)

Ho Yew Yuen
(Independent Non-executive Director)

Seah Kok Khong, Manfred
(Lead Independent Non-executive Director)

Teng Cheong Kwee
(Independent Non-executive Director)

Audit Committee
Ho Yew Yuen (Chairman)
Seah Kok Khong, Manfred
Teng Cheong Kwee

Nomination Committee
Seah Kok Khong, Manfred (Chairman)
Ho Yew Yuen
Teng Cheong Kwee

Remuneration Committee
Teng Cheong Kwee (Chairman)
Ho Yew Yuen
Seah Kok Khong, Manfred

Joint Company Secretaries
Chan C.P. Grace
Sin Sheung Nam, Gilbert
Wong Wai Han

Bermuda Resident Representative and Assistant Secretary
Appleby Corporate Services (Bermuda) Ltd
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Registered Office
Canon's Court, 22 Victoria Street
Hamilton HM 12 Bermuda
Bermuda Company Registration Number
34778

Head office and principal place of business in Hong Kong
6/F., Mita Center
552-566 Castle Peak Road
Kwai Chung, Kowloon, Hong Kong

Singapore Share Transfer Agent
M & C Services Private Limited
112 Robinson Road
#05-01
Singapore 068902

Hong Kong Branch Share Registrar and Transfer Office
Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

To be relocated to:
Level 22, Hopewell Centre,
183 Queen's Road East,
Hong Kong
(with effect from March 31, 2014)

Auditors
Deloitte & Touche LLP
Public Accountants and Chartered Accountants
6 Shenton Way
OUE Downtown Two
#32-00
Singapore 068809

Partner-in-charge
Mr. Chua How Kiat
(Appointed with effect from the financial year ended December 31, 2010)

FINANCIAL AND OPERATIONS REVIEW

For the year ended December 31, 2013 ("FY 2013"), our revenue for the distribution business increased by 0.9% to US$111.9 million from US$110.9 million for the year ended December 31, 2012 ("FY2012") mainly due to the increase in revenue for the distribution business in PRC. Despite the nominal growth in revenue for the distribution business in FY2013, the segment results from distribution business increased 172.0% to US$3.1 million from US$1.1 million in FY2012 due to improved gross margin for the year resulted from the depreciation of Japanese Yen as significant portion of distribution products were imported from Japan.

Our manufacturing business increased 16.5% to US$54.5 million for FY2013 from US$46.8 million for FY2012. The increase in revenue was mainly attributable to the consolidation of newly acquired subsidiaries in Europe during the year. The segment results from the manufacturing business decreased 78.9% to US$0.4 million in FY2013 from US$1.9 million in FY2012 mainly due to the increase in product development costs and the incurred losses from the non-wholly owned subsidiaries namely Techcomp Jingke Scientific Instruments (Shanghai) Co. Ltd and IXRF Systems Inc. The impairment loss of US$0.3 million recognised in respect of goodwill further affected the performance of the manufacturing business.

The profit attributable to the owners of the Company was US$3.7 million for FY2013, representing an increase of 15.8% compared with US$3.2 million in FY2012. The increase was mainly attributable to the improved gross profit margin of the distribution business.

MANAGEMENT DISCUSSION AND ANALYSIS

STATEMENT OF COMPREHENSIVE INCOME

Revenue

Revenue in FY2013 increased by US$8.7 million or 5.6% to US$166.4 million from US$157.7 million in FY2012, and increased by 7.4% to US$54.7 million in 4Q2013 from US$50.9 million in 4Q2012. The increase in FY2013 was mainly attributed to the consolidation of newly acquired subsidiaries during the year, which was partially offset by the decrease in sales in Asia other than PRC by US$3.7 million. The depreciation of Asian currencies such as India rupees and Indonesia rupiah had adversely affected the revenue for Asia markets other than PRC this year.

Cost of sales

In tandem with the revenue growth, cost of sales in FY2013 increased by US$1.6 million or 1.5% to US$116.2 million from approximately US$114.6 million in FY2012.

Gross profit and gross profit margin

Gross profit in FY2013 increased by US$7.1 million or 16.5% to US$50.2 million from US$43.1 million in FY2012 whereas gross profit increased by 29.5% to US$15.0 million in 4Q2013 from US$11.6 million in 4Q2012. The overall gross profit margin achieved in FY2013 increased by 2.9 percentage points to 30.2% compared with gross profit margin of 27.3% registered in FY2012. The increase of the overall gross profit margin was mainly attributable to the depreciation of the Japanese Yen by which a significant portion of the Group's purchase for the distribution business were denominated in.

Other operating income (expenses)

The other operating income (expenses) decreased by US$0.1 million from US$1.7 million in FY2012 to US$1.6 million in FY2013. The decrease was mainly due to the impairment loss of US$0.3 million recognised in respect of goodwill incurred in FY2013, which was partially offset by the increase in net exchange gain of US$0.2 million in FY2013.

Distribution costs

Distribution costs in FY2013 increased by 12.2% to US$16.5 million, and decreased by 9.3% to US$3.1 million in 4Q2013 from US$3.5 million in 4Q2012, due to the consolidation of new acquired subsidiaries as well as the increase in the sales and marketing activities during the year.

Administrative expenses

Administrative expenses in FY2013 increased by US$4.5 million or 17.4% to US$30.2 million from US$25.7 million in FY2012, and increased by 12.7% to US$9.9 million in 4Q2013 from US$8.8 million in 4Q2012 mainly due to consolidation of newly acquired subsidiaries during the year, the increase of US$0.7 million for allowance for doubtful debts, and the expansion of offices in Europe, PRC and Mexico.

Finance costs

Finance costs in FY2013 increased by 22.9% to US$1.7 million and 8.0% to US$0.4 million in 4Q2013, mainly due to the higher average balances of bank borrowings and interest rates during the year.

Profit for the year

In view of the above, the profit for the year attributable to owners of the Company increased by 15.8% or US$0.5 million from US$3.2 million in FY2012 to US$3.7 million in FY2013.

STATEMENT OF FINANCIAL POSITION

Properties, plant and equipment

Properties, plant and equipment comprise leasehold properties, machinery and equipment, furniture and fixtures and motor vehicles. The balance increased by US$0.1 million from US$13.2 million as at December 31, 2012 to US$13.3 million as at December 31, 2013.

FINANCIAL AND OPERATIONS REVIEW

Intangible assets

Intangible assets decreased by US$1.1 million from US$5.0 million as at December 31, 2012 to US$3.9 million as at December 31, 2013 mainly due to the amortization of US$1.8 million, which was partially off-set by the additions of US$0.6 million during the year.

Available-for-sale investments

Available-for-sale investments increased by US$0.4 million to US$0.9 million as at December 31, 2013 compared to US$0.5 million as at December 31, 2012 attributable to the investment in a private distribution company in Australia during the period.

Inventories

Inventories decreased by US$3.7 million from US$32.1 million as at December 31, 2012 to US$28.4 million as at December 31, 2013 resulting from improved inventory control by performing better forecast for the sales and production purpose.

Trade and other receivables

Trade and other receivables increased by US$9.9 million from US$68.7 million as at December 31, 2012 to US$78.6 million as at December 31, 2013 mainly attributable to the growth in revenue and significant portion of sales being recognised in last quarter of the year.

Trade and other payables

Trade and other payables increased by US$4.7 million from US$23.0 million as at December 31, 2012 to US$27.7 million as at December 31, 2013 mainly due to the growth in business and more purchases were made in the last quarter of the year.

Cash and bank balances

Cash and bank balances decreased by US$2.3 million from US$17.0 million as at December 31, 2012 to US$14.7 million as at December 31, 2013 mainly due to the net cash inflow in operating activities of US$11.4 million, which was partially offset by the net cash outflow in investing activities and financing activities of US$6.6 million and US$8.3 million, respectively.

Liquidity, Financial Resources and Capital Structure

As at December 31, 2013, the Group's net current assets stood at US$58.4 million (December 31, 2012: US$61.4 million), of which the cash and bank balances were US$14.7 million (December 31, 2012: US$17.0 million) and the current ratio was 1.9 (December 31, 2012: 2.0).

Total bank borrowings as at December 31, 2013 reached US$41.6 million (December 31, 2012: US$47.1 million). About 70% of the Group's bank borrowings were denominated in Hong Kong or US dollars, 20% in JPY and the rest in other currencies such as CHF, GBP and Euro. The Group's gearing ratio stood at 59.9% as at December 31, 2013 (December 31, 2012: 72.2%), which is calculated based on the Group's total interest-bearing debts over the total equity. The Group adopts centralized financing and treasury policies in order to ensure that group financing is managed efficiently. The Group also regularly monitors its liquidity requirements, its compliance with lending covenants and its relationship with bankers to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

EMPLOYEES AND EMOLUMENT POLICY

As at December 31, 2013, there were 886 (December 31, 2012: 879) employees in the Group. Staff remuneration packages are determined after consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical and life insurance, and grants discretionary incentive bonuses and share options to eligible staff based on their performance and contributions to the Group.

PROSPECTS

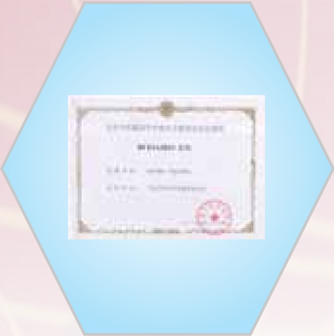
As a significant portion of the group's distribution products are purchased in Japanese Yen, any significant fluctuations on Japanese Yen against USD will improve or impair the Group's gross margin in its distribution business.

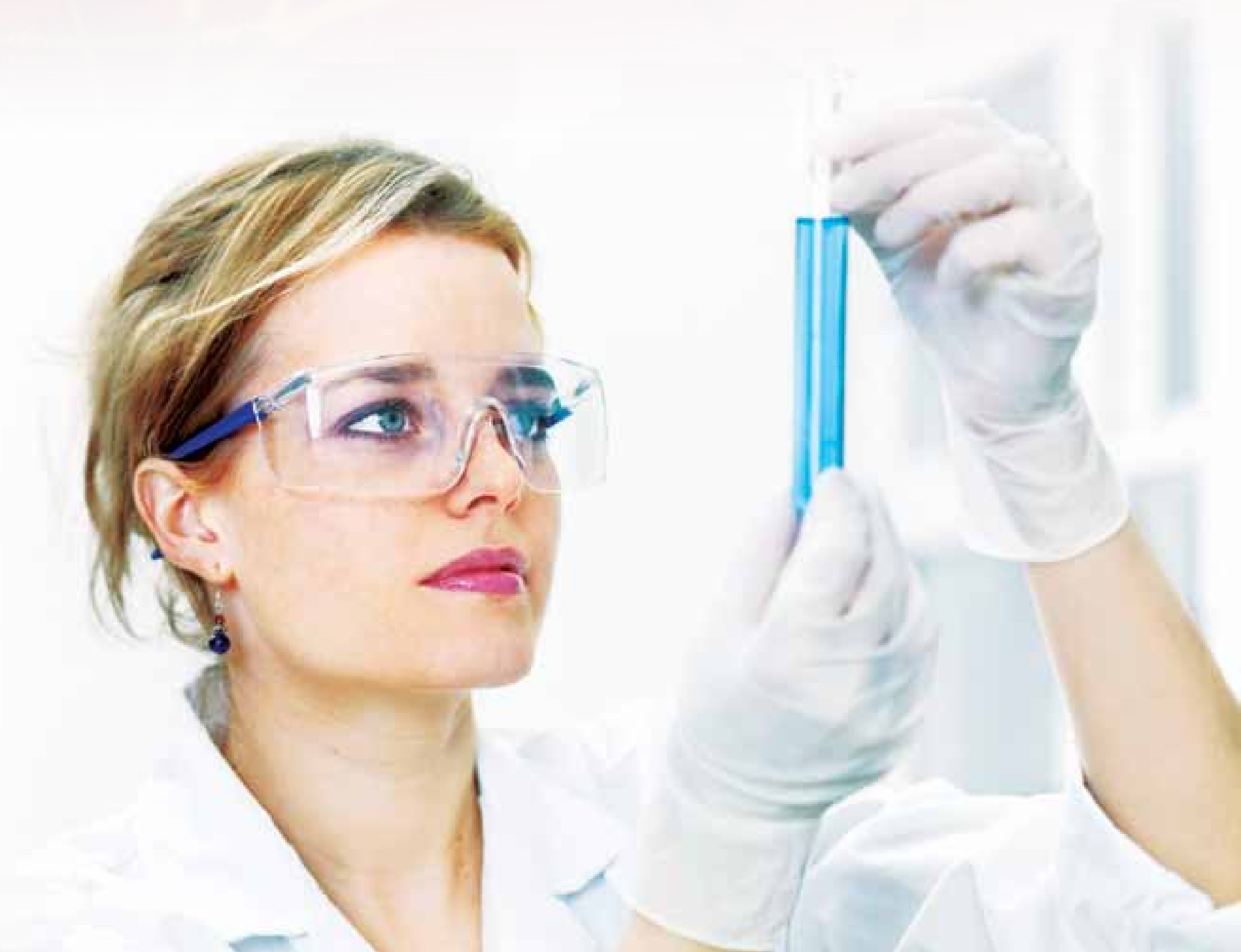
The management believes that the scientific instrument market in PRC in 2014 will grow faster than in 2013 with increased investments in food safety, health care and institutional research. The Sino-Japan situation remains a risk factor for our group's business in PRC. In Asia, the Group expects sales of its products to improve in 2014 compared to 2013 unless the economic slowdown in India and political situation in Thailand worsen, which will dampen the revenue growth in the markets. As for the Europe market, notwithstanding the challenging environment, the Group will continue to optimize the R&D, sourcing and manufacturing operations in Europe and PRC in order to produce synergistic effect among the manufacturing facilities in Europe and PRC.

In January 2014, the Group entered into sales and purchase agreements with the other shareholder of Jingke Scientific and Jingke Trading to acquire remaining equity interests in these companies at a cash consideration of RMB13,313,000 (equivalent to US$2,130,000). Jingke Scientific and Jingke Trading will become indirect wholly owned subsidiaries of the Company upon completion of the agreement. The acquisitions will allow the Company to execute its strategy in a more efficient and effective manner.

RECOGNISED FOR OUR STRENGTHS

Leveraging on our strong R&D, the company's concerted efforts has paid off. At the Beijing Conference and Exhibition on Instrumental Analysis (BCEIA) held during October 2013, the most important laboratory exhibition of China for the year, the Company has been awarded the gold prize of the BCEIA for our newly developed GC7980, a two dimensional high temperature Gas Chromatography equipment. This recognition will further bring the company towards greater shareholder value.





BOARD OF DIRECTORS

Mr. Lo Yat Keung (勞逸強) ("Mr. Lo"), aged 55, 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 February 9, 2004. He was re-elected as director on April 29, 2011. 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 45, is the Vice-President and an executive Director. Mr. Chan was appointed to the Board and nominated as Vice-President of the Company on February 9, 2004 and was re-elected as director on April 30, 2012. 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 64, the managing Director of Shanghai Techcomp Instrument and an executive Director. Mr. Xu was appointed to the Board on May 28, 2004 and was re-elected as director on April 30, 2013. 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.

Mr. Ho Yew Yuen ("Mr. Ho"), aged 70, is one of the independent non-executive Directors. He was appointed to the Board on May 28, 2004 and was re-elected as director on April 29, 2011. He joined Ernst & Young Singapore as an audit trainee in 1961. He was admitted as a partner in 1975 and subsequently became a senior partner of Ernst & Young Singapore until his retirement in 1999. His clients ranged from large public-listed bluechip 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, and materials supplies and technology. Mr. Ho has also served on the board of another public listed company in Singapore for three years as well as a statutory board in Singapore. He 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 in 1980. Mr. Ho has obtained his Association of Chartered Certified Accountants qualification in the UK in 1966 and his Institute of Chartered Accountant in England and Wales qualification in 1968.

Mr. Seah Kok Khong, Manfred ("Mr. Seah"), aged 52, is the lead independent non-executive Director. He was appointed to the Board on February 14, 2007 and was re-elected as director on April 30, 2013. 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. At WhiteRock, he is responsible for the day-to-day operational management and strategic business development of the Group. From 1996 to 2000, he served as the CEO of a Philippines based corporate advisory and securities firm funded by a major Singapore corporation. Prior to that, Mr. Seah held senior corporate finance positions at two leading investment banks that conducted corporate finance activities in the Asian region. Mr. Seah started his professional career in a firm of chartered accountants in London in 1984, where he progressed to serve as a management consultant advising SMEs in the UK until 1990. Mr. Seah graduated with first honors for his Bachelor of Science degree in Mathematics from the University of London in 1984 and obtained his Master of Business Administration from London Business School in 1992. He is a qualified chartered accountant and has been admitted as a fellow of the Institute of Chartered Accountants in England and Wales.

