Techcomp

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

DELIVERING CONTINUOUS PROGRESS

Annual Report 2015

*for identification purposes only

CONTENTS

CORPORATE PROFILE

Engaged in the design, development, manufacture and distribution of analytical instruments, life science equipment and laboratory instruments. Our business comprises of manufacturing the group's in-house brand products and operate distribution channels globally.

MANUFACTURING

- Designs, develops, manufactures, distributes and services spectrophotometers, fluorescence spectrofluorometers, chromatographs, gas chromatographs and gas chromatography mass spectrometry single-quad, 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", "Scion", etc.
- Manufacturing facilities in Shanghai, USA & Europe
- Dedicated Research and Development ("R&D") team
- Contributed 36.5% of revenue in FY2015

DISTRIBUTION CHANNEL

- 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 and Europe
- Able to provide integrated solutions and turnkey laboratories to customers due to its strong technical capabilities as well as extensive product range
- Contributed 63.5% of revenue in FY2015

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, 2015 ("FY2015").

According to a report issued by Research and Market, the global laboratory analytical instrumentation market is expected to enjoy a 6.11% CAGR growth during the period from 2014 to 2019[1] . The constantly rising public awareness and government regulations regarding food safety, healthcare and environmental protection contributes to stable growth of the industry, while China remains as the key driver for sales of laboratory analytical instruments[2]. Thanks to the favorable market conditions alongside with the additional impetus brought by the Group's acquisitions completed in 2014, the performance of the Group continued to grow at a stable pace in 2015.

Techcomp has achieved its goal of becoming a scientific and analytical instrument solutions enterprise with its capacities in line with top international standards. It is well-poised in the flourishing testing-related markets.

BUSINESS REVIEW

The high entry barrier for the scientific and analytical instrument industry paved the way of the Group's growth, riding on the flourishing market. After years of operation enhancement and acquisitions, Techcomp has transformed into an international enterprise engaged in the design, development, manufacture and distribution of analytical instruments, life science equipment and laboratory instruments, with six manufacturing facilities in Europe, the PRC and the US.

During FY2015, the Group witnessed an enlarging growth. Thanks to the Gas Chromatograph and Gas Chromatography Mass Spectrometry Single-Quad (the "new GC business"), the Group registered an increased turnover of US$171.9 million and gross profit of US$55.5 million up 5.7% and 9.4% respectively compared to FY2014 (revenue: US$162.7 million, gross profit: US$50.7 million). In tandem with the growth, the gross profit margin was further enhanced to 32.3% (FY2014: 31.2%), mainly attributable to the depreciation of the Japanese Yen.

The PRC is the largest revenue contribution area, accounting for 69.9% of the top line. It is followed by Europe and Asia, which accounted for 13.4% and 8.3% respectively. The remaining 8.4% was reported from other regions around the world.

OPERATION REVIEW

The Sino-Japanese relationship trended in a positive direction but remained sensitive. Nevertheless, the distribution business attained a stable performance in 2015. As the largest financial contributor of the Group, the distribution business recorded a single digit increase of 2.0% to US$109.2 million compared to US$107.1 million in FY2014. The driver of the turnover growth was the increasing market demand in the PRC and other Asian markets.

As the Japanese Yen is the main transactional currency for the distribution business of the Group, the depreciation of the Yen contributed to the enhanced gross profit margin. The segment results of the distribution segment recorded a solid increase of 24.2% from US$2.9 million in FY2014 to US$3.6 million in FY2015.

Following a series of acquisitions in the past few years, in FY2015, the Group put more effort into streamlining and improving operational efficiency. Leveraging on its momentum in R&D capability, the Group integrated existing products, especially the new GC business acquired in the last quarter of 2014, resulting in a double digit revenue increase of 12.7% in FY2015 despite the impact arising from the depreciation of European currencies against US Dollars where a significant portion of sales of manufactured products are denominated in.

The new GC business represents a new sector of the Group's manufacturing business, and the administrative expenses arising from this new sector resulted in decreased segment results, showing a 96.2% drop to US$0.01 million in FY2015 (FY2014: US$0.34 million). However, over the longer term, we expect this segments to register sustained positive growth with contribution from the new GC business.

MESSAGE TO SHAREHOLDERS

PROSPECTS

According to a forecast made by Research and Market, the market size of the food safety testing is expected to present a solid growth at a CAGR of 7.4% from 2015, and reach a value of US$16.1 billion in 2020[3]. Regarding the 13th Five-Year Plan issued by the China government, food safety, environment protection, disease control and healthcare are continuously considered as core focus industries from 2016 to 2020.

