



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



# Diversifying our Capabilities

Interim Report 2014

\* for identification purpose only



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# 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  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## **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)

## **Hong Kong Legal Adviser**

Edwards Wildman Palmer  
2703, 27th Floor, The Center  
99 Queen's Road Central  
Hong Kong

## **Listing Information**

The Stock Exchange of Hong Kong Limited  
Stock Code: 1298  
Singapore Exchange Securities Limited  
Stock Code: T43

# MANAGEMENT DISCUSSION AND ANALYSIS

## (I) BUSINESS REVIEW

For the six months ended 30 June 2014 (“HY2014”), revenue of Techcomp (Holdings) Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) for distribution business decreased 2.6% to US\$42.5 million from US\$43.7 million for the six months ended 2013 (“HY2013”) mainly due to the decrease in revenue in PRC for the period. The revenue in PRC declined by 7.0% to US\$48.9 million in HY2014 from US\$52.5 million in HY2013 due to the slower government funding and lengthened approval cycles in the PRC. As a result of the decrease in revenue for distribution business in HY2014, the segment results from distribution business declined by 11.1% to US\$0.8 million.

For the manufacturing business, Group’s revenue remained at US\$25.1 million and US\$25.2 million for the six months ended 30 June 2014 and 30 June 2013. The segment losses from manufacturing business increased to US\$0.4 million in HY2014 from US\$0.2 million in HY2013 mainly due to the lower gross margin arising from different product mix.

The profit attributable to the owners of the Company was US\$0.7 million for HY2014, representing a decrease of 39.2% as compared with US\$1.2 million in HY2013. This was mainly due to lower sales in PRC for the period.

## (II) FINANCIAL REVIEW

### **Revenue**

Revenue in the three months ended 30 June 2014 (“2Q2014”) decreased by 5.6% to US\$37.5 million from US\$39.7 million for the same period ended 30 June 2013 (“2Q2013”) while the revenue in HY2014 declined by 1.7% to US\$67.6 million. It was due to the decrease in revenue in PRC. The sales of our products in PRC decreased by US\$3.6 million (7.0%) from US\$52.5 million in HY2013 to US\$48.9 million in HY2014, which was partially offset by the increase in revenue from Europe by US\$1.7 million from US\$10.4 million in HY2013 to US\$12.1 million in HY2014.

### **Cost of sales**

Cost of sales in 2Q2014 decreased by 4.0% to US\$24.7 million from US\$25.7 million for the same period ended 30 June 2013 (“2Q2013”) while cost of sales in HY2014 decreased by 1.3% to US\$45.2 million from US\$45.8 million in HY2013. The decrease was attributed to the decline in both distribution and manufacturing business.

### **Gross profit and gross profit margin**

Gross profit in HY2014 decreased by 2.6% to US\$22.5 million from US\$23.1 million in HY2013 resulted from the decrease in both distribution and manufacturing business. The gross profit margin in HY2014 was 33.2%, about the same as 33.5% in HY2013.

# MANAGEMENT DISCUSSION AND ANALYSIS

## (II) FINANCIAL REVIEW (CONTINUED)

### Other operating income

Other operating income in HY2014 decreased by 34.8% to US\$0.8 million from US\$1.2 million in HY2013 mainly due to the decrease in foreign exchange gain by US\$0.5 million in HY2014.

### Distribution costs

Distribution costs in 2Q2014 decreased by 12.9% to US\$4.9 million whereas that in HY2014 decreased 6.8% to US\$9.1 million, due to the decrease in headcounts in sales and service team as well as the decrease in sales and marketing activities during the period.

### Administrative expenses

Administrative expenses in HY2014 increased by 0.4% to US\$12.9 million mainly attributable to higher research and development costs incurred for the period.

### Finance costs

Finance costs in HY2014 decreased by 14.2% to US\$0.7 million, mainly due to lower average balances of bank borrowings during the period.