Mr. Teng Cheong Kwee ("Mr. Teng"), aged 60, is one of the independent non-executive Directors. He was appointed to the Board on May 28, 2004 and was re-elected as director on April 30, 2012. From 1979 to 1989, he was with the Singapore Securities Industry Council Secretariat ("SIC"), first as an assistant secretary and subsequently as the SIC Secretary. SIC is an advisory and consultative body set up to administer the Singapore Code and Take-overs and Mergers in Singapore. From 1985 to 1989, he served concurrently as Assistant Director, and later as Deputy 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 supervision of domestic banks in Singapore. In 1989, he joined the Stock Exchange of Singapore ("SES") as an Executive Vice President of SGX-ST. He later became an Executive Vice President and Head, Risk Management & Regulatory Division, of the Singapore Exchange ("SGX") following the merger of the SES and Singapore International Monetary Exchange ("Simex"). Mr. Teng currently also serves as an independent director of several SGX listed companies namely, First Resources Limited, AEI Corporation Limited, Memtech International Limited StatsChipPac Limited, Junma Tyre Cord Company Limited and AVIC International Investments Limited. 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 1977.

SENIOR MANAGEMENT

Mr. Bao Feng (鮑峰) ("Mr. Bao"), aged 38, is the vice Director of Shanghai Techcomp. He is responsible for overall management of Shanghai Techcomp. Mr. Bao joined Shanghai Techcomp in 2001 and held the positions of Marketing Manager and sales General Manager. Mr. Bao obtained his Bachelor of Machinery from China Textile University in 1998 and a Master of Machinery from Dong Hua University in 2001.

Mr. Fu Shi Jiang (付世江) ("Mr. Fu"), aged 47, is the Chief Executive Officer of Techcomp China. He is responsible for the business development and managing the day-to-day administrative and operational activities of the Company. Mr. Fu joined the Company in February 2012. Prior to this, he held various positions at Agilent Technologies Co., Ltd for the past 16 years of his career, including the Manager of Life Sciences & Chemical Analysis Department (Northern China Region). Mr. Fu obtained his Bachelor of Chemistry from the Northeast Normal University in 1988 and subsequently the Masters in Medicine from the China Medical University.

Mr. Bernard Léguillon ("Mr. Léguillon"), aged 58, is the General Manager of Froilabo and Frilabor SRL, the manufacturing units of temperature controlled equipment. Prior to joining the Group in 2011, Mr. Léguillon was General Manager of Barloworld Scientific France and Italy. He started his career as process control supervisor in the electronic industry rapidly moved to the Laboratory Industry. He has got a Physical Measurement University degree (1978) and a Master in Marketing Management of the distribution network (ESC Paris 1993).

Mr. Li Hong, Don (李宏) ("Mr. Li"), aged 53, is the General Manager of Techcomp (Singapore) Pte Ltd since he joined the Group in 2004. He is in charge of business management and development for the region of South East Asia, and South Asia as well as the Middle East. Mr. Li started his career in China Science Academia. He then joined Bio-rad, a global leader in life sciences, for more than ten years. He obtained a Bachelor of Engineering (Precise Instrumentation) from Tianjin University in 1983.

Mr. Chris O'Connor ("Mr. O'Connor"), aged 47, is the Chief Executive Officer of Techcomp (Europe) Ltd. He is responsible for Froilabo, Precisa and Edinburgh Instruments as well as Dynamica distribution in Europe. Prior to joining the Group in 2011, Mr. O'Connor was Managing Director of Barloworld Scientific. He obtained a MA Hons in Engineering from Cambridge University in 1989.

Prof S. Desmond Smith ("Prof. Smith"), OBE, FRS, FRSE, F.Inst.P, aged 83, is the Chief Scientific Officer ("CSO") of Techcomp (Holdings) Limited. He is the Founder of Edinburgh Instruments Ltd and currently Founder and Chairman of Edinburgh Biosciences Ltd and past Head of Physics at Heriot-Watt University, Edinburgh where he created a leading research department. He invented the Selective Chopper Radiometer flown on the NASA satellite Nimbus4 as one example of his 220 scientific publications in Spectroscopic Physics and applications. Prof. Smith has been a Fellow of the Royal Society since 1976.

Mr. Sin Sheung Nam, Gilbert (冼尚南) ("Mr. Sin"), aged 40, 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 (謝寶華) ("Mr. Tse"), aged 51, is the Director of Marketing of Techcomp Hong Kong since he joined the company in 1999. He is responsible for the marketing of the Group's products in Hong Kong and PRC. Mr. Tse 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. Mark Vosloo ("Mr. Vosloo"), aged 52, is the CEO of Edinburgh Instruments in the UK. He joined Edinburgh Instruments in 2013 from Oxford Instruments where he held a number of executive and senior commercial role. Prior to that, he held various general manager and senior commercial roles in both the UK and USA within the Photonics and opto-electronics industries including LINOS Photonics and Horiba Jobin Yvon Ltd. He has a combined BA Hons degree in Biochemistry & Chemistry.

Mr. Xia Yisheng (夏奕生) ("Mr. Xia"), aged 58, is the Vice President of Techcomp China. He is responsible for operation 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 47, 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.

REPORT ON CORPORATE GOVERNANCE

Introduction

The Board of Directors (the "Board") of Techcomp (Holdings) Limited (the "Company") is committed to maintaining high standards of corporate governance to advance its mission to create value for the Company's shareholders. This report sets out the corporate governance practices that are in place during the year ended December 31, 2013 with reference to the principles and guidelines of Singapore's Code of Corporate Governance 2012 (the "Singapore Code") and the Corporate Governance Code (the "Hong Kong Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "SEHK"), as well as any deviation from any guidelines of the Hong Kong Code and Singapore Code together with an explanation for such deviation.

Board Matters

Principle 1: Board's Conduct of its Affairs

The Board effectively leads the Company, working together with the Company's senior management (the "Management") to achieve success for the Company and its subsidiaries (the "Group"). Management remains accountable to the Board.

In addition to its statutory duties, the Board's principal functions are to:-

(a) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the company to meet its objectives;

(b) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the company's assets;

(c) review management performance;

(d) identify the key stakeholder groups and recognise that their perceptions affect the company's reputation;

(e) set the company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and

(f) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

No new Directors have been appointed to the Board during financial year ended December 31, 2013. Newly appointed Directors, if any, will be briefed on the history and business operations and corporate governance practices of the Group. All Directors will, if necessary, be briefed on or memoranda will be circulated to the Directors to update them from time to time on legal or regulatory changes, where such changes have a material bearing on the Company. The Company will issue a formal letter of appointment to new Directors setting out their duties and obligations when they are appointed.

The Board has formed three committees namely, an Audit Committee (the "AC"), a Remuneration Committee (the "RC") and a Nomination Committee (the "NC"), to assist in the discharge of its responsibilities efficiently and effectively. All committees are chaired by an independent non-executive Director and consist of members who are independent.

The Board's approval is required for transactions or matters such as major investments, corporate restructuring, mergers and acquisitions, material acquisitions or disposal of assets, the release of the Group's financial results announcements, interested person transactions of a material nature and declaration of dividends.

REPORT ON CORPORATE GOVERNANCE

The Board and sub-committees of the Board (the "Committees") meet regularly throughout the year. Ad hoc meetings and/or discussions (including via tele conferencing) are convened when circumstances require. The Company's bye-laws (the "Bye-Laws") provide for participation at meetings via telephone and other electronic means. Details of the Directors' attendance at meetings of the Board and Board committee in the financial year ended December 31, 2013 were disclosed as follows:-

	Board meetings		AC		NC		RC		Annual General Meeting	
	Held	Attended	Held	Attended	Held	Number	Held	Attended	Held	Attended
					Number of meetings					
Executive Directors										
Mr. Lo Yat Keung	4	4	4	–	1	–	1	–	1	1
Mr. Chan Wai Shing	4	4	4	–	1	–	1	–	1	1
Mr. Xu Guoping	4	4	4	–	1	–	1	–	1	1
Independent non-executive Directors										
Mr. Ho Yew Yuen	4	4	4	4	1	1	1	1	1	1
Mr. Seah Kok Khong, Manfred	4	4	4	4	1	1	1	1	1	1
Mr. Teng Cheong Kwee	4	4	4	4	1	1	1	1	1	1

Apart from regular Board meetings, the Chairman also held meeting with Independent non-executive Directors without presence of executive Directors during the year.

Continuing Development of Directors

As part of the programme to enable directors to be familiar with the Group's operations and activities, the Company would arrange for Directors to visit key site of operations from time to time. In the financial year ended December 31, 2013, the independent Directors visited the center of the Group's China distribution business in Beijing to meet the local management and be updated on the latest development in the Company's operations.

Directors keep abreast of responsibilities as a Director of the Company and of the conduct, business activities and development of the Company.

Under code provision A.6.5 of the Hong Kong Code, Directors are expected to participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The Company's legal advisers had conducted internally facilitated briefings for the Directors and related reading material on relevant topics were issued to Directors where appropriate. During the year, the Company Secretaries dispatched annual updates and briefing notes to all Directors on the Bye-laws and regulations. All Directors are also encouraged to attend relevant training courses at the Company's expense.

According to the training records maintained by the Company, the training received by each of the Directors during the financial year ended December 31, 2013 is summarized as follows:

Name of Directors	Attending briefing conducted by Company Secretaries on corporate governance and update on Listing Rules	Attending seminars/ workshops regarding financial, management, business skills and/or director's duties and responsibilities	Reading newspapers, journals and other relevant materials relating to the economy, environmental protection, director's profession, etc.
Executive Directors			
Mr. Lo Yat Keung	✓	✓	✓
Mr. Chan Wai Shing	✓	✓	✓
Mr. Xu Guoping	✓	✓	✓
Independent non-executive Directors			
Mr. Ho Yew Yuen	✓	✓	✓
Mr. Seah Kok Khong, Manfred	✓	✓	✓
Mr. Teng Cheong Kwee	✓	✓	✓

Principle 2: Board Composition and Guidance

As at the date of this report, the Board has six directors (the "Directors"), comprising three executive Directors and three independent non-executive Directors. The criterion for independence is based on the definition given in the Singapore Code. The Board considers an Independent Director as one who, inter alia, has no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company. The Nomination Committee reviews the independence of each Director annually and applies the Singapore Code's and Hong Kong Code's definition of who qualifies as an Independent Director in its review. Mr. Ho Yew Yuen and Mr. Teng Cheong Kwee have served as independent non-executive directors of the Company for more than 9 years. Notwithstanding the tenure of service, the Board considers that Mr. Ho and Mr. Teng continue to be independent and professional as set out in Rule 3.13 of the Listing Rules as they have each continued to demonstrate independent judgment in the discharge of their responsibilities as a director, and they are not connected with any of the Directors, the chief executive or substantial shareholder of the Company.

This composition complies with the Singapore Code's requirement that at least half of the Board should be made up of independent directors, and the minimum requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors (representing at least one-third of the Board) and complied with the requirement that these should include one such Director with appropriate professional qualifications of accounting or related financial management expertise. Furthermore, the Company has received from each of its independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers the independent non-executive Directors to be independent.

The NC is of the view that the current board size and composition is appropriate, taking into account the nature and scope of the business and operations of the Group. The profile of the Directors is set out on page 11 of this Annual Report.

Particulars of interests of Directors who held office at the financial year ended December 31, 2013 in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are set out in the Report of the Directors on page 27 of this Annual Report.

Board Diversity Policy

The Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. All board appointment will be made based on merit, and candidates will be considered against objective criteria, having due regard for the benefits of diversity of the Board and the contribution that the selected candidates will bring to the Board.

As at the date of this report, the Board is characterized by significant diversity, in terms of nationality, professional background and skills.

Principle 3: Chairman and Chief Executive Officer

Mr. Lo Yat Keung, the controlling shareholder, is the Chairman and the Chief Executive Officer (the "CEO") of the Company. He plays a vital role in developing the business of the Group and provides leadership and vision to the Group, as well as responsibility for the workings of the Board and ensures that procedures are introduced to comply with the Singapore Code and the Hong Kong Code. Mr Lo's concurrent position as Chairman and Chief Executive Officer is a deviation from Code Provision A.2.1 of the Hong Kong Code and Paragraph 3.1 of the Singapore Code.

According to those provisions of the Hong Kong Code and the Singapore Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Given the size of the Company's current business operations, the nature of its activities and the stage of the Group's development, and taking into account the governance structure and practices put in place in the Board, the Board is of the view that it is not necessary to separate the roles of the Chairman and CEO. Three out of the six Directors on our Board are independent non-executive Directors, and each of the three Board Committees being chaired by an independent director and comprising members who are all independent directors. In addition, the Board has appointed Mr. Seah Kok Khong, Manfred, an independent director, as the Lead Independent Director. In view of this, the Board is of the opinion that there is an appropriate balance of power within the Board, and that there is no undue concentration of power and authority in a single individual. As such, the Company considers that sufficient measures have been taken to ensure the Company's corporate governance practices are in line with those in both Singapore Code and Hong Kong Code.

In consultation with the Directors, the Chairman approves meeting schedules of the Board, agendas for Board meetings and is advised of meetings of Board Committees.

Mr. Seah Kok Khong, Manfred was appointed as Lead Independent Director on 28 February 2014. The Lead Independent Director shall be available to the shareholders where there are concerns, by which contact through the normal channels of the Executive Chairman and the CEO has failed to resolve or for which such contact is inappropriate. The Lead Independent Director may call for meetings of independent directors from time to time without the presence of other directors and provide feedback to the Chairman after such meetings.

Nomination Committee

Principle 4: Board membership
Principle 5: Board performance

The NC as at the date of this report comprises the following members, all of whom are independent non-executive Directors:-

Mr. Seah Kok Khong, Manfred (Chairman)
Mr. Ho Yew Yuen
Mr. Teng Cheong Kwee

The Chairman of the NC is not associated in any way with the substantial shareholders of the Company.

The NC is guided by its Terms of Reference, which sets out its responsibilities. It is responsible for the review of candidates for nomination and re-nomination as director, taking into consideration each candidate's qualifications and experience and how he can contribute to the effectiveness of the Board. The NC is also responsible for recommending a framework for evaluation of Board effectiveness, as well as evaluation of the effectiveness of Board Committees and the contribution of each individual Director to the effectiveness of the Board.

The NC carried out its functions, which include the following:

(i) To establish procedures for and make recommendations to the Board on all board appointments and re-appointments (particularly for the Chairman and the CEO) and make recommendations to the Board regarding succession plans.

(ii) In respect of re-nominations, to have regard to the Director's contribution and performance (eg. attendance, preparedness and participation) including, if applicable, as an independent Director.

(iii) Review the Board's structure, number of members and composition (including the members' skills, knowledge and experience) at least annually and make recommendation on any proposed change to the Board to complement the Company's corporate strategy.

(iv) Where a Director has multiple board representations, to decide whether the Director is able to and has been adequately carrying out his duties as director.

(v) To assess the independence of the independent non-executive directors; where the Board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why it believes he should be elected and the reasons why it considers him to be independent.

(vi) To establish procedures for evaluation of Board's performance and assess the effectiveness of the Board as a whole, propose objective performance criteria, as approved by the Board that allows comparison with its industry peers, and address how the Board has enhanced long term shareholders' value.

(vii) To identify gaps in the mix of skills, experience and other qualities required in an effective Board and nominate or recommend suitable candidate(s) to fill these gaps.

(viii) To ensure that all Board appointees undergo an appropriate induction programme.

For the financial year ended December 31, 2013, the NC carried out an assessment of the Board performance. In this evaluation, every Director completed a questionnaire to provide his input on the performance and effectiveness of the Board as a whole. The questionnaire considers factors, such as the size and composition of the Board, board processes, access to information, and communications within the Board and between Directors and management and shareholders. The findings were discussed with participation from the executive Directors.

In addition, the NC will have regard to whether a Director has devoted adequate time and attention to the Company, particularly, in the case of Directors with multiple board representations and other principal commitments, as defined in the Singapore Code. The Board does not set a limit on the number of listed board representations which a director may concurrently hold, as the Board is of the view that the more appropriate consideration is whether the directors have been assessed to have devoted sufficient time and attention to the affairs of the Company, and have been carrying out their duties as a Director of the Company. The NC is satisfied that in the financial year ended December 31, 2013, where a Director had other listed company board representations and/or other principal commitments, the Director was able to carry out and had been adequately carrying out his duties as a director of the Company.

The NC is also charged with the responsibility of determining annually whether a Director is independent. Each member of the NC will not take part in determining his own re-nomination or independence.

Under the Bye-Laws, at least one third of the Directors are required to retire from office by rotation and they are eligible for re-election at the Company's annual general meeting. Thus, each Director must retire from office at least once every three years. In addition, a newly appointed director must retire and submit himself for re-election at the forthcoming annual general meeting after his appointment pursuant to Bye-Law 107 of the Bye-Laws.

The NC had recommended the re-nomination of Mr. Lo Yat Keung and Mr. Ho Yew Yuen for re-election at the forthcoming annual general meeting. The Board had accepted the NC's recommendation.

Principle 6: Access to information

The Board is provided with complete, adequate and timely information of the Group performance and is informed of all material events and transactions as and when they occurred. The Directors have separate and independent access to the Company's senior management and the Company Secretaries at all times. The management updates the Board on the Company's performance and outlook at each board meeting. The Directors, in consultation with the Chairman, have the right to seek, either individually or as a group, in the furtherance of their duties, independent professional advice, if necessary, at the Company's expense.

Mr. Sin Sheung Nam Gilbert, one of the joint Company Secretaries, attends all board meetings and is responsible for ensuring that Board procedures are followed. Mr. Sin, together with the management, is also responsible for ensuring the Group's compliance with the Bermuda Companies Act and all other rules and regulations that are applicable to the Group.