Hence, China has become one of the top target destinations of analytical instrument manufacturers. According to an announcement made by the China Food and Drug Administration, food and drug test sampling will be enlarged to 1.293 million batches in 2016, with a wider range of testing types[4]. The stricter government monitoring and larger testing samples will continue to drive market demand for analytical instruments.

The fluctuating exchange rate of Japanese Yen will remain a key factor affecting the performance of the Group, although its impact has been mitigated as the Group stretched its presence in the US, Europe, Japan, and the PRC. Techcomp will continue to optimize its product mix, enhance R&D, and leverage its domestic advantages to attain further business growth in the PRC, keeping up with the momentum development pace in other regions.

APPRECIATION

On behalf of the Board, I would like to express my gratitude to our shareholders, business partners and clients for their constant support and trust, as well as the management and staff members with their contribution. Techcomp's achievements in the industry and its business growth would not have been made without their dedication and tireless endeavor.

Sincerely,

Lo Yat Keung
President
Hong Kong, 23 March 2016

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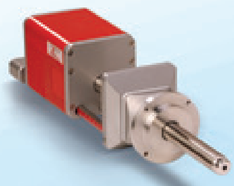
[1] *Global Laboratory Analytical Instrumentation Market Report - Industry Analysis 2015-2019 with Agilent Technologies, Bruker, Danahe, HORIBA Scientific & Thermo Fisher Scientific Dominating:*
http://www.prnewswire.com/news-releases/global-laboratory-analytical-instrumentation-market-report---industry-analysis-2015-2019-with-agilent-technologies-bruker-danahe-horiba-scientific--thermo-fisher-scientific-dominating-300165336.html

[2] *Global Process Analytical Instrumentation Market:*
http://www.frost.com/sublib/display-report.do?id=ND8A-01-00-00-00

[3] *Food Safety Testing Market worth 16.1 Billion USD by 2020:*
http://www.marketsandmarkets.com/PressReleases/food-safety-testing-market.asp

[4] *国家食品药品监督管理总局新闻发布会（国家食品安全抽检新闻发布会）*
http://www.sda.gov.cn/WS01/CL0329/143803_4.html



IMPROVING LONG-TERM PARTNERSHIPS

We further strengthened our longstanding relationship with Hitachi High-Tech group with a renewed distribution agreement for Hitachi High-tech products in the Asian market as well as a new distribution agreement for the marketing, after-sales service and distribution of the Group's products. This brings the cooperation between the two groups into a new chapter, promotes further growth for both parties and expands the product range for Techcomp.

CORPORATE INFORMATION

Board of Directors

Lo Yat Keung
(President & Executive Director)

Chan Wai Shing
(Vice President & Executive Director)

Xu Guoping
(Executive Director) (Resigned on 2 July 2015)

Guo Bing
(Executive Director) (Appointed on 2 July 2015 and resigned on 26 October 2015)

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
#33-00
Singapore 068809

Partner-in-charge
Mrs. Wong-Yeo Siew Eng
(Appointed with effect from the financial year ended December 31, 2015)

FINANCIAL AND OPERATIONS REVIEW

Segmental Information

For the year ended 31 December 2015 ("FY2015"), our revenue for the distribution business increased by 2.0% to US$109.2 million from US$107.1 million for the year ended 31 December 2014 ("FY2014") mainly due to the increase in revenue for the distribution business in the PRC and other Asian markets. The segment results from the distribution business increased by 24.2% to US$3.6 million in FY2015 from US$2.9 million in FY2014 due to improved profit margins for the distribution business in FY2015.

Our revenue for the manufacturing business increased by 12.7% to US$62.7 million in FY2015 from US$55.6 million in FY2014. The increase in revenue was mainly attributable to the new business relating to Gas Chromatograph and Gas Chromatography Mass Spectrometry Single-Quad which commenced in the last quarter of 2014 (the "new GC business"). The segment results from the manufacturing business decreased by 96.2% to US$0.01 million in FY2015 from US$0.34 million in FY2014 mainly due to an increase in administrative expenses in relation to the new GC business.

The profit attributable to the owners of the Company was US$3.5 million for FY2015, representing an increase of 1.9% as compared with that of US$3.4 million in FY2014. The increase was a result of the improvement in the distribution business.

Statement of Comprehensive Income

Revenue

The revenue in FY2015 increased by US$9.2 million or 5.7% to US$171.9 million from US$162.7 million in FY2014, whereas the revenue increased by 6.4% to US$63.5 million in the last quarter of 2015 from US$59.7 million in the last quarter of 2014. The revenue increased mainly due to the contribution from the new GC business acquired in last quarter of 2014.