### Profit before income tax

Profit before income tax decreased by US\$0.2 million from US\$0.7 million in HY2013 to US\$0.5 million in HY2014 due to the decrease in revenue during the period.

### Profit for the period

In addition to the above, the profit attributable to the owners of the Company decreased by US\$0.5 million to US\$0.7 million in HY2014 from US\$1.2 million in HY2013 resulted from the decrease in credit from the non-controlling interests by US\$0.2 million in HY2014.

### Intangible assets

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. The balance decreased by US\$0.6 million from US\$3.9 million as at 31 December 2013 to US\$3.3 million as at 30 June 2014.

# MANAGEMENT DISCUSSION AND ANALYSIS

## (II) FINANCIAL REVIEW (CONTINUED)

### Inventories

The increase in inventories by US\$11.3 million from US\$28.4 million as at 31 December 2013 to US\$39.7 million as at 30 June 2014, was mainly due to the higher level of inventory of raw materials and finished goods held to meet the expected increase in manufacturing and distribution business in the second half of the year.

### Trade and other receivables

The decrease in trade and other receivables by US\$10.3 million from US\$78.6 million as at 31 December 2013 to US\$68.3 million as at 30 June 2014, was in line with the seasonal pattern in our business where a higher portion of sales were traditionally realized in the second half of the year.

### Trade and other payables

The increase in trade and other payables by US\$0.5 million from US\$27.7 million as at 31 December 2013 to US\$28.2 million as at 30 June 2014 was mainly due to the increase in trade payables for purchase of inventories to meet the expected stronger second half of the year.

### Cash and cash equivalents

The decrease in cash and cash equivalents by US\$2.5 million from US\$10.6 million as at 31 December 2013 to US\$8.1 million as at 30 June 2014 resulted mainly from the net cash outflow from investing and financing activities of US\$1.5 million and US\$3.3 million respectively.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at 30 June 2014, the Group's net current assets stood at US\$54.8 million (31 December 2013: US\$58.4 million), of which the cash and bank balances were US\$9.8 million (31 December 2013: US\$14.7 million). The Group's current ratio was 1.8 (31 December 2013: 1.9).

Total bank borrowings were US\$38.7 million (31 December 2013: US\$41.6 million). The Group's gearing ratio as at 30 June 2014 was 56.1% (31 December 2013: 60.0%), 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 banks 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## (III) PROSPECTS

As in previous years, management expects the seasonal trend of a stronger second half of the year to continue. Notwithstanding the slower government funding and lengthened approval cycles in the PRC which have affected our business, management anticipates improvement in the second half of the year due to the expected release in government funding, as well as increased investments in quality control systems and third party testing services. As a result, management expects a moderate growth in PRC market in the foreseeable future. However, the current uncertainty surrounding the Sino-Japan relations remain a significant risk factor for our PRC business.

Management believes the sales outlook for its products in the emerging Asian markets such as India and Indonesia to be stable. Notwithstanding the challenging market conditions in Europe, the Group remains optimistic on the growth in revenue contribution from Europe.

The Group expects the acquisitions of remaining interests in Techcomp Jingke Scientific Instruments (Shanghai) Co., Ltd. and Techcomp Jingke Trading (Shanghai) Co., Ltd. will be completed within the year.

## (IV) DISCLOSURE OF INTERESTS

### SHARE CAPITAL AND SHARE OPTIONS SCHEMES

Details of the movements in the issued share capital of the Company and share options scheme during the period are set out in Notes 12 and 13 respectively to the condensed consolidated financial statements.

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 period	Aggregate options granted since commencement of Scheme to end of the financial period	Aggregate options exercised since commencement of Scheme to end of the financial period	Aggregate options cancelled/ lapsed since commencement of Scheme to end of the financial period	Aggregate options outstanding as at end of the financial period
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).