Remuneration Matters

Principle 7: Procedures for developing remuneration policies
Principle 8: Level and mix of remuneration
Principle 9: Disclosure on remuneration

The RC as at the date of this report comprises the following members, all of whom are independent directors:-

Mr. Teng Cheong Kwee (Chairman)
Mr. Ho Yew Yuen
Mr. Seah Kok Khong, Manfred

The RC is responsible for recommending to the Board a framework for the remuneration of Directors and key executives. The review covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and other benefits. The RC also oversees the administration of the Company's share option scheme. The RC's recommendations are made in consultation with the CEO and submitted for endorsement by the Board. No Director is involved in any decision making, in respect of any remuneration or compensation to be offered or granted to him.

The RC carried out its functions, which included the following:

(i) To recommend to the Board a framework of remuneration for the Board and executive officers; make recommendations to the Board on the remuneration packages for senior management and individual executive directors; such remuneration packages should cover all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options, benefits in kind and retirement rights and compensation, including compensation payable for loss or termination of their office or appointment.

(ii) To review the remuneration packages of all managerial staff who are related to any of the executive directors or the chief executive officers.

(iii) To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives.

(iv) To make recommendations to the Board on the remuneration of non-executive directors.

(v) To consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group.

(vi) In the case of service contracts, to consider what compensation commitments the directors' and executive officers' contracts of service, if any, would entail in the event of early loss or termination with a view to be fair and avoid rewarding poor performance. To ensure that any payment made is consistent with contractual terms and is otherwise fair and not excessive.

(vii) To review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate.

(viii) To ensure that no director or any of his associates is involved in deciding his own remuneration.

(ix) To recommend to the Board in consultation with senior management and the Chairman of the Board, any long term incentive scheme.

(x) In respect of any share option schemes as may be implemented, to consider whether directors should be eligible for benefits under such incentive schemes.

(xi) To recommend to the Board on the appointment of directors whose service contracts shall be disclosed to shareholders under the listing rules each of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) and the SEHK.

(xii) To consult the chairman and/or chief executive officer about their proposals relating to the remuneration of other executive directors and have access to professional advice if considered necessary.

(xiii) To report to the Board on the deliberations and recommendations of the RC in discharge of their functions.

The independent non-executive Directors are paid directors’ fees. The directors’ fee comprises a basic retainer fee, plus additional fees for serving as Chairman or member of a Board Committee, which take into account the responsibilities, efforts and time spent in the discharge of the Director’s responsibilities.

The RC has full authority to engage any external professional advice on matters relating to remuneration as and when the need arises.

A breakdown, showing the level and mix of each Director’s remuneration for the financial year ended December 31, 2013 is as follows:-

Remuneration band	Salary %	Fees %	Bonus %	Other Benefits %	Total %
Less than S$250,000					
Mr. Lo Yat Keung	89	–	10	1	100
Mr. Chan Wai Shing	69	–	8	23	100
Mr. Xu Guoping	75	–	9	16	100
Mr. Ho Yew Yuen	–	100	–	–	100
Mr. Teng Cheong Kwee	–	100	–	–	100
Mr. Seah Kok Khong, Manfred	–	100	–	–	100

Mr. Xu Guoping is an executive director of the Company. Ms. Xu Song Hua, who is an employee of the Company, and the daughter of Mr. Xu Guoping, draws an annual salary of more than S$50,000 but below S$150,000. Further details of Ms. Xu’s salary are set out below:

Basic Salary %	Bonus %	Other Benefits %	Total Compensation %
66	–	34	100

Save as disclosed above, the Company does not have any employees who are immediate family members of a Director or the CEO whose remuneration exceeds S$50,000 in the financial year ended December 31, 2013.

The summary of 5 highest-paid employees' remuneration for the financial year ended December 31, 2013 is as follows:-

Remuneration band	Salary %	Fees %	Bonus %	Other Benefits %	Total %
S$250,000 to S$499,999					
Mr. Chris O' Connor	82	–	–	18	100
Mr. Bernard Léguillon	57	–	10	33	100
Less than S$250,000					
Mr. Fu Shi Jiang	76	–	17	7	100
Mr. Sin Sheung Nam, Gilbert	71	–	8	21	100
Mr. Tse Po Wah	67	–	10	23	100

The salary percentage shown is inclusive of pension costs.

The remuneration of the executive Directors and the key executives comprise a basic salary component and a variable component, which is the performance bonus, based on the performance of the Group as a whole and their individual performance.

The Company has two employee share schemes, the details of which are disclosed in pages 74 to 76 of the financial statements.

As at the date hereof, there are no options granted by the Company which are not in line with the relevant rules of the SGX-ST as set out in Chapter 8 of the SGX-ST Listing Manual.

Accountability and Audit

Principle 10: Accountability

In presenting the annual financial statements and interim and annual announcements to shareholders, it is the aim of the Board to provide shareholders with a balanced and understandable assessment of the performance, position and prospects of the Company and the Group as a whole.

The management provides the Board with relevant information on a timely basis in order that it may effectively discharge its duties.

In discharging its responsibility for the financial statements of the Group, the Board ensures that the financial statements are prepared and presented in accordance with statutory requirements and applicable accounting standards. The directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the auditors of the Company about their reporting responsibilities on the financial statements of the Group is set out in "The Independent Auditor's Report" on page 32 of this Annual Report.

Principle 11 and 13: Risk management, internal controls and internal audit

Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Group's policies and strategies.

The Company is establishing an Enterprise Risk Management Framework in place for the Group, including financial, operational, compliance and information technology controls and risk assessment. The said Framework has been reviewed and discussed by the AC and the Board of Directors. The AC and the management will continually assess the adequacy and effectiveness of the risk management framework and processes.

In the course of their statutory audit, the Company's external auditors carried out a review of the effectiveness of the Company's material internal controls. No material compliance issues or internal control weaknesses were noted by the external auditors.

The Company has appointed and commissioned an external professional services firm as internal auditors (the "Internal Auditors") to assist the management in evaluating and assessing the effectiveness of internal controls implemented by the Company, including review of the adequacy and effectiveness of the Group's systems of internal controls. The Internal Auditors have submitted a report to the AC. Considering the scale and nature of the Company's operations, the Board is satisfied that such an arrangement is adequate and in the best interest of the Company.

Based on the risk management review and the internal controls established and maintained by the Group, work performed by the Internal Auditors and the review undertaken by the external auditors, and the aforesaid assurances from the CEO and the Financial Controller, the Board, with the concurrence of the AC, is of the opinion that the system of internal controls is adequate to address the financial, operational and compliance risks, and information technology controls of the Company in its current business environment.

The Board has also received assurance from the Chairman and the Financial Controller that (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances and (ii) the Company's risk management and internal control system in place are effective.

The Board notes that the system of internal controls and risk management established by the Company provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

Principle 12: Audit Committee

The AC as at the date of this report comprises the following members, all of whom are independent directors:-

Mr. Ho Yew Yuen (Chairman)
Mr. Teng Cheong Kwee
Mr. Seah Kok Khong, Manfred

The AC has reviewed the following, where relevant, with the executive directors and the external auditors of the Company:

a) assist the Board with discharging its responsibility to:-
   - safeguard the Company's assets;
   - maintain adequate accounting records; and
   - develop and maintain effective systems of internal control and internal audit functions;

b) review the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors;

c) review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance; and

d) make recommendations to the Board on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor.

The AC has undertaken a review of all the non-audit services provided by Deloitte & Touche LLP during the financial year ended December 31, 2013, and is satisfied that such services would not, in the AC's opinion, affect the independence of Deloitte & Touche LLP as the Company's external auditors. The AC has recommended to the Board that Deloitte & Touche LLP be nominated for reappointment as external auditors of the Company at the forthcoming Annual General Meeting. During the year ended December 31, 2013, the Company has paid an aggregate amount of approximately US$445,000 (2012: US$436,000) to the external auditor for its audit services, and has paid non-audit fees of approximately US$38,000 (2012: US$38,000) to the external auditors for its other professional services.

The AC has full access to and co-operation of the management and has been given the resources required for it to discharge its functions properly. It has full discretion to invite any director and executive officer to attend its meetings. The AC has also met with the external auditors, without the presence of the management of the Company during the year.

The Company has put in place a whistle-blowing framework, endorsed by the AC where employees of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and to ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow up actions. There were no whistle-blowing reports received during the year and up to the date of this report.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision D.3.1 of the Hong Kong Code.

Up to the date of this Annual Report, the Board has reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code for Securities Transactions by Directors of Listed Issuer as set out in Appendix 10 of the Listing Rules (the "Model Code"), and the Company's compliance with the Hong Kong Code and disclosure in this Corporate Governance Report.

Shareholder Rights and Responsibilities

Principle 14: Shareholder rights
Principle 15: Communication with shareholders
Principle 16: Greater participation by shareholders

The Company engages in regular, effective and fair communication with its shareholders, and has appointed an investor relation firm to advise on and facilitate this process. The Company sees the merits of holding briefings for investors and analysts as a means to promote better understandings of the Company's business and operations. However, it does so without compromising the principles of fair and equitable disclosure. Price sensitive announcements including annual, half-year and quarter results are released through SGXNET and SEHK announcements and Company's website. The Company will also update investors and shareholders on the Group's development by making relevant announcements from time to time.

All shareholders of the Company will be sent a copy of the annual report and notice of Annual General Meeting. At Annual General Meeting, the Board, the Chairpersons of the AC, RC and NC and the management will be available at the meeting to answer questions that shareholders may have concerning the Company. The external auditors will also be present to assist the directors in addressing any relevant queries from the shareholders.

Procedures for shareholders to convene a Special General Meeting (the "SGM")

Pursuant to the Companies Act, the Board shall, on the requisition of members of the company holding not less than one-tenth of the paid-up capital of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene a SGM.

If within twenty-one days of such deposit the Board fails to proceed to convene the SGM, the requisitionists or any of them representing more than one half of the total voting rights of all of them, may themselves convene a SGM, but any meeting so convened shall not be held after three months from the date of the original deposit.

Procedures for putting forward proposals at shareholders' meeting

Shareholders can submit a written requisition to move a resolution at shareholders' meeting. The number of shareholders necessary for a requisition shall represent not less than one-twentieth of the total voting rights of all shareholders having at the date of the requisition a right to vote at the shareholders' meeting, or who are no less than one hundred shareholders.

The written requisition must state the resolution, accompanied by a statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at the shareholders' meeting. It must also be signed by all of the shareholders concerned and be deposited at the Company's office in Hong Kong at 6/F., Mita Centre, 552-566 Castle Peak Road, Kwai Chung, Kowloon, Hong Kong for the attention of the Joint Company Secretaries not less than six weeks before the shareholders' meeting in case of a requisition requiring notice of a resolution and not less than one week before the shareholders' meeting in case of any other requisition.

The shareholders concerned must deposit a sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned under applicable laws and rules.

Shareholders' enquiries

Shareholders should direct their questions about their shareholdings to the Company's Hong Kong Branch Share Registrar, and they may at any time make a request for the Company's information to the extent that such information is publically available. Shareholders may also make enquiries to the Board by writing to the Joint Company Secretaries at the Company's office in Hong Kong at 6/F., Mita Centre, 552-566 Castle Peak Road, Kwai Chung, Kowloon, Hong Kong.

During the year under review, the Company has not made any changes to its Bye-Laws. An up to date version of the Bye-Laws is available on the Company's website and the SEHK's website. Shareholders may refer to the Bye-Laws for further details of their rights.

Dealing in Company's Securities

The Group adopted the required standards in the Model Code and prohibits the Directors and relevant officers to trade in the Company's securities, during the period beginning 60 and 30 days immediately before the date of the announcement of the full year or quarterly results respectively and ending on the date of the announcement of the relevant results. Directors and employees are also advised against dealing in its securities at any time when they are in possession of any unpublished material price-sensitive information of the Group.

The Board confirms, having made specific enquiries with all Directors that during the year ended December 31, 2013, all members of the Board have complied with the required standards of the Model Code.

Interested person transactions

During the financial year ended December 31, 2013, there were no interested person transactions. When a potential conflict of interest arises, the director concerned does not participate in discussions and refrains from exercising any influence over other members of the Board.

The AC reviews all interested person transactions to be entered into to ensure that the relevant rules under Chapter 9 of the SGX-ST Listing Manual are complied with.

Material Contracts

There were no material contracts of the Company or its subsidiaries involving the interest of any director or controlling shareholder subsisting at the end of the financial year ended December 31, 2013.

REPORT OF THE DIRECTORS

The directors (the "Directors") of Techcomp (Holdings) Limited (the "Company") are pleased to present their report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2013.

1 PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Group are set out in Notes 9 and 11 respectively to the audited consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

2 RESULTS AND APPROPRIATIONS

The results of the Group for the year ended December 31, 2013 are set out in the consolidated statement of profit or loss and comprehensive income on page 34. No interim dividend was paid during the year. No final dividend was proposed by the Directors in respect of the year ended December 31, 2013.

3 SUMMARY FINANCIAL INFORMATION

A summary of the consolidated results and assets and liabilities of the Group for the last five financial years, as extracted from the published audited consolidated financial statements, is set out on page 93. This summary does not form part of the audited consolidated financial statements.

4 PROPERTIES, PLANT AND EQUIPMENT

Details of movements in the properties, plant and equipment of the Group during the year are set out in Note 10 to the audited consolidated financial statements.

5 MAJOR CUSTOMERS AND SUPPLIERS

During the year ended December 31, 2013, sales to the Group's five largest customers accounted for approximately 12.9% (2012 : 11.5%) of the total sales for the year and the single largest customer accounted for approximately 4.2% (2012 : 3.5%); purchases from the Group's five largest suppliers accounted for approximately 48.1% (2012 : 56.6% of the total purchases for the year and the single largest supplier accounted for approximately 31.7% (2012 : 42.2%).

None of the Directors or any of their associates or any Shareholders (who, to the best knowledge of the Directors, own more than 5% (2012 : 5%) of the Company's issued share capital) had any beneficial interest in the Group's five largest customers.

6 SHARE CAPITAL, SHARE OPTION SCHEMES AND WARRANTS

Details of the movements in the issued share capital of the Company and share option scheme during the year are set out in Notes 20 and 19 respectively to the audited consolidated financial statements.

Holders of the share options have no right to participate in any share issue of any other company. No employee or employee of related corporations has received 5% or more of the total options available except as disclosed below.

The following are participants who received 5% or more of the total number of ordinary share options available under the Scheme:

Name of participant	Options granted during the financial year	Aggregate options granted since commencement of Scheme to end of the financial year	Aggregate options exercised since commencement of Scheme to end of the financial year	Aggregate options cancelled/lapsed since commencement of Scheme to end of the financial year	Aggregate options outstanding as at end of the financial year
Chan Wai Shing *	–	2,500,000	–	–	2,500,000
Xu Guoping *	–	2,500,000	–	–	2,500,000
Sin Sheung Nam, Gilbert	–	2,020,000	–	–	2,020,000

* Chan Wai Shing and Xu Guoping are the only directors of the Company participating in the Share Option Scheme.

There are no options granted to any of the Company's controlling shareholders or their associates (as defined in the Singapore Exchange Securities Trading Listing Manual).

The Share Option Schemes are administered by the Remuneration Committee whose members are:

Teng Cheong Kwee (Chairman)
Ho Yew Yuen
Seah Kok Khong, Manfred

Pursuant to the placing agreement entered into on October 2, 2013, the Company issued 46,500,000 warrants to not less than six placees, who were not connected with the Group, at the placing price of HK$0.01 per warrant.

Subsequent to the end of the reporting period, no warrants were exercised and all the warrants will be expired on October 1, 2014.

7 PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

8 PURCHASE, SALE OR REDEMPTION OF SHARES

During the year, there was no purchases, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities on the SEHK and SGX-ST.

9 DISTRIBUTABLE RESERVES OF THE COMPANY

Details of the movements in the reserves of the Company during the year are set out in Note 21 to the audited consolidated financial statements and in the consolidated statement of changes in equity.

10 DIRECTORS

The Directors of the Company in office at the date of this report are:

Executive Directors

Lo Yat Keung (Chairman and chief executive officer)
Chan Wai Shing
Xu Guoping

Independent non-executive Directors

Ho Yew Yuen
Teng Cheong Kwee
Seah Kok Khong, Manfred

Mr. Lo Yat Keung and Mr. Ho Yew Yuen will retire in accordance with Company's Bye-law 104 at the Company's forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

The Company has received annual confirmations of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the SEHK (the "Listing Rules") as well as the provisions of the Singapore Corporate Governance Code and still considers them to be independent. Mr. Ho Yew Yuen and Mr. Teng Cheong Kwee have served as independent non-executive directors of the Company for more than 9 years. The Board considers that Mr. Ho and Mr. Teng continue to be independent as set out in Rule 3.13 of the Listing Rules and they are not connected with any of Directors, chief executive or substantial shareholder of the Company.

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.

11 DIRECTORS' AND SENIOR MANAGEMENTS' BIOGRAPHIES

Biographical details of the Directors of the Company and the senior management of the Group are set out on pages 11 to 12. The biographical details do not form part of the audited consolidated financial statements.

12 DIRECTORS' REMUNERATION

The Directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's Board of Directors with reference to directors' duties, responsibilities and performance and the results of the Group.

13 DIRECTORS' INTERESTS IN CONTRACTS

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, or any of its subsidiaries was a party during the year.