Cost of sales

In tandem with the revenue increase, cost of sales in FY2015 increased by US$4.4 million or 4.0% to US$116.4 million from US$112.0 million in FY2014.

Gross profit and gross profit margin

Gross profit in FY2015 increased by US$4.8 million or 9.4% to US$55.5 million from US$50.7 million in FY2014, whereas gross profit increased by 15.6% to US$20.0 million in the last quarter of 2015 from US$17.2 million in the last quarter of 2014. Gross profit margin increased by 1.1 percentage point to 32.3% in FY2015 compared with 31.2% in FY2014. The gross profit margin improvement was mainly attributable to the depreciation of the Japanese Yen, which is the currency in which the Group's purchase for the distribution business are primarily denominated in.

Other operating income (expenses)

The other operating income increased by US$1.7 million from US$0.6 million expenses in FY2014 to US$1.1 million income in FY2015. The increase was mainly due to the recognition of net exchange gain of US$0.4 million in FY2015 compared to the net exchange loss of US$0.6 million in FY2014.

Distribution costs

Distribution costs in FY2015 increased by 9.9% to US$18.1 million from US$16.5 million in FY2014, whereas distribution costs increased by 68.3% to US$5.3 million in the last quarter of 2015 from US$3.1 million in the last quarter of 2014, due mainly to consolidation of the new GC business acquired in late last quarter of FY2014.

Administrative expenses

Administrative expenses in FY2015 increased by US$4.5 million or 15.7% to US$33.5 million from US$28.9 million in FY2014, whereas administrative expenses increased by 23.3% to US$12.0 million in the last quarter of 2015 from US$9.7 million in the last quarter of 2014 mainly due to the consolidation of the new GC business acquired in late last quarter of FY2014.

Finance costs

Finance costs in FY2015 decreased by 3.6% to US$1.5 million and decreased by 15.6% to US$0.4 million in the last quarter of 2015, as a result of the change in average balances of bank borrowings in the respective periods.

Profit for the year

In view of the above, the profit for the year attributable to owners of the Company increased by 1.9% or US$0.1 million from US$3.4 million in FY2014 to US$3.5 million in FY2015.

Statement of Financial Position

Properties, plant and equipment

Properties, plant and equipment decreased by US$1.1 million from US$12.0 million as at 31 December 2014 to US$10.9 million as at 31 December 2015.

FINANCIAL AND OPERATIONS REVIEW

Intangible assets

Intangible assets decreased by US$0.1 million from US$4.5 million as at 31 December 2014 to US$4.4 million as at 31 December 2015 mainly due to the addition of US$1.1 million during FY2015, partially off-set by the amortization of US$0.9 million and the translation difference of US$0.2 million.

Inventories

Inventories decreased by US$0.9 million from US$38.1 million as at 31 December 2014 to US$37.2 million as at 31 December 2015.

Trade and other receivables

Trade and other receivables decreased by US$0.5 million from US$83.9 million as at 31 December 2014 to US$83.4 million as at 31 December 2015 mainly due to decrease in prepayment to the suppliers.

Trade and other payables

Trade and other payables decreased by US$0.5 million from US$29.4 million as at 31 December 2014 to US$28.9 million as at 31 December 2015.

Cash and bank balances

There is no significant change in cash balance. Bank borrowings and overdrafts reduced by US$2.9 million in total. The Group repaid US$89.6 million of bank loans, obtained new bank loans of US$88.2 million and reduced bank overdraft by US$1.4 million.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2015, the Group's net current assets stood at US$78.4 million (31 December 2014: US$68.1 million), of which the cash and bank balances were US$16.0 million (31 December 2014: US$16.1 million). The Group's current ratio was 2.3 (31 December 2014: 2.0).

Total bank borrowings as at 31 December 2015 reached US$38.6 million (31 December 2014: US$41.5 million). About 79.4% of the Group's bank borrowings were denominated in Hong Kong or US dollars, 17.8% in Japanese Yen and the rest in other currencies such as Euro dollar and British Pounds. The Group's gearing ratio stood at 46.0% as at 31 December 2015 (31 December 2014: 52.0%), 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 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.

PLEDGE OF ASSETS

During FY2015, the Group has pledged its leasehold buildings with an aggregate carrying amount of approximately US$4.5 million (2014: US$4.7 million) to a bank to secure the banking facilities granted to the Group. For details, please refer to Note 15 to the audited consolidated financial statements.