# MANAGEMENT DISCUSSION AND ANALYSIS

## (IV) DISCLOSURE OF INTERESTS (CONTINUED)

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 30 June 2014, 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 Stock Exchange of Hong Kong Limited (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")*

Name of Director	At 30 June 2014		Approximate percentage of the issued share capital of the Company
	Directly beneficially owned	Through spouse	
Lo Yat Keung	104,956,500	7,500,000*	48.37
Chan Wai Shing	9,720,000	–	4.18
Xu Guoping	9,870,000	–	4.25
Ho Yew Yuen	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 30 June 2014	
	Number of Shares to be issued subject to the option	
Chan Wai Shing	2,500,000	
Xu Guoping	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 ("Listing Manual")).

Save as disclosed above, as at 30 June 2014, 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## (IV) DISCLOSURE OF INTERESTS (CONTINUED)

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

As at 30 June 2014, so far as known to the Directors or chief executive of the Company, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows, other than the interests disclosed and short positions above in respect of certain Directors, the following shareholders had notified the Company of their relevant interests in the shares and underlying shares of the Company:

#### Interest in shares of the Company (Long position)

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

Name	Capacity and nature of interests	At 30 June 2014			
		Direct Interest		Deemed Interest	
		Number of issued Shares held	Approximate percentage of the issued share capital of the Company	Number of issued Shares held	Approximate percentage of the issued share capital of the Company
Kabouter Fund I QP LLC	Beneficial owner	14,659,829	6.31	–	–
Kabouter Management, LLC	Beneficial owner	–	–	35,166,000 <sup>[1]</sup>	15.13

- [1] 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).

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2014.

# MANAGEMENT DISCUSSION AND ANALYSIS

## (V) SUPPLEMENTARY INFORMATION

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

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

### **AUDIT COMMITTEE**

The Audit Committee has reviewed the unaudited interim financial statements of the Group for the six months ended 30 June 2014, including the review of the accounting principles and practices adopted by the Group, and has also discussed auditing, internal control and financial reporting matters. The Audit Committee has no disagreement with the accounting principles, treatments and practices adopted by the Group.

### **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company recognizes the importance of good corporate governance and accountability to shareholders. The Board believes that the Company and all its stakeholders can benefit from such practice and management culture. Therefore, the Company continuously reviews its corporate governance practices to comply, where applicable, with the principles and guidelines of the Singapore Code of Corporate Governance 2012 (the "Singapore Code") and the Corporate Governance Code (the "Hong Kong Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the SEHK.

In the opinion of the Directors, the Company has complied with the applicable provisions of the Hong Kong Code throughout the period ended 30 June 2014, except for a deviation from Code Provision A.2.1 of the Hong Kong Code which is explained below:

According to Code Provision A.2.1 of the Hong Kong 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 and the nature of its activities, the Board is of the view that it is not necessary to separate the roles of the Chairman and Chief Executive Officer. In addition, given that three out of six directors are independent non-executive Directors, and that each of the three Board Committees is chaired by an independent director and comprises members who are all independent directors, the Board is of the view 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 the Hong Kong Code.

# MANAGEMENT DISCUSSION AND ANALYSIS

## (V) SUPPLEMENTARY INFORMATION (CONTINUED)

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Board of the Company confirms, having made specific enquiries with all directors of the Company that during the period ended 30 June 2014, all members of the Board have complied with the required standards of the Model Code for Securities Transactions by Directors of Listed Issuer as set out in Appendix 10 of the Listing Rules.

### EMPLOYEES AND EMOLUMENT POLICY

As at 30 June 2014, there were 813 (31 December 2013: 886) 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.

### DISCLOSURE ON THE WEBSITE OF THE EXCHANGES

This report shall be published on the websites of SGX, the SEHK and the Company.

### DISCLOSURE PURSUANT TO RULE 920(1)(a)(ii) SGX LISTING MANUAL

No mandate from shareholders has been obtained for IPTs.