14 MANAGEMENT CONTRACTS

No contracts concerning management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

15 DIRECTORS' INTEREST IN SHARES

At December 31, 2013, the interests of the Directors and their associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long position

(a) Ordinary shares of US$0.05 each of the Company ("Shares")

	At January 1, 2013 and December 31, 2013			At January 21, 2014		
Name of Director	Directly beneficially owned	Through spouse	Approximate percentage of the issued share capital of the Company	Directly beneficially owned	Through spouse	Approximate percentage of the issued share capital of the Company
Lo Yat Keung*	104,956,500	7,500,000	48.37	104,956,500	7,500,000	48.37
Chan Wai Shing	9,720,000	–	4.18	9,720,000	–	4.18
Xu Guoping	9,870,000	–	4.25	9,870,000	–	4.25
Ho Yew Yuen	300,000	–	0.13	300,000	–	0.13

* Held in the name of his spouse, Yung Yat.

(b) Share options of the Company ("Shares Options")

Name of Director	At January 1, 2013 and December 31, 2013 Number of Shares to be issued subject to the option	At January 21, 2014 Number of Shares to be issued subject to the option
Chan Wai Shing	2,500,000	2,500,000
Xu Guoping	2,500,000	2,500,000

There are no options granted to any of the Company's controlling shareholders or their associates (as defined in the Listing Manual of SGX-ST the ("Listing Manual").

There was no change in the above-mentioned interest between the end of the financial year and January 21, 2014.

Save as disclosed above, as at December 31, 2013, none of the Directors and Chief Executive had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

16 CONTRACT OF SIGNIFICANCE

No contracts of significance in relation to the Group's business in which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted during or at the end of the year.

17 SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

Please refer to Statistics of Shareholdings set out on pages 94 to 96 for details on interests and short positions of 5% or more of the issued share capital of the Company that were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO. The shareholdings statistics do not form part of the audited consolidated financial statements.

Save as disclosed in the Statistics of Shareholdings, no person, other than the Directors of the Company, whose interests are set out in the section "Directors' and Chief Executive's interests and short positions in shares and underlying shares and debentures" above, has an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

18 INTEREST PERSON TRANSACTIONS, CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year under review, there were no interested person transactions (as defined under the Listing Manual), and details of the connected transactions (as defined under the Listing Rules) are set out in Note 9 to the audited consolidated financial statements.

The Group has entered into the following continuing connected transaction as defined under the Listing Rules. These continuing connected transaction between certain connected parties (as defined in the Listing Rules) and the Group also constituted certain related party transactions as disclosed in Note 9 to the audited consolidated financial statements.

In December 2011, the Company and Techcomp Jingke Trading (Shanghai) Co., Ltd. ("Jingke Trading"), an associate of the Company, entered into a master supply agreement (the "2011 Master Supply Agreement"), pursuant to which, among other things, the Company agreed to supply or procure other members of the Group to supply, and Jingke Trading agreed to purchase, analytical and laboratory instruments, mainly balance, manufactured or distributed by the Group. The 2011 Master Supply Agreement is for a term commencing from the date of the 2011 Master Supply Agreement and expiring on December 31, 2013. The total amount of sales made to Jingke Trading for the year ended December 31, 2013 under the 2011 Master Supply Agreement amounted to approximately US$1.9 million (2012 : US$4.4 million). In January 2014, the Company and Jingke Trading entered into another master supply agreement with similar terms, but expiring on December 31, 2014 (the "2014 Master Supply Agreement").

As the value of Jingke Trading's total assets, profits and revenue represents significantly less than 10% under the relevant percentage ratios as defined under Rule 14.04(9) of the Listing Rules for the period since its establishment of the associate, the transactions contemplated under the 2011 Master Supply Agreement and 2014 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 2011 Master Supply Agreement and 2014 Master Supply Agreement have 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 it has not exceeded the annual caps for the transactions under the 2011 and 2014 Master Supply Agreements.

The Company confirms that the Group has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules and save as aforesaid, that there were no other transactions which need to be disclosed as connected transactions or continuing connected transactions in accordance with the requirements under the Listing Rules.

19 SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this Annual Report.

20 AUDIT COMMITTEE

The Audit Committee of the Company is chaired by Ho Yew Yuen, an independent non-executive Director, and includes Teng Cheong Kwee and Seah Kok Khong, Manfred who are also independent non-executive Directors. The Audit Committee met 4 times since the last Annual General Meeting ("AGM") and has reviewed the following with the executive Directors and external auditors of the Company:

(a) assist the Board with discharging its responsibility to:

- safeguard the Company's assets;
- maintain adequate accounting records; and
- develop and maintain effective systems of internal control and internal audit functions;

(b) review the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors;

(c) review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance; and

(d) make recommendations to the Board on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. The external auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Company at the forthcoming AGM of the Company.

21 EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period, the Group entered into a sale and purchase agreement with the other shareholder of Techcomp Jingke Scientific Instruments (Shanghai) Co., Ltd. and Techcomp Jingke Trading (Shanghai) Co., Ltd. to acquire remaining equity interests of 49% and 51% in these companies at a cash consideration of RMB13,313,000 (equivalent to US$2,130,000). After the acquisition, both companies will become the wholly owned subsidiaries of the Group. At the date of approval of the report, the acquisition is not yet completed.

22 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Lo Yat Keung
Director

Chan Wai Shing
Director

March 20, 2014

STATEMENT OF DIRECTORS

In the opinion of the directors, the consolidated financial statements of the Group together with notes, and the statement of financial position and statement of changes in equity of the Company as set out on pages 33 to 92 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2013 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

____

Lo Yat Keung
Director

____

Chan Wai Shing
Director

March 20, 2014

INDEPENDENT AUDITORS' REPORT

To the Members of Techcomp (Holdings) Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Techcomp (Holdings) Limited (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2013, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 33 to 92.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2013 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

Chua How Kiat
Partner
Appointed with effect from the financial year ended December 31, 2010

March 20, 2014

STATEMENTS OF FINANCIAL POSITION
As at December 31, 2013

	Note	Group 2013 US$'000	Group 2012 US$'000	Company 2013 US$'000	Company 2012 US$'000
ASSETS					
Current assets					
Cash and bank balances	6	14,682	17,015	47	–
Trade and other receivables	7	78,600	68,668	–	–
Inventories	8	28,402	32,125	–	–
Income tax recoverable		58	161	–	–
Amount due from an associate	9	2,033	2,771	–	–
Total current assets		123,775	120,740	47	–
Non-current assets					
Properties, plant and equipment	10	13,322	13,230	–	–
Subsidiaries	11	–	–	26,288	23,632
Goodwill	12	3,166	1,839	–	–
Intangible assets	13	3,891	5,003	–	–
Available-for-sale investments	14	944	534	–	–
Deferred tax assets	15	67	88	–	–
Interest in an associate	9	–	223	–	–
Total non-current assets		21,390	20,917	26,288	23,632
Total assets		145,165	141,657	26,335	23,632
LIABILITIES AND EQUITY					
Current liabilities					
Bank borrowings and overdrafts	16	31,272	30,312	–	–
Liabilities for trade bills discounted with recourse	17	5,042	5,015	–	–
Trade and other payables	18	27,737	23,012	12	76
Income tax payable		1,320	1,025	–	–
Total current liabilities		65,371	59,364	12	76
Non-current liabilities					
Bank borrowings	16	10,283	16,796	–	–
Deferred tax liabilities	15	290	234	–	–
Total non-current liabilities		10,573	17,030	–	–
Capital, reserves and non-controlling interests					
Share capital	20	11,625	11,625	11,625	11,625
Reserves		55,554	50,779	14,698	11,931
Equity attributable to owners of the Company		67,179	62,404	26,323	23,556
Non-controlling interests		2,042	2,859	–	–
Total equity		69,221	65,263	26,323	23,556
Total liabilities and equity		145,165	141,657	26,335	23,632

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended December 31, 2013

		Group	
	Note	2013	2012
		US$'000	US$'000
Revenue	22	166,441	157,670
Cost of sales		(116,233)	(114,559)
Gross profit		50,208	43,111
Other operating income and expenses	23	1,619	1,676
Distribution costs		(16,461)	(14,669)
Administrative expenses		(30,217)	(25,729)
Share of results of an associate	9	(226)	(163)
Finance costs	24	(1,657)	(1,348)
Profit before income tax		3,266	2,878
Income tax expense	25	(496)	(359)
Profit for the year	26	2,770	2,519
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		916	(611)
Share of exchange reserve of an associate	9	3	2
Other comprehensive income for the year, net of tax		919	(609)
Total comprehensive income for the year		3,689	1,910
Profit for the year attributable to:			
Owners of the Company		3,700	3,194
Non-controlling interests		(930)	(675)
		2,770	2,519
Total comprehensive income attributable to:			
Owners of the Company		4,506	2,596
Non-controlling interests		(817)	(686)
		3,689	1,910
Earnings per share (US cents)			
Basic	29	1.59	1.37
Diluted	29	1.55	1.33

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended December 31, 2013

	Note	Share capital	Share premium	Contributed surplus	Merger reserve [(a)]	Currency translation reserve	Legal reserves [(b)]	Capital reserve [(c)]	Warrant reserve	Share option reserve	Equity reserve [(d)]	Retained earnings	Attributable to owners of the Company	Non-controlling interests	Total
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
			Note 21(a)	Note 21(b)					Note 21(c)						
Group															
Balance at January 1, 2012		11,625	8,099	394	(4,112)	3,867	274	3,003	–	1,325	(37)	38,784	63,222	2,764	65,986
Total comprehensive (expense) income for the year:															
Profit for the year		–	–	–	–	–	–	–	–	–	–	3,194	3,194	(675)	2,519
Other comprehensive expense		–	–	–	–	(598)	–	–	–	–	–	–	(598)	(11)	(609)
		–	–	–	–	(598)	–	–	–	–	–	3,194	2,596	(686)	1,910
Transactions with owners, recognised directly in equity:															
Dividends paid	28	–	–	–	–	–	–	–	–	–	–	(1,848)	(1,848)	–	(1,848)
Share-based payment expenses	19	–	–	–	–	–	–	–	–	434	–	–	434	–	434
Acquisition of a non-wholly owned subsidiary	30	–	–	–	–	–	–	–	–	–	–	–	–	183	183
Effect of acquisition of non-controlling interests in subsidiaries		–	–	–	–	–	–	–	–	–	(2,000)	–	(2,000)	598	(1,402)
Transfer		–	–	–	–	–	214	–	–	–	–	(214)	–	–	–
		–	–	–	–	–	214	–	–	434	(2,000)	(2,062)	(3,414)	781	(2.633)
Balance at December 31, 2012		11,625	8,099	394	(4,112)	3,269	488	3,003	–	1,759	(2,037)	39,916	62,404	2,859	65,263
Total comprehensive income (expense) for the year:															
Profit for the year		–	–	–	–	–	–	–	–	–	–	3,700	3,700	(930)	2,770
Other comprehensive income		–	–	–	–	806	–	–	–	–	–	–	806	113	919
		–	–	–	–	806	–	–	–	–	–	3,700	4,506	(817)	3,689
Transactions with owners, recognised directly in equity:															
Share-based payment expenses	19	–	–	–	–	–	–	–	–	243	–	–	243	–	243
Placement of warrants	21	–	–	–	–	–	–	–	26	–	–	–	26	–	26
Transfer		–	–	–	–	–	47	–	–	–	–	(47)	–	–	–
		–	–	–	–	–	47	–	26	243	–	(47)	269	–	269
Balance at December 31, 2013		11,625	8,099	394	(4,112)	4,075	535	3,003	26	2,002	(2,037)	43,569	67,179	2,042	69,221

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

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

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

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

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2013

	Note	Share capital	Share premium	Contributed surplus	Share option reserve	Warrant reserve	Retained earnings	Total
		US$'000	US$'000 Note 21(a)	US$'000 Note 21(b)	US$'000	US$'000 Note 21(c)	US$'000	US$'000
Company								
Balance at January 1, 2012		11,625	8,099	394	1,325	–	2,124	23,567
Total comprehensive income for the year		–	–	–	–	–	1,403	1,403
Transactions with owners, recognised directly in equity:								
Dividends paid	28	–	–	–	–	–	(1,848)	(1,848)
Share-based payment expenses	19	–	–	–	434	–	–	434
		–	–	–	434	–	(1,848)	(1,414)
Balance at December 31, 2012		11,625	8,099	394	1,759	–	1,679	23,556
Total comprehensive income for the year		–	–	–	–	–	2,498	2,498
Transactions with owners, recognised directly in equity:								
Share-based payment expenses	19	–	–	–	243	–	–	243
Placement of warrants	21	–	–	–	–	26	–	26
		–	–	–	243	26	–	269
Balance at December 31, 2013		11,625	8,099	394	2,002	26	4,177	26,323

See accompanying notes to financial statements.

CONSOLIDATED CASH FLOW STATEMENT

Year ended December 31, 2013

	Group	
	2013	2012
	US$'000	US$'000
Operating activities		
Profit before income tax	3,266	2,878
Adjustments for:		
Depreciation of properties, plant and equipment	1,597	1,456
Interest income	(17)	(15)
Finance costs	1,657	1,348
Net (gain) loss on disposal of properties, plant and equipment	(8)	7
Allowance for doubtful debts	1,110	412
Amortisation of intangible assets	1,828	1,866
Share of results of an associate	226	163
Share-based payment expense	243	434
Impairment loss recognised in respect of goodwill	297	–
Gain on disposal of investments carried at fair value through profit or loss	–	(13)
Intangible assets written off	–	598
Operating cash flows before movements in working capital	10,199	9,134
Inventories	6,850	(1,123)
Trade and other receivables	(7,985)	(2,641)
Amount due from an associate	821	(2,012)
Trade and other payables	1,474	(6,191)
Trade bills discounted with recourse	27	3,749
Cash from operations	11,386	916
PRC Enterprise Income tax (paid) refunded	(22)	32
Hong Kong Profits tax refunded	–	4
Tax paid in other jurisdictions	(2)	(105)
Net cash from operating activities	11,362	847
Investing activities		
Acquisition of subsidiaries (Note 30)	(4,409)	(1,131)
Purchase of properties, plant and equipment	(1,256)	(503)
Product development costs paid	(589)	(1,335)
Acquisition of available-for-sale investments	(410)	–
Proceeds on disposal of properties, plant and equipment	95	13
Interest received	17	15
Repayment of non-controlling interests	–	(1,244)
Proceeds on disposal of investments carried at fair value through profit or loss	–	570
Net cash used in investing activities	(6,552)	(3,615)
Financing activities		
Repayment of bank borrowings	(94,691)	(103,440)
Interest paid	(1,657)	(1,348)
Proceeds from bank borrowings	88,069	119,386
Proceeds from placement of warrants	26	–
Dividends paid	–	(1,848)
Acquisition of non-controlling interests in subsidiaries	–	(1,402)
Net cash (used in) from financing activities	(8,253)	11,348
Net (decrease) increase in cash and cash equivalents	(3,443)	8,580
Cash and cash equivalents at beginning of the year	15,930	7,298
Effect of foreign exchange rate changes	148	52
Cash and cash equivalents at end of the year	12,635	15,930
Cash and cash equivalents comprised:		
Cash and bank balances (Note 6)	14,682	17,015
Bank overdrafts (Note 16)	(2,047)	(1,085)
	12,635	15,930

See accompanying notes to financial statements.

1 GENERAL

The Company (Registration No. 34778) was incorporated in Bermuda on January 26, 2004 under The Companies Act 1981 of Bermuda ("The Bermuda Companies Act") as an exempted company with limited liability and with its registered office at Canon's Court, 22 Victoria Street, Hamilton Hm12, Bermuda and its principal place of business at 6th Floor, Mita Center, 552-566, Castle Peak Road, Kwai Chung, Kowloon, Hong Kong. Its ultimate controlling shareholder is Mr. Lo Yat Keung who is the Chairman and chief executive of the Company. The Company is listed on both the Main Board of Singapore Exchange Securities Trading Limited ("SGX-ST") and on the Main Board of The Stock Exchange of Hong Kong Limited ("SEHK") since July 12, 2004 and December 21, 2011 respectively. The financial statements are expressed in United States dollars ("US$").

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

As at December 31, 2013, the Group's net current assets and total assets less current liabilities are amounted to US$58,404,000 (2012 : US$61,376,000) and US$79,794,000 (2012 : US$82,293,000) respectively.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2013 were authorised for issue by the Board of Directors on March 20, 2014.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with International Financial Reporting Standards ("IFRS").

In addition, the financial statements include applicable disclosures required by the Rule Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Hong Kong Companies Ordinance and the SGX-ST Listing Manual.

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

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

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

ADOPTION OF NEW AND REVISED STANDARDS - In the current financial year, the Group has adopted a number of the new and revised International Accounting Standards ("IAS"), IFRSs and amendments to IFRS issued by the International Accounting Standards Board and the Interpretations thereof issued by the International Financial Reporting Standards Interpretations Committee ("IFRS IC") that are relevant to its operations and effective for annual periods beginning on or after January 1, 2013.

The adoption of these new/revised IASs, IFRSs and amendments to IFRS does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below:

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to IAS 1 *Presentation of Items of Other Comprehensive Income* for the first time in the current year. The amendments introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments to IAS 1, the 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income'. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Impact of the application of IFRS 12

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries and associates. In general, the application of IFRS 12 has resulted in more extensive disclosures in the consolidated financial statements (please see Notes 9 and 11 for details).