EMPLOYEES AND EMOLUMENT POLICY

As at 31 December 2015, there were 812 (31 December 2014: 821) employees in the Group. Staff remuneration packages are determined after considering the 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

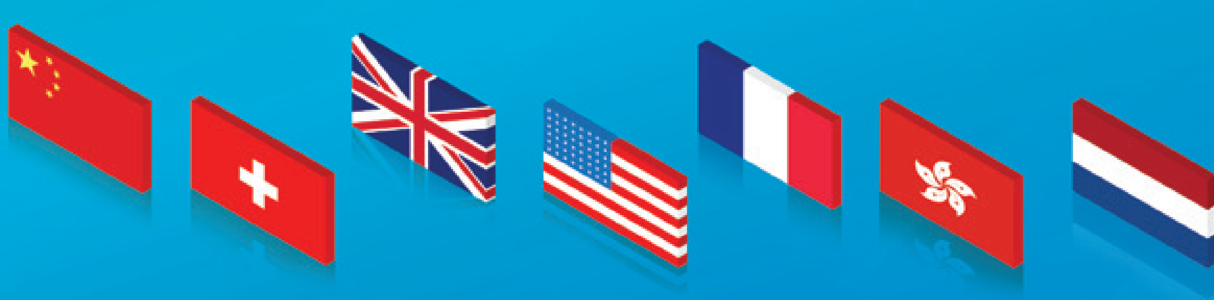
As a significant portion of the Group's distribution products are sourced in Japanese Yen, any significant fluctuations of Japanese Yen against US Dollar will have a material impact on the Group's gross profit margin in its distribution business. Besides, weakening Europe currencies will enhance the Group's manufactured products' competiveness in the global market.

Underpinned the demand from the government sector, management expects modest growth in overall demand despite the slowdown in the industrial sector in China.

The Group expects the market demand for its products in Asia (exclude PRC) to remain stable. Whilst the European markets remain challenging, the Group continue to pursue productivity and cost saving measures to optimize the research and development, sourcing and manufacturing operations of the Group in Europe and the PRC to achieve synergistic benefits for the manufacturing facilities.

BROADENING OUR
PRODUCT PORTFOLIO

We commenced a new manufacturing operations relating to Scion Gas Chromatograph and Gas Chromatography Mass Spectrometry Single Quad which attributed largely to the increase in revenue for our manufacturing segment by 12.7%. We also ventured our footprints deeper into the Asian market and opened up more avenues to strengthen our reach.



BOARD OF DIRECTORS

Mr. Lo Yat Keung (勞逸強) ("Mr. Lo"), aged 57, is the President, an executive director of the company (the "Director") and the founder of the Group. Techcomp Limited 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 30, 2014. 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 47, 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 27, 2015. 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. Ho Yew Yuen ("Mr. Ho"), aged 72, 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, 2014. 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 54, is the lead independent non-executive Director. He was appointed to the Board in February 14, 2007 and was re-elected as Director on April 30, 2013. Mr. Seah has more than 20 years of investment banking and direct investments experience in Asia. He is presently the Group Chief Financial Officer of SMRT Corporation Ltd ("SMRT").

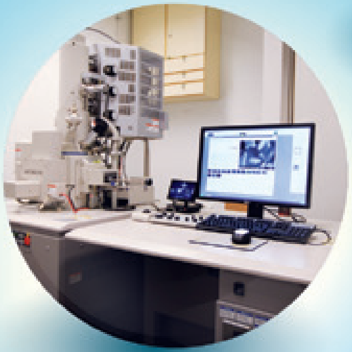
Prior to SMRT, Mr. Seah served for 10 years as Group Chief Operating Officer of WhiteRock Group - a regional investment group based in Singapore that invested primarily in medical device technologies. From 1996 to 2000, he served as the Founder-CEO of a Philippines based investments and securities firm funded by a major Singapore corporation and before that, Mr. Seah has held senior corporate finance positions at two leading investment banks that had conducted corporate finance activities in the Asian region.

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 62, 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 27, 2015. From 1979 to 1989, he was with the Singapore Securities Industry Council Secretariat ("SIC"), initially serving as Assistant Secretary and later as Secretary. SIC is an advisory and consultative body set up to administer the Singapore Code on 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 Industry Act and supervision of domestic banks in Singapore. In 1989, he joined the Stock Exchange of Singapore ("SES") as Executive Vice President. He later became 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") in 1999. Mr. Teng currently also serves as an independent director of several SGX listed companies, namely First Resources Limited, AEI Corporation Limited, Memtech International Limited, and AVIC International Maritime Holdings 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.