**By Order of the Board of  
Techcomp (Holdings) Limited  
Lo Yat Keung  
Chairman**

Hong Kong, 12 September 2014

*As at the date of this report, the executive Directors are Mr. Lo Yat Keung (Chairman), Mr. Chan Wai Shing and Mr. Xu Guoping, and the independent non-executive Directors are Mr. Seah Kok Khong, Manfred, Mr. Ho Yew Yuen and Mr. Teng Cheong Kwee.*

# FINANCIAL STATEMENTS

## RESULTS

The board of directors (the “Board”) of Techcomp (Holdings) Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2014 together with the comparative figures as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		6 months ended 30 June	
		2014	2013
	Note	US\$'000	US\$'000
<b>Revenue</b>	3	67,641	68,834
Cost of sales		(45,168)	(45,766)
<b>Gross profit</b>		22,473	23,068
Other operating income		799	1,226
Distribution costs		(9,119)	(9,788)
Administrative expenses		(12,946)	(12,892)
Share of results of an associate		–	(94)
Finance costs	5	(740)	(862)
<b>Profit before income tax</b>		467	658
Income tax expense	6	(74)	(30)
<b>Profit for the period</b>		393	628

# FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

	Note	6 months ended 30 June	
		2014 US\$'000	2013 US\$'000
<b>Other comprehensive income</b>			
- exchange differences arising on translation of foreign operations		(731)	973
- share of exchange reserve of an associate		-	3
Other comprehensive (expense) income for the period, net of tax		(731)	976
Total comprehensive (expense) income for the period		(338)	1,604
<b>Profit for the period attributable to:</b>			
Owners of the Company		734	1,207
Non-controlling interests		(341)	(579)
		393	628
<b>Total comprehensive income (expense) attributable to:</b>			
Owners of the Company		47	2,083
Non-controlling interests		(385)	(479)
		(338)	1,604
<b>Earnings per share (US cents)</b>			
	8		
- Basic		0.32	0.52
- Diluted		0.31	0.52

# FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	At 30 June 2014 <i>US\$'000</i>	At 31 December 2013 <i>US\$'000</i>
<b>Non-current assets</b>			
Properties, plant and equipment	9	13,169	13,322
Goodwill		3,166	3,166
Intangible assets		3,341	3,891
Available-for-sale investments		944	944
Deferred tax asset		65	67
Deposits paid for acquisition of additional interests in a subsidiary/an associate		636	–
<b>Total non-current assets</b>		<b>21,321</b>	<b>21,390</b>
<b>Current assets</b>			
Inventories		39,710	28,402
Trade and other receivables	10	68,266	78,600
Income tax recoverable		32	58
Amount due from an associate		2,159	2,033
Cash and bank balances		9,817	14,682
<b>Total current assets</b>		<b>119,984</b>	<b>123,775</b>
<b>Current liabilities</b>			
Trade and other payables	11	28,234	27,737
Liabilities for trade bills discounted with recourse		3,812	5,042
Income tax payable		1,478	1,320
Bank borrowings and overdrafts		31,628	31,272
<b>Total current liabilities</b>		<b>65,152</b>	<b>65,371</b>
<b>NET CURRENT ASSETS</b>		<b>54,832</b>	<b>58,404</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>76,153</b>	<b>79,794</b>
<b>Non-current liabilities</b>			
Bank borrowings		7,031	10,283
Deferred tax liabilities		236	290
<b>Total non-current liabilities</b>		<b>7,267</b>	<b>10,573</b>
		<b>68,886</b>	<b>69,221</b>
<b>Capital, reserves and non-controlling interests</b>			
Share Capital	12	11,625	11,625
Reserves		55,604	55,554
Equity attributable to owners of the Company		67,229	67,179
Non-controlling interests		1,657	2,042
		<b>68,886</b>	<b>69,221</b>

# FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>6 months ended 30 June</b>	
	<b>2014</b>	<b>2013</b>
	<i>US\$'000</i>	<i>US\$'000</i>
<b>Operating activities</b>		
Profit before income tax	467	658
<b>Adjustments for:</b>		
Depreciation of properties, plant and equipment	550	545
Amortisation of intangible assets	874	946
Interest income	(9)	(8)
Finance costs	740	862
Share of results of an associate	–	94
Share-based payment expenses	3	123
<b>Operating cash flows before movements in working capital</b>	<b>2,625</b>	<b>3,220</b>
Trade and other receivables	10,107	12,718
Inventories	(11,548)	(5,001)
Trade and other payables	404	(1,516)
Trade bills discounted with recourse	(1,230)	(1,362)
Amount due from an associate	(174)	200
<b>Cash generated from operations</b>	<b>184</b>	<b>8,259</b>
PRC Enterprises Income Tax paid	14	(32)
Tax refund in other jurisdictions	45	64
<b>Net cash from operating activities</b>	<b>243</b>	<b>8,291</b>
<b>Investing activities</b>		
Deposits paid for acquisition of additional interests in a subsidiary/an associate	(636)	–
Purchase of properties, plant and equipment	(545)	(58)
Product development costs paid	(365)	(826)
Interest received	9	8
Acquisition of a subsidiary	–	(4,452)
Purchase of available-for-sale investments	–	(410)
<b>Net cash used in investing activities</b>	<b>(1,537)</b>	<b>(5,738)</b>



# FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	6 months ended 30 June	
	2014	2013
	<i>US\$'000</i>	<i>US\$'000</i>
<b>Financing activities</b>		
Proceeds from bank borrowings	34,497	28,097
Repayment of bank borrowings	(37,058)	(34,960)
Interest paid	(740)	(862)
<b>Net cash used in financing activities</b>	<b>(3,301)</b>	<b>(7,725)</b>
Net decrease in cash and cash equivalents	(4,595)	(5,172)
Cash and cash equivalents at beginning of the period	12,635	15,930
Effect of foreign exchange rate changes	65	(189)
<b>Cash and cash equivalents at end of the period</b>	<b>8,105</b>	<b>10,569</b>
<b>Cash and cash equivalents comprised:</b>		
Cash and bank balances	9,817	12,623
Bank overdrafts	(1,712)	(2,054)
	<b>8,105</b>	<b>10,569</b>

# FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### Group

	Share capital	Share premium	Share contributed surplus	Merger reserve <sup>(a)</sup>	Currency translation reserve	Legal reserve <sup>(b)</sup>	Capital reserve <sup>(c)</sup>	Warrant reserve	Equity reserve <sup>(d)</sup>	Share option reserve	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
Balance at 1 January 2014	11,625	8,099	394	(4,112)	4,075	535	3,003	26	(2,037)	2,002	43,569	67,179	2,042	69,221
Total comprehensive income (expense) for the period:														
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	-	734	734	(341)	393
Other comprehensive expense	-	-	-	-	(687)	-	-	-	-	-	-	(687)	(44)	(731)
Transactions with owners, recognised directly in equity:														
Share-based payment expenses	-	-	-	-	(687)	-	-	-	-	-	734	47	(385)	(338)
	-	-	-	-	-	-	-	-	-	3	-	3	-	3
	-	-	-	-	-	-	-	-	-	3	-	3	-	3
Balance at 30 June 2014	11,625	8,099	394	(4,112)	3,388	535	3,003	26	(2,037)	2,005	44,303	67,229	1,657	68,886

# FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

### Group (Continued)

	Share capital	Share premium	Share capital	Contributed surplus	Merger reserve <sup>(a)</sup>	Currency translation reserve	Legal reserve <sup>(b)</sup>	Capital reserve <sup>(c)</sup>	Warrant reserve	Equity reserve <sup>(d)</sup>	Share option reserve	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	US\$'000
Balance at 1 January 2013	11,625	8,099	394	(4,112)	3,269	488	3,003	-	(2,037)	1,759	39,916	62,404	2,859	65,263	
Total comprehensive income (expense) for the period:															
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	-	1,207	1,207	(579)	628	
Other comprehensive income	-	-	-	-	876	-	-	-	-	-	-	876	100	976	
Transactions with owners, recognised directly in equity:															
Share-based payment expenses	-	-	-	-	-	-	-	-	-	123	-	123	-	123	
Balance at 30 June 2013	11,625	8,099	394	(4,112)	4,145	488	3,003	-	(2,037)	1,882	41,123	64,610	2,380	66,990	

### Notes:

- 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.
- 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.
- Capital reserve represents a transfer of retained earnings by a PRC subsidiary in 2004.
- Equity reserve represents effects of changes in ownership interests in subsidiaries when there is no change in control.

# FINANCIAL STATEMENTS

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1 General Information

The Company was incorporated in Bermuda as an exempt company with limited liability under the Companies Act on 26 January 2004. The Company's registered office is situated at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda. Its principal place of business in Hong Kong is located at 6th Floor, Mita Center, 552–566 Castle Peak Road, Kwai Chung, Kowloon, Hong Kong. The Company's shares have been listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the Main Board of The Stock Exchange of Hong Kong Limited (the "SEHK") since 12 July 2004 and 21 December 2011 respectively.

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

### 2 Basis of preparation and principal accounting policies

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013.

In the current interim period, the Group has applied, for the first time, the following amendments to International Financial Reporting Standards ("IFRSs"):

Amendments to IFRSs	Annual improvements to IFRSs 2011-2013 cycle
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting

The application of the above amendments to IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

# FINANCIAL STATEMENTS

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 2 Basis of preparation and principal accounting policies (continued)

The Group has not early applied the following new and revised standards or amendments that have been issued but are not yet effective.

IFRS 9	Financial instruments <sup>1</sup>
Amendments to IFRS 9 and IFRS 7	Mandatory effective date of IFRS 9 and transition disclosures <sup>1</sup>

1 Effective for annual periods beginning on or after 1 January 2015.

The Directors anticipate that the application of the new and revised standards, amendments or interpretations will have no material impact on the results and financial position of the Group.

### 3 Revenue and segment information

The Group is organised into two operating divisions - distribution and manufacturing. These are also the basis of whereby resources are being allocated and performance evaluated for management purpose.

Principal activities of each reportable segment are as follows:

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

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

# FINANCIAL STATEMENTS

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 3 Revenue and segment information (continued)

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

#### Segment revenues and results

	Distribution	Manufacturing	Total
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
<b>Period ended 30 June, 2014</b>			
<b>REVENUE</b>	42,534	25,107	67,641
<b>RESULTS</b>			
Segment result and profit before income tax	836	(369)	467
Income tax expenses			(74)
Profit for the period			393
<b>Period ended 30 June, 2013</b>			
<b>REVENUE</b>	43,675	25,159	68,834
<b>RESULTS</b>			
Segment result	940	(188)	752
Unallocated results			(94)
Profit before income tax			658
Income tax expenses			(30)
Profit for the period			628
<b>Segment assets and liabilities</b>			
<b>At 30 June, 2014</b>			
<b>ASSETS</b>			
Segment assets	87,745	50,360	138,105
Unallocated assets			3,200
Consolidated assets			141,305
<b>LIABILITIES</b>			
Segment liabilities	52,375	18,329	70,704
Unallocated liabilities			1,715
Consolidated total liabilities			72,419
<b>Other segment information</b>			
Capital expenditure	22	888	910
Depreciation and amortisation	70	1,354	1,424
Finance costs	682	58	740
Interest income	(5)	(4)	(9)

# FINANCIAL STATEMENTS

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 3 Revenue and segment information (continued)