At the date of authorisation of these financial statements, the following Standards and Interpretations that are relevant to the Group and the Company were issued but not effective:

IFRS 9	Financial Instruments[4]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[4]
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities[1]
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle[3]
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle[2]
IFRIC 21	Levies[1]

1 Effective for annual periods beginning on or after January 1, 2014, with earlier application permitted.
2 Effective for annual periods beginning on or after July 1, 2014, with earlier application permitted.
3 Effective for annual periods beginning on or after July 1, 2014, with limited exceptions.
4 Tentatively effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The management anticipates that the adoption of the above IASs, IFRSs and amendments to IFRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

IFRS 9 Financial Instruments

IFRS 9, issued in November 2009, introduces new requirements for the classification and measurement of financial assets. IFRS 9 was amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9 are described as follows:

- All recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are 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 reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that 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 recognition 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 of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

In the opinion of the directors, based on the Group's financial instruments as at December 31, 2013, the application of IFRS 9 will affect the classification and measurement of the available-for-sale investment 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. However, it is not practical to provide a reasonable estimate of the effect of IFRS 9 until a detailed review has been completed.

Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

The management does not anticipate that the application of these amendments to IAS 36 will have a significant impact on the Group's consolidated financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company:

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

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

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company losses control of the subsidiary. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

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.

In the Company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS - The restructuring of the Group in 2004 involved the merger of companies under common control and has been accounted for using the pooling of interest method whereby all assets and liabilities of the merged entities were aggregated and the difference between the aggregate share capital of the entities and the share capital of the holding company was recorded as a merger reserve.

Subsequent to the restructuring, any acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair values, 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;

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *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 reassessment, 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 fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 *Provisions, Contingent Liabilities and Contingent Asset*s, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

The policy described above is applied to all business combinations that take place on or after January 1, 2010.

GOODWILL - Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. Goodwill is not amortised, but is reviewed for impairment at least annually.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

For the purpose of impairment testing, goodwill is allocated to each of the Group's CGU expected to benefit from the synergies of the combination. CGU to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, 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. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On subsequent disposal of the relevant CGU, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

ASSOCIATES - An associate is an entity over which the Group has significant influence. 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 these consolidated financial statements 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.

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 consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets

The Group's financial assets are classified into loans and receivables and available-for-sale financial assets. 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. The accounting policies adopted in respect of each category of financial assets are set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including advances to subsidiaries, an associate, cash and bank balances, trade and other receivables and amounts due from subsidiaries) are carried at amortised cost using the effective interest method, less any identified impairment.

Interest income is recognised by applying the effective interest rate method, except for short-term receivables where the effect of discounting is immaterial.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are not classified as loans and receivables. 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 such investments are measured at cost less any identified impairment losses at the end of each reporting period.

Cash and cash equivalents in the statement of cash flows

Cash and cash equivalents in the statement of cash flows comprise cash on hand and bank overdrafts that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Impairment of financial assets

Financial assets 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 asset, the estimated future cash flows of the financial assets have been adversely affected.

For an available-for-sale equity instrument, 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.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, 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, observable changes in national or local economic conditions that correlate with default on receivables.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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.

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. 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 the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

Financial liabilities, including trade and other payables, advance from non-controlling interests, liabilities for trade bills discounted with recourse and bank borrowings, are subsequently measured at amortised cost, using the effective interest method.

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 issued by the Company or Group entities are initially measured at their fair value and subsequently measured at the higher of: (i) the amount of the obligation under the contract, as 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

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

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 and accumulated in equity is recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

OPERATING LEASES - Rentals payable under operating leases are recognised as expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PROPERTIES, PLANT AND EQUIPMENT - Properties, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

	Depreciation rates	Residual value
Leasehold buildings	2% to 4.5%	Nil to 10%
Furniture and fixtures	18% to 20%	Nil to 10%
Machinery and equipment	9% to 20%	Nil to 10%
Motor vehicles	18% to 20%	Nil to 10%

Fully depreciated assets still in use are retained in the financial statements.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An item of properties, 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 disposal or retirement of an item of properties, 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.

INTERNALLY GENERATED INTANGIBLE ASSETS - RESEARCH AND DEVELOPMENT EXPENDITURE - Expenditure on research activities is recognised as an expense in the period in which it is incurred. Costs incurred on development projects are recognised as intangible assets 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The amount initially recognised for development cost is the sum of the expenditure incurred from the date when the cost 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.

Development costs capitalised as intangible assets are amortised from the commencement of commercial production on a straight-line basis over their estimated useful lives, which normally does not exceed five years.

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

INTANGIBLE ASSETS ACQUIRED IN A BUSINESS COMBINATION - Intangible assets acquired in a business combination are recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

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

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL - At the end of each 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).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately to profit or loss.

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

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

SHARE-BASED PAYMENTS - The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. At the end of each reporting period, the Group revises its estimate of the number of shares expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

Fair value is measured using the Binomial Option Pricing Model. 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 behavioral considerations.

When the share options are lapsed after the vesting date, the amount previously recognised in share option reserve will be transferred to retained earnings.

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

Sale of goods

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

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

BORROWING COSTS - All other borrowing costs are recognised to profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as expenses when employees have rendered services entitling them to the contributions.

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed in Hong Kong. Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$25,000 for the MPF Scheme.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The employees of the Group's subsidiaries in Macau, the PRC, France, United Kingdom, United States of America and Singapore are members of state-managed retirement benefit schemes operated by the local governments. The Group is required to contribute a certain percentage of its payroll to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the 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 not taxable or tax deductible. The Group's current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and 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 the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and an associate, 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 is probable that there will be sufficient taxable profit against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on the tax rates (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 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 assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity, respectively. Where current and deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in United States dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at 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 retranslation of monetary items are included in profit or loss for the period. 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 differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income. For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States dollars using exchange rates prevailing at the end of the reporting period.

Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity (currency translation reserve). On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation accumulated in a separate component of equity shall be reclassified from equity to profit or loss (as a reclassification adjustment) when the gain or loss on disposal is recognised.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, 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.

Critical judgements in applying the Group's accounting policies

There are no critical judgements, apart from those involving estimations (see below), that the management has made in the process of applying the Group's accounting policies and that have significant effect on the amounts recognised in the financial statements.

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 and other receivables

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

In making the judgement, 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 and other 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$2,964,000 (2012 : US$2,129,000) is adequate. The carrying amount of trade and other receivables are disclosed in Note 7.

(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 and acquisition of subsidiaries. The carrying amount included in the Group's statement of financial position is US$3,891,000 (2012 : US$5,003,000) (Note 13). 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) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. During the year ended December 31, 2013, an impairment loss of US$297,000 (2012 : Nil) is recognised and information relating to the estimates used in assessing the carrying amounts of goodwill is set out on Note 12.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(d) 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 December 31, 2013 and 2012. The carrying amount of inventories is disclosed in Note 8.

(e) Impairment of available-for-sale investments

The Group's available-for-sale investments are stated at cost less impairment. When determining whether available-for-sale investments are impaired, the management estimated the future cash flow to be generated from individual available-for-sale investments and also assessed the use of appropriate discount rates. As at December 31, 2013, the carrying amount of available-for-sale investments is US$944,000 (2012 : US$534,000).

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2013	2012	2013	2012
	US$'000	US$'000	US$'000	US$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	92,065	85,972	11,271	10,891
Available-for-sale financial assets	944	534	–	–
Financial liabilities				
Liabilities at amortised cost	68,754	71,816	12	76

(b) Financial risk management policies and objectives

The Group's major financial instruments include available-for-sale investments, trade and other receivables, amounts due from (to) non-controlling interest/an associate, trade and other payables, liabilities for trade bills discounted with recourse and bank borrowings. Details of these financial instruments are disclosed in the respective notes to the financial statements. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate risk management measures are implemented on a timely and effective manner.

The Company's major financial instruments are receivables from subsidiaries, cash and bank balances and other payables. The management considers the risks associated with these financial instruments are minimal.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(c) Market risk

(i) *Foreign exchange risk*

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

For the Hong Kong group entities, as Hong Kong dollars is pegged to the United States dollars, the currency risk associated with United States dollars is considered minimal. The PRC and Europe entities do not have significant mismatch between the sales and expenses in Chinese Renminbi and Euro respectively. As a result, the major foreign currency giving rise to this foreign exchange risk is primarily Japanese Yen.

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

	Group			
	Assets		Liabilities	
	2013	2012	2013	2012
	US$'000	US$'000	US$'000	US$'000
Japanese Yen	608	1,405	18,152	15,343
United States dollars	64,945	56,096	6,435	9,780

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 before income tax for the year will increase (decrease) by:

	Note	2013	2012
		US$'000	US$'000
Japanese Yen impact	(i)	877	697
United States dollars impact	(ii)	(2,926)	(2,316)

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(c) Market risk (cont'd)

(i) *Foreign exchange risk* (cont'd)

If the relevant foreign currency strengthens by 5% against the functional currency of each Group entity, profit before income tax will (decrease) increase by:

	Note	2013	2012
		US$'000	US$'000
Japanese Yen impact	(i)	(877)	(697)
United States dollars impact	(ii)	2,926	2,316

Notes:

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

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

(ii) *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 United States dollars and Japanese Yen. 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 prime lending rates of the banks, the Euro-London Interbank Offered Rate ("LIBOR") or Swiss Franc-LIBOR.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the amount outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

Group

If interest rates on variable-rate bank borrowings had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended December 31, 2013 would decrease/increase by US$173,000 (2012 : decrease/increase by US$197,000).

Company

If interest rates on variable-rate advances to subsidiaries had been 50 basis points higher/lower and all other variables were held constant, the Company's profit for the year ended December 31, 2013 would increase/decrease by US$47,000 (2012 : increase/decrease by US$45,000).

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(d) Credit risk

At December 31, 2013 and 2012, the Group's maximum exposure to credit risk which will cause a financial loss to the Group if counterparties fail to discharge their obligations to the Group is the carrying amount of the respective recognised financial assets, grossed up for any allowances for impairment losses as stated in the consolidated statement of financial position.

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

Management considers the credit risk on liquid funds is limited 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 and other 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 government agencies 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 Company as disclosed in Note 32.

(e) Liquidity risk

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

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(e) Liquidity risk (cont'd)

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Carrying amount
		← Undiscounted cash flows		→		
	%	US$'000	US$'000	US$'000	US$'000	US$'000
Group						
2013						
Trade and other payables						
- Non-interest bearing	–	22,157	–	–	–	22,157
Liabilities for trade bills discounted with recourse						
- Non-interest bearing	–	5,042	–	–	–	5,042
Bank borrowings						
- Variable interest rates	4.04	31,369	7,892	3,418	(1,124)	41,555
		58,568	7,892	3,418	(1,124)	68,754
2012						
Trade and other payables						
- Non-interest bearing	–	19,693	–	–	–	19,693
Liabilities for trade bills discounted with recourse						
- Non-interest bearing	–	5,015	–	–	–	5,015
Bank borrowings						
- Variable interest rates	3.96	30,973	13,786	3,393	(1,044)	47,108
		55,681	13,786	3,393	(1,044)	71,816

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 December 31, 2013, aggregate undiscounted principal amounts of these bank loans amounted to US$558,000 (2012 : US$2,958,000). 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 schedule repayment date set out in the loan agreements. At that time, the aggregated principal and interest cash outflows will amount to US$579,000 (2012 : US$3,023,000).

Company

The Company has financial liability of US$12,000 (2012 : US$76,000) which is repayable on demand and interest free.

The Company provided corporate guarantees of US$96,545,000 (2012 : US$99,328,000) to certain banks as security for banking facilities granted to subsidiaries as at the end of the reporting period. The earliest period that the guarantees could be called is within one year (2012 : one year) from the end of the reporting period. Based on the expectation of the Company, the Company considers that it is more likely that no amount will be payable under this financial guarantee arrangement. 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.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(f) Fair values of financial assets and financial liabilities

The Group and the Company

In 2013 and 2012, there are no financial assets and financial liabilities carried at fair value.

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

(g) Capital risk management policies and objectives

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

The capital structure of the Group consists of debts comprising bank borrowings which are subjected to certain loan covenants and conditions as disclosed in Note 16, and equity attributable to owners of the Company, comprising issued share capital, retained earnings and other reserves as disclosed in the notes to financial statements.

Management reviews the capital structure on an on-going basis. As a part of this review, management considers the cost of capital and the risks associated with each class of capital, payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt. The Group is in compliance with the covenants from the relevant banks for 2013 and 2012.

5 RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances arising from related party transactions are unsecured, interest-free and repayable on demand unless otherwise stated.

Compensation of directors and key management personnel

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

	Group	
	2013	2012
	US$'000	US$'000
Short-term benefits	1,863	1,847
Post-employment benefits	224	134
Share-based payments	108	225
	2,195	2,206

6 CASH AND BANK BALANCES

	Group		Company	
	2013	2012	2013	2012
	US$'000	US$'000	US$'000	US$'000
Cash at bank	14,540	16,908	47	–
Cash on hand	142	107	–	–
	14,682	17,015	47	–

The carrying amounts of these assets approximate their fair values.

Cash and bank balances carry interest at an average rate of 0.37% (2012 : 0.32%) per annum.

The Group's cash and bank balances that are not denominated in the functional currencies of the respective entities are as follows:

	Group	
	2013	2012
	US$'000	US$'000
United States dollars	5,081	1,772
Japanese Yen	80	71
Euro	389	347
Swiss Franc	224	24

7 TRADE AND OTHER RECEIVABLES

	Group	
	2013	2012
	US$'000	US$'000
Trade receivables and bills receivables (Note a)	70,424	59,487
Less: Allowance for doubtful debts	(2,964)	(2,129)
	67,460	57,358
Trade bills receivable discounted with recourse (Note 17)	5,042	5,015
Prepayments (Note b)	3,250	2,482
Other receivables (Note c)	2,848	3,813
	78,600	68,668

Notes:

a) The average credit period on sale of goods ranges from 30 to 90 days (2012 : 30 to 90 days). No interest is charged on outstanding trade receivables during the year.

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

c) Deposits and other receivables mainly represent the other tax receivables and deposits paid to the suppliers.

7 TRADE AND OTHER RECEIVABLES (CONT'D)

The aging of trade receivables, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition date is as follows:

	Group	
	2013	2012
	US$'000	US$'000
Less than 90 days	45,584	37,032
91 to 120 days	6,208	4,035
121 to 365 days	9,534	10,904
1 to 2 years	4,877	4,349
Over 2 years	1,257	1,038
	67,460	57,358

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

Included in the Group's trade receivables balances are debtors with aggregate carrying amount of US$2,859,000 (2012 : US$3,536,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

The aging of bills receivable discounted with recourse, based on the invoice date, is less than 90 days (2012 : less than 90 days).

Aging of trade receivables which are past due but not impaired:

	Group	
	2013	2012
	US$'000	US$'000
91 to 120 days	62	358
121 to 365 days	603	1,289
1 to 2 years	1,790	1,276
Over 2 years	404	613
	2,859	3,536

Movement in the allowance for doubtful debts:

Balance at beginning of the year	2,129	1,764
Written off against trade receivables	(275)	(47)
Increase in allowance recognised in profit or loss for the year (Note 26)	1,110	412
Balance at end of the year	2,964	2,129

7 TRADE AND OTHER RECEIVABLES (CONT'D)

The Group's trade and other receivables that are not denominated in the functional currencies of the respective entities are as follows:

	Group	
	2013	2012
	US$'000	US$'000
United States dollars	59,864	54,324
Euro	1,530	1,266
Pound Sterling	734	–
Japanese Yen	528	1,334
Swiss Franc	366	684

8 INVENTORIES

	Group	
	2013	2012
	US$'000	US$'000
Raw materials	8,875	7,159
Work-in-progress	4,191	5,421
Finished goods	15,336	19,545
	28,402	32,125

9 ASSOCIATE

(A) Interest in an associate

In 2010, the Group had formed a strategic alliance with Shanghai Precision & Scientific Instrument Co. Ltd. ("SPSIC") for the manufacturing and distribution of analytical balance products in PRC. The Group and SPSIC incorporated Techcomp Jingke Trading (Shanghai) Co., Ltd ("Jingke Trading") which the Group and SPSIC had 49% and 51% equity interest respectively.

	Group	
	2013	2012
	US$'000	US$'000
Cost of unquoted equity investment	779	779
Share of post-acquisition results	(818)	(592)
Share of exchange translation reserves	39	36
	–	223

9 ASSOCIATE (CONT'D)

(A) Interest in an associate (cont'd)

Details of the Group's associate at December 31, 2013 and 2012 are as follows:

Name of associate	Country of incorporation and operation	Proportion of ownership interest held 2013	Proportion of ownership interest held 2012	Principal activity
		%	%	
Jingke Trading [1][2]	PRC	49	49	Trading of analytical and laboratory instruments

(1) Audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, PRC.

(2) Subsequent to the end of the reporting period, the Group entered into the contract with the majority shareholder of the associate to acquire the remaining interests of this associate. Details were disclosed in Note 34.

Summarised financial information of an associate that is not individually material

Summarised financial information in respect of Jingke Trading is set out below. The summarised financial information below represents amounts shown in the Jingke Trading's financial statements prepared in accordance with IFRSs.