	Distribution	Manufacturing	Total
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
<b>At 30 June, 2013</b>			
<b>ASSETS</b>			
Segment assets	79,473	53,863	133,336
Unallocated assets			3,834
<b>Consolidated assets</b>			<b>137,170</b>
<b>LIABILITIES</b>			
Segment liabilities	53,185	15,699	68,884
Unallocated liabilities			1,296
<b>Consolidated total liabilities</b>			<b>70,180</b>
<b>Other segment information</b>			
Capital expenditure	49	1,057	1,106
Depreciation and amortisation	125	1,366	1,491
Finance costs	837	25	862
Interest income	(5)	(3)	(8)

### Geographical information

The Group operates principally in People's Republic of China ("PRC"), Hong Kong, Macau, Singapore, France, Switzerland and the United Kingdom.

#### (a) Revenue from external customers

	<b>6 months ended 30 June</b>	
	<b>2014</b>	<b>2013</b>
	<i>US\$'000</i>	<i>US\$'000</i>
PRC (including Hong Kong & Macau)	48,860	52,526
Asia (other than PRC)	4,760	4,590
Europe	12,059	10,444
Others <sup>(1)</sup>	1,962	1,274
<b>Total</b>	<b>67,641</b>	<b>68,834</b>

# FINANCIAL STATEMENTS

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 3 Revenue and segment information (continued)

#### Geographical information (continued)

- (b) Non-current assets (excluding available-for-sale investments and deferred tax assets)

	At 30 June	
	2014	2013
	US\$'000	US\$'000
PRC (including Hong Kong & Macau)	10,535	10,585
Europe	8,113	9,097
The United States of America	1,627	1,721
Others <sup>(2)</sup>	37	48
<b>Total</b>	<b>20,312</b>	<b>21,451</b>

Notes:

(1) "Others" include the United States of America and Australia, etc.

(2) "Others" include Singapore and India etc.

### 4 Profit for the period

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

	6 months ended 30 June	
	2014	2013
	US\$'000	US\$'000
Amortisation of intangible assets (included in administrative expenses)	874	946
Depreciation of properties, plant and equipment	550	545
Net foreign exchange gain	(624)	(1,084)
Interest income	(9)	(8)
Finance costs	740	862



# FINANCIAL STATEMENTS

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 5 Finance costs

	6 months ended 30 June	
	2014	2013
	US\$'000	US\$'000
Interest on bank overdrafts and loans		
- wholly repayable within 5 years	722	831
- not wholly repayable within 5 years	18	31
	<u>740</u>	<u>862</u>

### 6 Income tax expense

	6 months ended 30 June	
	2014	2013
	US\$'000	US\$'000
Current tax:		
Hong Kong Profits Tax	74	–
PRC Enterprise Income Tax	11	46
Others	45	64
	<u>130</u>	<u>110</u>
Deferred tax	(56)	(80)
Income tax expense for the period	<u>74</u>	<u>30</u>

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 respectively calculated at 16.5% and 17% of the estimated assessable profit for the period respectively.

PRC Enterprise Income Tax is calculated at the applicable tax rate at 25% in accordance with the relevant laws and regulations in the PRC.

### 7 Dividends

No dividend was declared and paid during the six months ended 30 June 2014.

The Company did not recommend or declare any interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

# FINANCIAL STATEMENTS

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 8 Earnings per share

The calculation of the basic and diluted earnings per share attributable to the ordinary owners of the Company for the six months ended 30 June is based on the following data:

	2014	2013
	<i>US\$'000</i>	<i>US\$'000</i>
Profit for the period attributable to owners of the Company	734	1,207
<b>Number of shares</b>		
	<i>'000</i>	
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	2,497	1,478
Weighted average number of ordinary shares for the purpose of diluted earnings per share	234,997	233,978

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

### 9 Additions to properties, plant and equipment

During the period, the Group spent approximately US\$545,000 (31 Dec 2013: US\$1,256,000) on acquisition of properties, plant and equipment.