Jingke Trading is accounted for using the equity method in these consolidated financial statements.

	2013	2012
	US$'000	US$'000
The Group's share of losses	226	163
The Group's share of other comprehensive income	3	2
Carrying amount of the Group's interest in Jingke Trading	–	223
Unrecognised share of loss of Jingke Trading for the year	58	–
Cumulative share of loss of Jingke Trading not recognised	58	–

(B) Amount due from an associate

At December 31, 2013 and 2012, the amount due from an associate was trade in nature, unsecured, interest-free and repayable within 90 days.

Significant related party transactions comprise the following transactions with an associate:

	Group 2013	Group 2012
	US$'000	US$'000
Sales of goods	1,862	4,358
Purchase of goods	9	4

10 PROPERTIES, PLANT AND EQUIPMENT

	Leasehold buildings	Furniture and fixtures	Machinery and equipment	Motor vehicles	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Cost:					
At January 1, 2012	11,171	2,506	4,004	860	18,541
Additions	11	202	203	87	503
Reclassification from inventory (Note)	–	–	1,400	–	1,400
Acquisition of a subsidiary (Note 30)	33	9	320	–	362
Disposals	–	(1)	(65)	–	(66)
Currency translation difference	151	25	66	9	251
At December 31, 2012	11,366	2,741	5,928	956	20,991
Additions	–	358	827	71	1,256
Acquisition of a subsidiary (Note 30)	60	69	83	–	212
Disposals	–	(1,094)	(499)	(91)	(1,684)
Currency translation difference	282	49	142	25	498
At December 31, 2013	11,708	2,123	6,481	961	21,273
Accumulated depreciation:					
At January 1, 2012	1,732	1,941	1,863	713	6,249
Depreciation	396	176	851	33	1,456
Eliminated on disposal	–	–	(46)	–	(46)
Currency translation difference	26	23	47	6	102
At December 31, 2012	2,154	2,140	2,715	752	7,761
Depreciation	428	243	908	18	1,597
Eliminated on disposal	–	(1,077)	(441)	(79)	(1,597)
Currency translation difference	70	31	70	19	190
At December 31, 2013	2,652	1,337	3,252	710	7,951
Carrying amount:					
At December 31, 2013	9,056	786	3,229	251	13,322
At December 31, 2012	9,212	601	3,213	204	13,230

Note: The amount represented the reclassification from inventory which was the finished goods for demonstrative purpose.

The Group has pledged its leasehold buildings with an aggregate carrying amount of approximately US$5,206,000 (2012 : US$5,245,000) to a bank to secure the banking facilities granted to the Group (Note 16).

11 SUBSIDIARIES

	Company 2013 US$'000	Company 2012 US$'000
Unquoted equity shares, at cost	7,273	7,273
Advances to subsidiaries (Note)	11,224	10,891
Deemed investment in subsidiaries arising from financial guarantees given to financial institutions who have granted credit facilities to the subsidiaries (Note 32(b))	7,791	5,468
	26,288	23,632

Note: Advances to subsidiaries are unsecured and bear interest at variable prevailing market rate per annum. The directors expect that these advances will not be repaid within one year, and accordingly, the advances are classified as non-current assets. Management is of the opinion that its carrying amount recorded approximates its fair value.

Details of the Company's subsidiaries at December 31, 2013 and 2012 are as follows:

Name of subsidiaries	Country of incorporation (or registration) and operation	Issued and fully paid share capital / registered capital	Proportion of ownership interest and voting power held 2013 %	2012 %	Principal activity
Held by the Company					
Richwell Hightech Systems Inc. (1)	British Virgin Islands	US$81	100	100	Investment holding
Techcomp Scientific Limited (1)	British Virgin Islands	US$50,000	100	100	Investment holding
Techcomp Instrument Limited (1)	British Virgin Islands	US$50,000	100	100	Investment holding
Regent Lite Pte Ltd (5)	Singapore	SGD1	100	100	Investment holding
Glory Union Investments Ltd (8)	Hong Kong	HK$10,000	100	100	Investment holding
Graceful Sky Investments Limited (8)	Hong Kong	HK$10,000	100	100	Investment holding
Sunny Time Investments Ltd (8)	Hong Kong	HK$10,000	100	100	Investment holding
Silver Grand Holdings Limited (8)	Hong Kong	HK$10,000	100	100	Investment holding
Techcomp Europe Limited (8)(9)	England & Wales	GBP1	100	–	Investment holding

11 SUBSIDIARIES (CONT'D)

Name of subsidiaries	Country of incorporation (or registration) and operation	Issued and fully paid share capital / registered capital	Proportion of ownership interest and voting power held 2013 %	2012 %	Principal activity
Held by Techcomp Scientific Limited					
Bestwit Consultants Ltd (1)	British Virgin Islands	US$1	100	100	Distributor and insurer of the Group's analytical and laboratory instruments
Bibby Scientific (Asia) Limited (2)	Hong Kong	HK$10,000	100	100	Trading of analytical and laboratory instruments
Dynamic (Asia) Limited (2)	Hong Kong	HK$10,000	100	100	Trading of analytical and laboratory instruments
Techcomp Limited (2)	Hong Kong	HK$10,000	100	100	Trading of analytical and laboratory instruments
Techcomp (China) Limited (3)	PRC - wholly foreign-owned enterprise	US$10,000,000	100	100	Trading of analytical and laboratory instruments
Techcomp (Guangzhou) Ltd. (4)	PRC - limited liability company	US$200,000	100	100	International entreport and commercial trade and exhibitions (within Free Trade Zone)
Techcomp (Macao Commercial Offshore) Limited (6)	Macau	MOP10,000,000	100	100	Trading of analytical and laboratory instruments
Techcomp (Shanghai) Ltd. (3)	PRC - wholly foreign-owned enterprise	US$200,000	100	100	International and entreport trade and commercial consulting service (within Free Trade Zone)
Techcomp (Singapore) Pte Ltd (5)	Singapore	SGD100,000	100	100	Trading of analytical and laboratory instruments
Techcomp (Tianjin) Ltd (3)	PRC - wholly foreign-owned enterprise	US$1,300,000	100	100	International trade, consultancy and sales of clinical analytical instruments and basic medical testing equipment
Tiande (Tianjin) Ltd (3)	PRC - limited liability company	US$200,000	100	100	Trading of analytical and laboratory instruments
Well All Consultants Ltd (1)	British Virgin Islands/PRC	US$1	100	100	Provision of installation and maintenance services

11 SUBSIDIARIES (CONT'D)

Name of subsidiaries	Country of incorporation (or registration) and operation	Issued and fully paid share capital / registered capital	Proportion of ownership interest and voting power held 2013 %	2012 %	Principal activity
Held by Techcomp Scientific Limited					
Techcomp India Pvt Ltd [8]	India	RUPEES500,000	100	100	Trading of analytical and laboratory instruments
Dynamica Scientific Ltd [8] (formerly known as Aura Scientific Ltd)	United Kingdom	GBP1	100	100	Trading of analytical and laboratory instruments
Held by Techcomp Instrument Limited					
Dynamica GmbH [7]	Austria	EURO200,000	100	100	Trading of analytical and laboratory instruments
Shanghai Techcomp Bio-equipment Limited [3]	PRC - wholly foreign-owned enterprise	US$2,000,000	100	100	Manufacturing of analytical and laboratory instruments
Shanghai Techcomp Instrument Ltd. [3]	PRC - wholly foreign-owned enterprise	US$3,350,000	100	100	Manufacturing of analytical and laboratory instruments
Cheetah Scientific Limited [8]	Hong Kong	HK$10,000	100	100	Inactive
Held by Richwell Hightech Systems Inc.					
Shanghai Sanco Instrument Co. Ltd [3]	PRC - Sino-foreign equity joint venture	US$350,000	81	81	Manufacturing and trading of analytical and laboratory
Held by Regent Lite Pte Ltd					
HCC SAS [7]	France	EURO2,300,000	100	100	Investment holding
Held by HCC SAS					
Frilabor SRL [7]	Romania	RON37,500	100	100	Manufacturing and trading of analytical and laboratory instruments
Froilabo SAS [7]	France	EURO1,000,000	100	100	Manufacturing and trading of analytical and laboratory instruments
Held by Froilabo SAS					
Craponne Tolerie SARL [7]	France	EURO75,000	100	100	Manufacturing of industrial metallurgy

11 SUBSIDIARIES (CONT'D)

Name of subsidiaries	Country of incorporation (or registration) and operation	Issued and fully paid share capital / registered capital	Proportion of ownership interest and voting power held 2013 %	2012 %	Principal activity
Held by Glory Union Investments Ltd					
Techcomp Jingke Scientific Instruments (Shanghai) Co. Ltd ("Jingke Scientific") (3)(11)	PRC - Sino-foreign equity joint venture	RMB40,000,000	51	51	Manufacturing of analytical and laboratory instruments
Held by Graceful Sky Investments Limited					
Precisa Gravimetrics AG (7)	Switzerland	CHF5,000,000	100	100	Manufacturing of analytical and laboratory instruments
Held by Precisa Gravimetrics AG					
Precisa Gmbh (8)(9)	Germany	EURO25,000	100	–	Trading of analytical and laboratory instruments
Held by Sunny Time Investments Ltd					
Precisa Real Estate AG (7)	Switzerland	CHF500,000	100	100	Property holding
Held by Silver Grand Holdings Limited					
IXRF Systems Inc. (7)	United States of America ("USA")	US$631,000	56	56	Manufacturing and trading of analytical and laboratory instruments
Techcomp-America LLC (8)(9)	USA	US$100	99	–	Investment holding
Held by Techcomp Europe Limited					
Edinburgh Instruments Limited (7)(10)	England & Wales	GBP10,000	100	–	Manufacturing and trading of analytical and laboratory instruments
Held by Techcomp-America LLC					
Techcomp-Latino S.A. de C.V (8)(9)	Mexico	PESO130,000	98	–	Inactive
Held by Dynamica Scientific Ltd					
Presica Limited (8)(10)	England & Wales	GBP1,000	100	–	Distribution of analytical and laboratory instruments

(1) Audited by Deloitte Touche Tohmatsu, Hong Kong for consolidation purpose only.*
(Not required to be audited in the country of incorporation).

(2) Audited by Deloitte Touche Tohmatsu, Hong Kong.

(3) Audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, PRC for consolidation purpose only.*

(4) Audited by Deloitte Touche Tohmatsu, Hong Kong.*

11 SUBSIDIARIES (CONT'D)

(5) Audited by Deloitte & Touche LLP, Singapore.

(6) Reviewed by Deloitte Touche Tohmatsu, Hong Kong for consolidation purpose and audited by Deloitte & Touche Tohmatsu, Macau for the statutory financial statements.

(7) Audited by other auditors.

(8) Not material to the results of the Group.

(9) Incorporated during the year.

(10) Acquired in 2013 (Note 30).

(11) Subsequent to the end of the reporting period, the Group entered into contract with the non-controlling interests to acquire the remaining interests of this subsidiary. Details were disclosed in Note 34.

* These are the auditors who conducted the audits for financial statements of the subsidiaries prepared under IFRS which are included in these financial statements. The statutory financial statements prepared under generally acceptable accounting principles in the PRC are not audited by Deloitte Touche Tohmatsu Certified Public Accountants Ltd., PRC nor Deloitte Touche Tohmatsu, Hong Kong.

Composition of the Group

Information about the composition of the Group at end of the reporting period as follows:

Principal activities	Principal place of business	Number of subsidiaries 2013	2012
Manufacturing and distribution of analytical and laboratory instruments	PRC (including Hong Kong and Macau	13#	13#
	Asia (other than PRC)	2	2
	Europe	9	6
	Others	1*	1*

\# there are two non wholly-owned subsidiaries in PRC
* there is a non wholly-owned subsidiary included in "others"

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

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

Change in the Group's ownership interests in subsidiaries

During the year ended December 31, 2013, there is no change in the Group's ownership in subsidiaries.

During the year ended December 31, 2012, the Group further acquired Precisa Gravimetrics AG and Richwell Hightech System Inc. with a consideration of US$267,000 and US$1,135,000. Both subsidiaries were wholly-owned subsidiaries after the further acquisition. An amount of US$598,000 (being the aggregated share of the carrying amount of net assets of these two subsidiaries) had been transferred from non-controlling interest. The difference between the decrease in the non-controlling interests and the consideration had been debited in the equity reserve.

12 GOODWILL

	Group	
	2013	2012
	US$'000	US$'000
Cost:		
At January 1	1,839	512
Addition (Note 30)	1,624	1,327
At December 31	3,463	1,839
Impairment:		
Impairment losses recognised for the year and balance at the end of the year	297	–
Carrying amount:		
At December 31	3,166	1,839

Goodwill acquired in a business combination is allocated, at acquisition, to a cash generating unit ("CGU") that is expected to benefit from that business combination. The carrying amount of goodwill of US$512,000 is allocated to the subsidiary group, Richwell Hightech Systems Inc, goodwill of US$1,327,000 is allocated to the subsidiary, IXRF Systems Inc and US$1,624,000 is allocated to the subsidiary, Edinburgh Instruments Limited.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. During the year ended December 31, 2013, the Group recognised an impairment loss of US$297,000 (2012 : Nil) in relation to goodwill arising from the CGU of IXRF Systems Inc as a result of a decline in anticipated future cash flows.

The recoverable amounts of the CGU are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period that cash flow forecasts are made. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the 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 as follows:

	Richwell Hightech System Inc		IXRF Systems Inc		Edinburgh Instrument Limited	
	2013	2012	2013	2012	2013	2012
Discount rate	8%	10%	10%	10%	16.89%	N/A
Growth rate	9%	10%	3.5%	3.5%	3% to 10%	N/A

As at the end of the reporting period, any reasonably possible change to key assumptions applied are not likely to cause the recoverable amount of Richwell Hightech Systems Inc's CGU and Edinburgh Instruments Limited to be below the carrying amount of goodwill.

13 INTANGIBLE ASSETS

	Development costs	Group Technical know–how	Total
	US$'000	US$'000	US$'000
Cost:			
At January 1, 2012	10,461	74	10,535
Additions	1,335	–	1,335
Written off	(711)	–	(711)
Currency translation difference	111	–	111
At December 31, 2012	11,196	74	11,270
Additions	589	–	589
Written off	(22)	–	(22)
Currency translation difference	259	–	259
At December 31, 2013	12,022	74	12,096
Amortisation:			
At January 1, 2012	4,402	74	4,476
Amortisation for the year	1,866	–	1,866
Written off	(113)	–	(113)
Currency translation difference	38	–	38
At December 31, 2012	6,193	74	6,267
Amortisation for the year	1,828	–	1,828
Written off	(22)	–	(22)
Currency translation difference	132	–	132
At December 31, 2013	8,131	74	8,205
Carrying amount:			
At December 31, 2013	3,891	–	3,891
At December 31, 2012	5,003	–	5,003

Intangible assets comprise development costs incurred for the manufacture of analytical instruments and payments made to acquire technical know-how. The development costs and technical know-how have finite useful lives and are amortised on a straight line basis over their estimated useful lives of 5 years and 3.75 years respectively. The average remaining uesful life of development costs is 2 years (2012: 3 years).

Amortisation of US$1,828,000 (2012 : US$1,866,000) has been included in administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

14 AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2013	2012
	US$'000	US$'000
At cost:		
Unquoted equity shares (Note)	450	40
Golf club membership	494	494
	944	534

Note: During the year ended December 31, 2013, the Group acquired 15% equity interest in a company, incorporated in Australia, at a cash consideration of approximately AUD398,000 (equivalent to US$410,000).

The above unquoted investment represents investments in unquoted equity shares issued by private entities incorporated in Germany and Australia that both are engaged in manufacture and trading of high technology products. Management is of the opinion that the fair value of these investments cannot be measured reliably because the range of reasonable fair value estimate is so significant. As a result, it is stated at cost less impairment.

Management is of the opinion that the carrying amount of the golf club membership recorded at cost approximates its fair value.