# FINANCIAL STATEMENTS

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 10 Trade and other receivables

	<b>30 June 2014</b>	<b>31 December 2013</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Trade receivables and bills receivables	58,513	70,424
Less: Allowance for doubtful debts	(2,956)	(2,964)
	55,557	67,460
Trade bills receivable discounted with recourse	3,812	5,042
Prepayments	3,455	3,250
Other receivables	5,442	2,848
	<b>68,266</b>	<b>78,600</b>

The Group allows credit period of 30 to 90 days to its trade customers. The aging of trade receivables and bills receivables, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period, is as follows:

	<b>30 June 2014</b>	<b>31 December 2013</b>
	<i>US\$'000</i>	<i>US\$'000</i>
0 to 90 days	28,893	45,584
91 to 120 days	5,589	6,208
121 to 365 days	14,194	9,534
1 year to 2 years	4,762	4,877
Over 2 years	2,119	1,257
	<b>55,557</b>	<b>67,460</b>

### 11 Trade and other payables

	<b>30 June 2014</b>	<b>31 December 2013</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Trade payables	18,599	16,092
Accruals	2,208	4,080
Customer deposits	5,791	4,741
Other payables	1,636	2,824
	<b>28,234</b>	<b>27,737</b>

# FINANCIAL STATEMENTS

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 11 Trade and other payables (continued)

The Group normally receives credit terms of 30 to 75 days from its suppliers. The aging of trade payables, presented based on the invoice date at the end of the reporting period, is as follows:

	<b>30 June 2014</b>	<b>31 December 2013</b>
	<i>US\$'000</i>	<i>US\$'000</i>
0 to 60 days	12,393	12,225
61 to 180 days	3,800	2,359
181 to 365 days	1,655	688
Over 365 days	751	820
	<u>18,599</u>	<u>16,092</u>

### 12 Share Capital

	<b>Group and Company</b>			
	<b>30 June 2014</b>	<b>31 December 2013</b>	<b>30 June 2014</b>	<b>31 December 2013</b>
			<i>US\$'000</i>	<i>US\$'000</i>
	Number of ordinary shares of US\$0.05 each			
Authorised:	800,000,000	800,000,000	40,000	40,000
Issued and paid up:				
At beginning and at end of the period	232,500,000	232,500,000	11,625	11,625

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

# FINANCIAL STATEMENTS

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 13 Share option

The Company has two share option schemes, as follows:

#### Share Option Scheme I

On 28 May 2004, the Company adopted the Share Option Scheme (the “2004 Share Option Scheme”). The purpose of the 2004 Share Option Scheme was a share incentive scheme and was established to recognize 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 optimize their performance efficiency for the benefit of the Company. 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 30 June 2014 is 21,835,000 (31 December 2013: 21,835,000). No further option will be granted under the 2004 Share Option Scheme upon the listing of the Company on the Stock Exchange on 21 December 2011.

#### Share Option Scheme II

On 9 June 2011, the Company adopted the share option scheme (the “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.

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 (I) the closing price of the Shares as stated in the daily quotations sheet issued by the SEHK or the SGX-ST (whichever is higher) on the Offer Date, which must be a business day; and (II) the average closing price of the Shares as stated in the daily quotations sheets issued by the SEHK or the SGX-ST for the five consecutive business days immediately preceding the Offer Date (whichever is higher).

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

# FINANCIAL STATEMENTS

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 13 Share option (continued)

Share Option Scheme II (continued)

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; (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.

### 14 Contingent liabilities

As at 30 June 2014 and 31 December 2013, the Group had no material contingent liabilities.

### 15 Capital commitments

As at 30 June 2014 and 31 December 2013, the Group did not have any significant capital commitment.

### 16 Related parties transactions

The Group entered into the following significant transactions with a related party during the period:

	6 months ended 30 June	
	2014	2013
	USD'000	USD'000
Sale of goods to an associate	1,182	815
Purchase of goods from an associate	130	3