15 DEFERRED TAX ASSETS (LIABILITIES)

The following are the major deferred tax assets (liabilities) recognised by the Group and the movements thereon, during the current and prior year:

	Deferred development costs	Timing differences in tax depreciation	Tax losses	Total
	US$'000	US$'000	US$'000	US$'000
At January 1, 2012	(457)	97	208	(152)
Acquisition of a subsidiary (Note 30)	–	(17)	65	48
Credit (Charge) to profit or loss for the year (Note 25)	128	(34)	(136)	(42)
Currency translation difference	(1)	–	1	–
At December 31, 2012	(330)	46	138	(146)
Credit (Charge) to profit or loss for the year (Note 25)	53	13	(139)	(73)
Currency translation difference	(7)	2	1	(4)
At December 31, 2013	(284)	61	–	(223)

15 DEFERRED TAX ASSETS (LIABILITIES) (CONT'D)

The following is the analysis of the deferred tax balances:

	Group	
	2013	2012
	US$'000	US$'000
Deferred tax assets	67	88
Deferred tax liabilities	(290)	(234)
	(223)	(146)

Under the Enterprise Income Tax of the PRC, starting from January 1, 2008, all profits earned are subject to withholding tax upon the distribution of such profits to the shareholders. Deferred taxation has not been recognised in respect of the temporary differences attributable to the undistributable retained profits earned by the subsidiaries in Mainland China amounting to US$3,004,000 (2012 : US$3,538,000) as management is of the opinion that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

16 BANK BORROWINGS AND OVERDRAFTS

	Group	
	2013	2012
	US$'000	US$'000
Trust receipt loans	14,812	17,980
Other bank loans	21,047	24,046
Mortgage loan	3,649	3,997
Bank overdrafts	2,047	1,085
	41,555	47,108
Secured (Mortgage loan)	3,649	3,997
Unsecured	37,906	43,111
	41,555	47,108
Carrying value repayable*:		
On demand or within one year	30,715	27,354
Between one to two years	6,602	6,612
Between two to five years	535	6,916
Over five years	3,145	3,268
	40,997	44,150
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)	558	2,958
	41,555	47,108
Less: Amount due within one year shown under current liabilities	(31,272)	(30,312)
	10,283	16,796

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

16 BANK BORROWINGS AND OVERDRAFTS (CONT'D)

Carrying amount of bank loans that are not repayable within one year from the end of reporting period but contain a repayment on demand clause (shown under current liabilities) are repayable:

	2013	2012
	US$'000	US$'000
Within one to two years	558	2,400
Between two to five years	–	558
	558	2,958

The Group's borrowings that are not denominated in the functional currencies of the respective companies in the Group are as follows:

	Group	
	2013	2012
	US$'000	US$'000
Japanese Yen	8,290	7,967
United States dollars	4,730	7,076

The Group's variable-rate borrowings carry interest at various margins above the HIBOR and the Hong Kong prime lending rates of the banks. These interest rates are repriced every twelve months (2012 : twelve months). The average effective interest rates paid were as follows:

	Group	
	2013	2012
	%	%
Trust receipt loans	4.4	4.2
Other bank loans	3.9	4.1
Mortgage loan	1.9	1.7
Bank overdrafts	6.1	5.6

The Group has pledged its leasehold buildings with carrying value of US$5,206,000 (2012 : US$5,245,000) (Note 10) to a bank to secure the mortgage loan granted to the Group.

At the end of the reporting period, trust receipts loans and other bank loans are covered by corporate guarantees given by the Company, Techcomp Instrument Limited and Techcomp Scientific Limited, the wholly-owned subsidiaries of the Company.

Bank overdrafts are unsecured and repayable on demand.

17 LIABILITIES FOR TRADE BILLS DISCOUNTED WITH RECOURSE

The following were the Group's financial assets as at December 31, 2013 and 2012 that were transferred to banks by discounting those receivables on full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the receivables. These financial assets are carried at amortised cost in the Group's consolidated financial statements and associated liabilities have been recognised and included in liabilities for trade bills discounted with recourse.

	Bill receivables discounted to banks with full recourse	
	2013	2012
	US$'000	US$'000
Carrying amount of transferred assets	5,042	5,015
Carrying amount of associated liabilities	5,042	5,015
Net position	–	–

The above liabilities for trade bills discounted with recourse were within one year.

The Group's liabilities for trade bills discounted with recourse that are not denominated in the functional currencies of the respective companies in the Group are as follows:

	Group	
	2013	2012
	US$'000	US$'000
United States dollars	2,524	2,697

18 TRADE AND OTHER PAYABLES

	Group		Company	
	2013	2012	2013	2012
	US$'000	US$'000	US$'000	US$'000
Trade payables	16,092	15,651	–	–
Accruals	4,080	2,320	–	–
Customer deposits	4,741	2,426	–	–
Other payables	2,824	2,615	12	76
	27,737	23,012	12	76

18 TRADE AND OTHER PAYABLES (CONT'D)

The average credit period on purchases of goods ranges from 30 to 75 days (2012 : 30 to 75 days). No interest is charged on outstanding trade payables during the year. The aging of trade payables presented based on the invoice date at the end of reporting period, is as follows:

	Group	
	2013	2012
	US$'000	US$'000
Less than 60 days	12,225	11,149
61 to 180 days	2,359	2,870
181 to 365 days	688	1,161
Over 365 days	820	471
	16,092	15,651

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

The Group's trade and other payables that are not denominated in the functional currencies at the respective companies in the Group are as follows:

	Group	
	2013	2012
	US$'000	US$'000
Japanese Yen	9,862	7,376
United States dollars	1,705	2,704
Euro	327	280
British Pound	84	50
Swiss Franc	115	143

The Company's trade and other payables are denominated in its functional currency.

19 SHARE-BASED PAYMENT

Equity-settled share option scheme

The Company has two share option schemes, as follows:

Share Option Scheme I

On May 28, 2004, the Company adopted the Share Option Scheme ("2004 Share Option Scheme"). The purpose of the 2004 Share Option Scheme was a share incentive scheme and was established to recognise and acknowledge the contributions that the eligible participants have or may have made to the Company. The 2004 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 optimise their performance efficiency for the benefit of the Company.

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

19 SHARE-BASED PAYMENT (CONT'D)

The 2004 Share Option Scheme shall be in force up to a maximum period of 10 years from the date on which the 2004 Share Option Scheme was adopted and may be continued beyond the stipulated period with the approval of shareholders by way of ordinary resolution in a general meeting and of such relevant authorities which may then be required. The 2004 Share Option Scheme is administered by the Remuneration Committee.

The number of outstanding share options under the 2004 Share Option Scheme as at December 31, 2013 is 21,835,000 (December 31, 2012 : 21,835,000). No further option was granted under the 2004 Share Option Scheme upon the listing of the Company on the SEHK on December 21, 2011.

Share Option Scheme II

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

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

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

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

Where the options are granted to controlling shareholders and their associates,

a) the aggregate number of shares available to controlling shareholders and their associates shall not exceed 25% of the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2011 Share Option Scheme;

b) the aggregate number of shares available to each controlling shareholder or his associate shall not exceed 10% of the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2011 Share Option Scheme; and

c) the separate approval of independent shareholders is obtained for each participant in respect of his participation and the number of shares comprise in the options to be granted to him and the terms.

The number of shares comprised in any option to be offered to a participant in the 2011 Share Option Scheme shall be determined at the absolute discretion of the Remuneration Committee.

No options have been granted under the 2011 Share Option Scheme since its adoption date.

19 SHARE-BASED PAYMENT (CONT'D)

Particulars on share-based payment arrangements and the outstanding share options granted under the employee share option plan are as follows:

2004 Share Option Scheme

Grant date	Expiry date	Exercisable period	Share options granted at initial date ('000)	Exercise price	Fair value at grant date	Group and Company outstanding share options at January 1, 2012, December 31, 2012 and December 31, 2013
April 15, 2008	April 14, 2018	April 15, 2009 to April 14, 2018	825	S$0.26	S$0.14 (1) S$0.11 (2)	750,000
March 2, 2009	March 1, 2019	March 2, 2010 to March 1, 2019 (Note)	3,855	S$0.16	S$0.11 (1) S$0.10 (2)	3,810,000
May 22, 2009	May 21, 2019	May 22, 2010 to May 21, 2019 (Note)	150	S$0.16	S$0.11 (1) S$0.10 (2)	150,000
January 11, 2010	January 10, 2020	January 11, 2011 to January 10, 2020 (Note)	10,500	S$0.23	S$0.16 (1) (2)	10,350,000
January 6, 2011	January 5, 2021	January 6, 2012 to January 5, 2021 (Note)	6,800	S$0.42	S$0.19 (1) S$0.18 (2)	6,775,000
Total						21,835,000

(1) Senior management
(2) General management

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.

No share options was granted/exercised/lapsed during the year ended December 31, 2013 and December 31, 2012. The Group recognised total expenses of US$243,000 (2012 : US$434,000) related to equity-settled share-based payment during the year ended December 31, 2013.

The number of share options exercisable at the end of the year amounted to 17,092,500 (2012 : 9,847,500). The weighted average exercised price at the end of the year is S$0.24 (2012 : S$0.24).

The options outstanding at the end of the year have a weighted average remaining contractual life of approximately 6 years (2012 : 7 years).

20 SHARE CAPITAL

	Group and Company			
	2013	2012	2013	2012
	Number of ordinary shares of US$0.05 each		US$'000	US$'000
Authorised:	800,000,000	800,000,000	40,000	40,000
Issued and paid up:				
At beginning and end of the year	232,500,000	232,500,000	11,625	11,625

The Company has one class of ordinary shares which carry one vote per share and no right to fixed income. There were no changes in the Company's authorised, issued and fully paid share capital in both years.

21 RESERVES

		Group and Company
		US$'000
(a)	Share premium:	
	Balances at January 1, 2012, December 31, 2012 and December 31, 2013	8,099

The Bermuda 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 Bermuda Companies Act relating to a reduction of share capital shall, except as provided in Section 40 of The Bermuda Companies Act, apply as if the share premium account were paid up share capital for the Company. The share premium account may be applied by the Company in paying for issue of bonus shares, paying for expenses on issue of shares or debentures of the Company and paying premium on redemption of shares and debentures of the Company.

		Group and Company
		US$'000
(b)	Contributed surplus:	
	Balances at January 1, 2012, December 31, 2012 and December 31, 2013	394

In accordance with Section 40 of The Bermuda Companies Act, the excess value of shares acquired over the nominal value of shares issued in an exchange of shares in a past restructuring of the Group is recorded in the contributed surplus account. The contributed surplus can be distributed if the realisable value of the Company's assets exceeds the aggregate of liabilities, issued capital and share premium and the Company is able to pay liabilities as and when they fall due, after distribution of the contributed surplus as set out in Section 54 of The Bermuda Companies Act.

		Group and Company
		US$'000
(c)	Warrant reserve:	
	Net proceeds from issue of warrants during the year and the balance at December 31, 2013	26

21 RESERVES (CONT'D)

(c) (Cont'd)

On October 2, 2013, the Group placed 46,500,000 warrants to not less than six placees, who were not connected with the Group, at the placing price of HK$0.01 per warrant. Any additional proceeds from the issue of the warrant shares upon the exercise of the subscription rights attaching to the warrants in the future up to a maximum amount of approximately HK$139,500,000 (equivalent to US$17,885,000) at the subscription price of HK$3.00 (equivalent to US$0.38) per warrant will also be applied as the general working capital and as funds for future development of the Group.

During the year, no warrants were exercised. The proceeds from warrants placing of HK$203,000 (equivalent to US$26,000), net of warrant placing expense of HK$262,000 (equivalent to US$34,000), were recorded as a component of shareholders' equity in warrant reserve.

Subsequent to the end of the reporting period, no warrants were exercised and all the warrants will be expired on October 1, 2014.

22 REVENUE

	Group	
	2013	**2012**
	US$'000	**US$'000**
Sale of analytical instruments, life science equipment and laboratory instruments	166,441	157,670

23 OTHER OPERATING INCOME AND EXPENSES

	Group	
	2013	**2012**
	US$'000	**US$'000**
Other operating expenses		
Impairment loss recognised in respect of goodwill	297	–
Net loss on disposal of properties, plant and equipment	–	7
	297	7
Other operating income		
Foreign exchange gain, net	1,428	1,217
Interest income on bank deposits	17	15
Net gain on disposal of properties, plant and equipment	8	–
Gain on disposal of investments carried at fair value through profit or loss	–	13
Sundry income	463	438
	1,916	1,683
Other operating income, net	1,619	1,676

24 FINANCE COSTS

	Group 2013 US$'000	Group 2012 US$'000
Interest on bank borrowings:		
- wholly repayable within five years	1,590	1,289
- not wholly repayable within five years	67	59
	1,657	1,348

25 INCOME TAX EXPENSE

	Group 2013 US$'000	Group 2012 US$'000
Current tax:		
- PRC Enterprise Income Tax	13	30
- Others	417	288
	430	318
(Over) underprovision of current tax in prior years:		
- Hong Kong Profits Tax	–	(2)
- PRC Enterprise Income Tax	1	1
- Others	(8)	–
	(7)	(1)
Deferred tax (Note 15)	73	42
	496	359

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

Hong Kong and Singapore income tax are calculated at 16.5% and 17% of the estimated assessable profit for the year respectively. No provision for Hong Kong Profits Tax is made for the current and prior year as the Group does not have any assessable profit arising from Hong Kong for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

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

25 INCOME TAX EXPENSE (CONT'D)

The total charge for the year can be reconciled to the accounting profit as follows:

	Group 2013	Group 2012
	US$'000	US$'000
Profit before income tax	3,266	2,878
Income tax credit at the statutory tax rates of relevant jurisdictions	1,023	816
Non-deductible items	(12)	(78)
Overprovision in prior year	7	1
Deferred tax benefit not recognised	(1,500)	(1,059)
Others	(14)	(39)
Total income tax expense	(496)	(359)

Tax losses available for offsetting against future taxable income are as follows:

	Group 2013	Group 2012
	US$'000	US$'000
Amount at beginning of the year	10,920	5,286
Amount arised in the current year	8,173	7,404
Amount expired in the current year	(1,381)	(1,770)
Amount at end of the year	17,712	10,920

At the end of the reporting period, the Group has unutilised tax losses of US$17,712,000 (2012 : US$10,920,000) available for offsetting against future periods. At December 31, 2012, a deferred tax asset of US$138,000 (2013 : nil) was recognised for unutilised tax losses of US$492,000 (2013 : nil) for a subsidiary due to realisable future profit streams. No deferred tax asset has been recognised for the remaining unutilised tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of US$2,913,000 (2012 : US$2,331,000) which will expire over the period from 2014 to 2018 (2012 : 2013 to 2017) and US$6,263,000 (2012 : US$3,583,000) which will expire over the period from 2014 to 2021 (2012 : 2013 to 2020). Other losses can be carried forward indefinitely.

26 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Group	
	2013	2012
	US$'000	US$'000
Directors' remuneration	654	722
Employee benefits expense	16,048	14,272
Share based payments (excluding directors)	193	321
Cost of defined contribution plans included in employee benefits expense	2,880	2,423
	19,775	17,738
Costs of inventories recognised as expense	116,233	114,559
Amortisation of intangible assets (1)	1,828	1,866
Depreciation of properties, plant and equipment	1,597	1,456
Net foreign exchange gain	(1,428)	(1,217)
Net (gain) loss on disposal of properties, plant and equipment	(8)	7
Auditors' remuneration paid to:		
- Auditors of the Company	74	75
- Other auditors	371	361
Non-audit fees paid to:		
- Auditors of the Company	5	5
- Other auditors	33	33
Research costs recognised as an expense	1,952	1,022
Impairment loss recognised in respect of goodwill	297	–
Intangible assets written off	–	598
Allowance for doubtful debts	1,110	412
Gain on disposal of investments carried at fair value through profit or loss (2)	–	(13)

(1) This is included in administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

(2) During the year ended December 31, 2012, the Group disposed the investment at a cash consideration of US$570,000 (2013 : nil).

27 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Details of the emoluments paid to the directors and chief executive of the Company for the year ended December 31, 2013 and 2012 are as follows:

	Group	
	2013	2012
	US$'000	US$'000
Directors' emoluments		
- directors' fee	153	129
- basic salaries and allowances	392	385
- bonus	45	81
- share-based payments	50	113
- contributions to retirement benefits scheme	14	14
	654	722

Details of emoluments paid by the Group to the directors and chief executive of the Company are as follows:

	Lo Yat Keung	Chan Wai Shing	Xu Guoping	Ho Yew Yuen	Seah Kok Khong	Teng Cheong Kwee	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2013							
Director fee	–	–	–	55	49	49	153
Basic salaries and allowances	167	110	115	–	–	–	392
Bonus (Note)	19	13	13	–	–	–	45
Share based payments	–	25	25	–	–	–	50
Contributions to retirement benefit scheme	2	12	–	–	–	–	14
	188	160	153	55	49	49	654
2012							
Director fee	–	–	–	45	42	42	129
Basic salaries and allowances	167	110	110	–	–	–	387
Bonus (Note)	35	23	23	–	–	–	81
Share based payments	–	56	56	–	–	–	112
Contributions to retirement benefit scheme	1	12	–	–	–	–	13
	203	201	189	45	42	42	722

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

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

27 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (CONT'D)

The five highest paid individuals include one (2012 : three) directors of the Company for the year ended December 31, 2013, details of whose emoluments are disclosed above. The emoluments of four (2012: two) highest paid individuals during the year as follows:

	Group	
	2013	2012
	US$'000	US$'000
Employees		
- basic salaries and allowances	646	394
- bonus	69	49
- share-based payments	25	32
- contributions to retirement benefits scheme	152	65
	892	540

The emoluments of the four (2012 : two) highest paid employees above were within following bands:

	2013	2012
	Number of individuals	
HK$1,000,001 to HK$1,500,000 (equivalent to US$128,816 to US$192,308)	2	–
HK$1,500,001 to HK$2,000,000 (equivalent to US$192,308 to US$256,410)	1	1
HK$2,500,001 to HK$3,000,000 (equivalent to US$322,165 to US$386,598)	1	1

During the year ended December 31, 2013 and 2012, no emoluments were paid by the Group to directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors have waived any emoluments during both years.

28 DIVIDENDS

In 2012, the Company declared and paid a final dividend of HK$0.062 (US$0.0079) per ordinary share totalling US$1,848,000 out of accumulated profits in respect of the financial year ended December 31, 2011.

In respect of year ended December 31, 2013 and December 31, 2012, no dividend is proposed by the directors of the Company.

29 EARNINGS PER SHARE

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

	Group	
	2013	2012
	US$'000	US$'000
Profit for the year attributable to owners of the Company	3,700	3,194
	Number of shares	
	'000	
Number of ordinary shares for the purpose of basic earnings per share	232,500	232,500

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

	Group	
	2013	2012
	US$'000	US$'000
Profit for the year attributable to owners of the Company	3,700	3,194
	Number of shares	
	'000	
Number of ordinary shares for the purpose of basic earnings per share	232,500	232,500
Add: Effect of dilutive potential ordinary shares relating to outstanding share options issued by the Company	6,319	6,907
Weighted average number of ordinary shares for the purpose of diluted earnings per share	238,819	239,407

The calculation of diluted earnings per share takes into account on the effects of employee share options outstanding up to the end of the reporting period.

The calculation of diluted earnings per share for the year ended December 31, 2013 does not assume the exercise of the outstanding warrants of the Company because the exercise price of the warrants is higher than the average market price of the Company for the year ended December 31, 2013.

30 ACQUISITION OF SUBSIDIARIES

(a) In February 2013, the Group entered into a sale and purchase agreement for the acquisition of 100% of the issued capital of Edinburgh Instruments Limited at a total purchase consideration of approximately US$4,860,000.

Consideration transferred

	2013
	US$'000
Cash	4,860

Acquisition-related costs have been excluded from the consideration transferred. The costs were insignificant and have been recognised as an expense in the period within the administrative expenses in consolidated statement of profit or loss and other comprehensive income.

Assets acquired and liabilities assumed at the date of acquisition

	2013
	US$'000
Properties, plant and equipment	212
Inventories	2,398
Trade and other receivables	2,284
Cash and bank balances	627
Trade and other payables	(2,285)
Net assets acquired and liabilities assumed	3,236

The fair value of assets acquired and liabilities assumed approximated the gross contractual amounts.

Goodwill arising on acquisition

	2013
	US$'000
Consideration transferred	4,860
Net asset acquired and liabilities assumed	(3,236)
Goodwill arising on acquisition of a subsidiary	1,624

Goodwill of US$1,624,000 was recognised in the acquisition as the purchase consideration exceeds fair value of the net assets acquired and liabilities assumed.

Goodwill arose in the acquisition of Edinburgh Instruments Limited because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth and future market development. These benefits are not recognised separately from goodwill because they do not meet recognition criteria for identifiable intangible assets.

30 ACQUISITION OF SUBSIDIARIES (CONT'D)

(a) (cont'd)

None of the goodwill arising on this acquisition is expected to be deductible for tax purpose.

Net cash outflow on acquisition

	2013
	US$'000
Cash consideration	4,860
Cash and bank balances acquired	(627)
Net cash outflow from acquisition of a subsidiary	4,233

Impact of acquisition on the results of the Group

In 2013, Edinburgh Instruments Limited contributed US$11,911,000 to revenue and profit of US$1,107,000 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 January 1, 2013, total Group revenue for the year would have been US$168,608,000 and the profit for the year would have been US$3,171,000.

(b) In January 2013, the Group entered into a sale and purchase agreement for the acquisition of 100% of the issued capital of Precisa Scientific Limited at a total purchase consideration of approximately US$279,000.

Consideration transferred

	2013
	US$'000
Cash	279

Acquisition-related costs have been excluded from the consideration transferred. The costs were insignificant and have been recognised as an expense in the period within the administrative expenses in consolidated statement of profit or loss and other comprehensive income.

Assets acquired and liabilities assumed at the date of acquisition

	2013
	US$'000
Inventories	39
Trade and other receivables	137
Cash and bank balances	103
Shareholder's loan	(247)
Debt assignment	247
Net assets acquired and liabilities assumed	279

The fair value of assets acquired and liabilities assumed approximated the gross contractual amounts.

No goodwill was recognised in the acquisition as the purchase consideration appropriately equal to fair value of the net assets acquired and liabilities assumed.

30 ACQUISITION OF SUBSIDIARIES (CONT'D)

(b) (cont'd)

Net cash outflow on acquisition

	2013
	US$'000
Cash consideration	279
Cash and bank balances acquired	(103)
Net cash outflow from acquisition of a subsidiary	176

Impact of acquisition on the results of the Group

In 2013, Precisa Scientific Limited contributed US$578,000 to revenue and loss of US$16,000 to the Group's profit before tax for the period between the date of acquisition and the end of the reporting period.

No material impact for the Group's revenue and profit for the year if the acquisition had been completed on January 1, 2013 because the acquisition is completed in January 2013.

(c) In March 2012, the Group entered into a sale and purchase agreement for the acquisition of 56% of the issued capital of IXRF Systems Inc. at a total purchase consideration of approximately US$1,560,000.

Consideration transferred

	2012
	US$'000
Cash	1,560

Acquisition-related costs have been excluded from the consideration transferred. The costs were insignificant and have been recognised as an expense in the period within the administrative expenses in consolidated statement of profit or loss and other comprehensive income.

Assets acquired and liabilities assumed at the date of acquisition

	2012
	US$'000
Properties, plant and equipment	362
Deferred tax asset	48
Inventories	95
Trade and other receivables	202
Cash and bank balances	429
Trade and other payables	(506)
Tax payables	(64)
Bank borrowings	(150)
Net assets acquired and liabilities assumed	416

The fair value of assets acquired and liabilities assumed approximated the gross contractual amounts.

The non-controlling interest (44%) in IXRF Systems Inc. recognised at the acquisition date was measured at the share of the fair value of the identifiable net assets acquired and amounted to US$183,000.

30 ACQUISITION OF SUBSIDIARIES (CONT'D)

(c) (cont'd)

Goodwill of US$1,327,000 was recognised in the acquisition as the purchase consideration exceeds fair value of the net assets acquired and liabilities assumed.

Net cash outflow on acquisition

	2012
	US$'000
Cash consideration	1,560
Cash and bank balances acquired	(429)
Net cash outflow from acquisition of a subsidiary	1,131

Impact of acquisition on the results of the Group

In 2012, IXRF Systems Inc. contributed US$3,677,000 to revenue and profit of US$51,000 to the Group's profit before tax for the period between the date of acquisition and year ended December 31, 2012.

If the acquisition had been completed on January 1, 2012, total Group revenue for the year would have been US$158,285,000 and the profit for 2012 would have been US$2,182,000.

31 OPERATING LEASE ARRANGEMENTS

The Group as lessee

	Group	
	2013	2012
	US$'000	US$'000
Minimum lease payments under operating leases recognised as an expense in the year	2,042	1,578

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

	Group	
	2013	2012
	US$'000	US$'000
Within one year	1,480	1,681
In the second to fifth year inclusive	4,102	4,863
After five years	647	860
	6,229	7,404

Operating lease payments represent rentals payable by the Group for certain of its factories and office spaces. Leases are negotiated for and rentals are fixed for a term ranging from 1 to 8 years (2012 : 1 to 8 years).

Company

At the end of the reporting period, the Company has no lease commitments.

32 CONTINGENT LIABILITIES

(a) Group

At December 31, 2013 and 2012, the Group has no contingent liabilities.

(b) Company

The Company provided corporate guarantees of US$96,545,000 (2012 : US$99,328,000) to certain banks as security for banking facilities granted to its subsidiaries as at year end. For the purpose of determining the deemed investment in subsidiaries relating to these corporate guarantees (Note 11) 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.

33 SEGMENT INFORMATION

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

Products and services from which reportable segments derive their revenues

For management purposes, the Group is organised into two operating divisions - distribution and manufacturing. These are also the divisions that the Group's chief operating decision maker focused on for the purposes of resource allocation and assessment of segment performance.

Principal activities of each reportable operating segment are as follows:

Distribution - distribution of analytical and laboratory instruments and life science equipment; and

Manufacturing - the design and manufacture and sales of analytical and laboratory instruments and life science equipment.

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

Segment revenues and results

	Distribution	Manufacturing	Total
	US$'000	US$'000	US$'000
2013			
Revenue	111,900	54,541	166,441
Results			
Segment result	3,093	399	3,492
Unallocated results			(226)
Profit before income tax			3,266
Income tax expense			(496)
Profit for the year			2,770

33 SEGMENT INFORMATION (CONT'D)

Segment revenues and results (cont'd)

	Distribution	Manufacturing	Total
	US$'000	US$'000	US$'000
2012			
Revenue	110,873	46,797	157,670
Results			
Segment result	1,137	1,890	3,027
Unallocated results			(149)
Profit before income tax			2,878
Income tax expense			(359)
Profit for the year			2,519

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment without allocation of share of result of associate, gain on disposal of investments carried at fair value through profit or loss and income tax expense. There are no reconciling items for revenue. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets, liabilities and other information

	Distribution	Manufacturing	Total
	US$'000	US$'000	US$'000
2013			
ASSETS			
Segment assets	89,640	52,423	142,063
Unallocated assets			3,102
Consolidated assets			145,165
LIABILITIES			
Segment liabilities	58,981	15,353	74,334
Unallocated liabilities			1,610
Consolidated total liabilities			75,944
OTHER INFORMATION			
Capital expenditure	136	1,921	2,057
Depreciation and amortisation	70	3,355	3,425
Finance costs	1,565	92	1,657
Interest income	(8)	(9)	(17)

33 SEGMENT INFORMATION (CONT'D)

Segment assets, liabilities and other information (cont'd)

	Distribution	Manufacturing	Total
	US$'000	US$'000	US$'000
2012			
ASSETS			
Segment assets	89,625	48,256	137,881
Unallocated assets			3,776
Consolidated assets			141,657
LIABILITIES			
Segment liabilities	61,071	14,065	75,136
Unallocated liabilities			1,258
Consolidated total liabilities			76,394
OTHER INFORMATION			
Capital expenditure	571	1,629	2,200
Depreciation and amortisation	129	3,193	3,322
Finance costs	1,316	32	1,348
Interest income	(5)	(10)	(15)

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible and financial assets attributable to each segment.

All assets are allocated to reportable segments other than interest in and amount due from an associate (Note 9), available-for-sale investments (Note 14), deferred tax assets (Note 15) and income tax recoverable. Goodwill has been allocated to reportable segment based on the subsidiary's operating division which is the manufacturing division of Richwell Hightech Systems Inc and IXRF Systems Inc. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

All liabilities are allocated to reportable segments other than income tax payable and deferred tax liabilities (Note 15).

Revenue from major products

There is no information of revenue from major products because in the opinion of the directors, the cost to develop such information is excessive. There are a wide range of products that the Group is selling.

33 SEGMENT INFORMATION (CONT'D)

Geographical information

The Group operates principally in People's Republic of China ("PRC"), Asia (other than PRC) and Europe.

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

	Group	
	2013	2012
	US$'000	US$'000
PRC (including Hong Kong and Macau)	122,460	123,949
Asia (other than PRC)	12,766	16,537
Europe	26,532	13,217
Others (1)	4,683	3,967
Total	166,441	157,670

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

The Group's information about its segment assets (non-current assets excluding available-for-sale investments and deferred tax asset) by geographical location, based on location of assets are detailed below:

	Group	
	2013	2012
	US$'000	US$'000
PRC (including Hong Kong and Macau)	9,890	10,017
Europe	9,103	8,017
USA	1,346	2,211
Others (2)	40	50
Total	20,379	20,295

(2) The geographic segment classified as "Others" include Singapore, India and Austria.

Information about major customers

There is no single external customer contributing over 10% of the total sales of the Group for 2013 and 2012.

34 EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period, the Group entered into a sale and purchase agreement with the other shareholder of Jingke Scientific and Jingke Trading to acquire remaining equity interests of 49% and 51% respectively in these companies at a cash consideration of RMB13,313,000 (equivalent to US$2,130,000). After the acquisition, both companies will become the wholly-owned subsidiaries of the Group. At the date of approval of the report, the acquisition is not yet completed.

FINANCIAL SUMMARY

	Year ended 31 December				
	2009	2010	2011	2012	2013
	US$'000	US$'000	US$'000	US$'000	US$'000
RESULTS					
Revenue	104,781	127,090	154,102	157,670	166,441
Profit before taxation	7,829	10,800	8,634	2,878	3,266
Income tax expense	(345)	(585)	(356)	(359)	(496)
Profit for the year	7,484	10,215	8,278	2,519	2,770
Non-controlling interests	(114)	289	121	675	930
Profit for the year attributable to owners of the Company	7,370	10,504	8,399	3,194	3,700
ASSETS AND LIABILITIES					
Total assets	81,818	107,408	127,929	141,657	145,165
Total liabilities	(35,931)	(49,877)	(61,943)	(76,394)	(75,944)
Total equity	45,887	57,531	65,986	65,263	69,221

STATISTICS OF SHAREHOLDINGS

March 10, 2014

Issued and fully paid-up	-	US$11,625,000
Class of shares	-	Ordinary shares of US$0.05 each
Voting rights	-	On a show of hands: 1 vote for each shareholder
	-	On a poll: 1 vote for each ordinary share

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	35	5.85	15,550	0.01
1,000 - 10,000	270	45.15	1,200,450	0.52
10,001 - 1,000,000	285	47.66	16,405,250	7.05
1,000,001 and above	8	1.34	214,878,750	92.42
	598	100.00	232,500,000	100.00

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	HKSCC Nominees Limited	136,077,500	58.53
2	Lo Yat Keung	41,833,500	17.99
3	HSBC (Singapore) Nominees Pte Ltd	12,103,000	5.21
4	Xu Guo Ping	9,870,000	4.25
5	Yung Yat	7,500,000	3.23
6	DBS Vickers Securities (S) Pte Ltd	5,469,750	2.35
7	Morgan Stanley Asia (S) Securities Pte Ltd	2,025,000	0.87
8	Wang Meng	750,000	0.32
9	Raffles Nominees (Pte) Ltd	569,000	0.24
10	Jonathan Chadwick	500,000	0.22
11	Seow Ho Peng	450,000	0.19
12	DBS Nominees Pte Ltd	434,000	0.19
13	Chan Wai Shing	420,000	0.18
14	Ang Kok Kiong	302,000	0.13
15	Beng Hui Holding (S) Pte Ltd	300,000	0.13
16	Citibank Consumer Nominee Pte Ltd	300,000	0.13
17	Ho Yew Yuen	300,000	0.13
18	Ong Fook Thim	232,500	0.10
19	Citiport Credit Co-Operative Limited	225,000	0.10
20	Lim Geck Chin Mavis	225,000	0.10
		219,886,250	94.59

Shareholdings Held in Hands of Public

Based on information available to the Company as at March 10, 2014, 27.94% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

STATISTICS OF SHAREHOLDINGS

March 10, 2014

Unlisted Warrantholdings Statistics as at March 10, 2014

Size of Warrantholdings	No. of Warrantholders	%	No. of Warrants	%
1 - 999	0	0.00	0	0.00
1,000 - 10,000	0	0.00	0	0.00
10,001 - 1,000,000	15	78.95	15,000,000	32.26
1,000,001 and above	4	21.05	31,500,000	67.74
	19	100.00	46,500,000	100.00

TOP 19 UNLISTED WARRANTHOLDERS

No.	Name of Warrantholder	No. of Warrants	%
1	Zhang Hai Yan	15,000,000	32.26
2	Zhang Chengshuang	10,000,000	21.51
3	Francis Lee Fook Wah	4,500,000	9.68
4	Khoo Han Seong Victor	2,000,000	4.30
5	Ho Yui Pok Eleutherius	1,000,000	2.15
6	Chau Kwok Keung	1,000,000	2.15
7	Wang Lili	1,000,000	2.15
8	Luo Xiao Hui	1,000,000	2.15
9	Xu Ying	1,000,000	2.15
10	Gui Qiying	1,000,000	2.15
11	Hon Fung	1,000,000	2.15
12	Zhou Wen Yu	1,000,000	2.15
13	Cheng Pak To	1,000,000	2.15
14	Lee Chris Curl	1,000,000	2.15
15	Huang Shuping	1,000,000	2.15
16	Liu Zhiquan	1,000,000	2.15
17	Yao Jie	1,000,000	2.15
18	Tian Wei Qing	1,000,000	2.15
19	Tian Wen Kai	1,000,000	2.15
		46,500,000	100.00

STATISTICS OF SHAREHOLDINGS
March 10, 2014

SUBSTANTIAL SHAREHOLDERS AS AT MARCH 10, 2014

	Direct Interest		Deemed Interest	
Name of Shareholder	No. of Shares	% of total issued shares	No. of Shares	% of total issued shares
Lo Yat Keung	104,956,500 [1]	45.14	7,500,000 [2]	3.23
Kabouter Fund I QP LLC	14,659,829	6.31	–	–
Kabouter Management, LLC	–	–	35,166,000 [3]	15.13

[1] Direct interest includes 58,125,000 shares and 4,998,000 shares held through HKSCC Nominees Limited and HSBC (Singapore) Nominees Pte Ltd respectively.

[2] Mr Lo Yat Keung, our President, is deemed to be interested in the shares held by his spouse, Ms Yung Yat, who has an interest in 7,500,000 shares.

[3] Kabouter Management, LLC notified the Company that it is deemed interested in the Shares, held through HKSCC Nominees Limited, owned by Kabouter Fund II (managed by Kabouter Management, LLC), Kabouter Fund I QP (managed by Kabouter Management, LLC) and Kabouter Fund III (managed by Kabouter Management, LLC).

Techcomp (Holdings) Limited
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