PLANNING FOR CONTINUED PROGRESS

We are in the midst of proposing for a conversion of the Company's status as a primary listing to a secondary listing on the Mainboard of the SGX-ST. If approved, this will enable us in substantially reducing our compliance costs and allows us to devote our resources for other critical aspects of our business growth and operations.



SENIOR MANAGEMENT

Mr. Bao Feng (鮑峰) ("Mr. Bao"), aged 40, is the General Manager of Techcomp (Shanghai) Limited ("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 49, is the Chief Executive Officer of Techcomp (China) Limited ("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. Mark Hastings ("Mr. Hastings"), BSc FCCA, aged 45, is the European Finance Director of Techcomp (Europe) Ltd. Prior to joining the Group in 2014, he previously held Finance Director roles with European responsibility in other technology focused companies. He has a Bachelor of Science in Mathematics from the University of Sussex and is a Fellow of the Association of Chartered Certified Accountants.

Mr. Bernard Léguillon ("Mr. Léguillon"), aged 60, 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 and, 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 55, 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 49, 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 85, 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 42, 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.

SENIOR MANAGEMENT

Mr. Tse Po Wah (謝寶華) ("Mr. Tse"), aged 53, 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 54, 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. Steffen Wander ("Mr. Wander"), aged 51, is the Managing Director of Precisa Gravimetrics AG in Switzerland. He started his career in 1989 at Precisa as a Research and Development engineer. During this time, he has also been responsible for Software Development Product Management and Marketing. Mr. Wander completed an apprenticeship as Physic Lab Assistant at the Technical University of Zuerich before obtaining Bachelor Degree of Electronic Engineering.

Ms. Zhao Wei (趙薇) ("Ms. Zhao"), aged 49, 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.

Ms. Zhang Hairong (张海蓉) ("Ms. Zhang"), aged 38, is the Vice President of Techcomp China. Ms. Zhang is responsible for Analytical instrument product-line and Mar-com team management. She joined Techcomp China in 2012 as Marketing Director. Prior to this, she held various positions at Analytik Jena AG for the past 11 years of her career, including Marketing Director of China. Ms. Zhang obtained her Bachelor of Chemical & Chemistry from Donghua University in 2000 and Master of Business Administration from Peking University in 2012.

REPORT ON CORPORATE GOVERNANCE AND FINANCIAL CONTENTS

REPORT ON
CORPORATE GOVERNANCE

Introduction

The Board (the "Board") of Directors (the "Directors") 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, 2015 (the "Year")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. Save as disclosed below, the Company had complied with the Hong Kong Code during the Year.

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 (collectively, 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.

A new Director has been appointed to the Board on July 2, 2015 and resigned as director of the Company on October 26, 2015. 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.

The Board and sub-committees of the Board (the "Committees") meet regularly during the year. Ad hoc meetings and/or discussions (including via tele conferencing) are convened when circumstances require. The Company's bye-laws (the "ByeLaws") 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 Year are disclosed as follows:

	Board meetings		**AC**		**NC**		**RC**		**Annual General Meeting**	
	Held	Attended	Held	Attended	Held	Attended	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	–
Mr. Xu Guoping (Note 1)	4	2	4	–	1	–	1	–	1	–
Mr. Guo Bing (Note 2)	4	1	4	–	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	–

Note:

1. *Mr. Xu Guoping was appointed on January 1, 2015 and resigned as director of the Company on July 2, 2015. During his term of office, 2 meetings were held for each of the Board and AC, and only 1 meeting was held for each of the NC, RC and annual general meeting.*

2. *Mr. Guo Bing was appointed as director of the Company on July 2, 2015 and resigned as director of the Company on October 26, 2015. During his term of office, only 1 meeting was held for each of the Board and AC.*

Apart from regular Board meetings, the Chairman also held meetings with Independent non-executive Directors without the 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 Group would arrange for Directors to visit key sites of operations from time to time. In the Year, the independent Directors visited the Group's head quarter office in Hong Kong 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. During the Year, the Company's legal advisers conducted internally facilitated briefings for the Directors and related reading materials on relevant topics were issued to Directors. The Company Secretaries had also 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 Year is summarized as follows:

Name of Directors	Attending briefing conducted by legal advisers and Company Secretaries on regulations, 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 (Note 1)	✓	✓	✓
Mr. Guo Bing (Note 2)	✓	✓	✓
Independent non-executive Directors			
Mr. Ho Yew Yuen	✓	✓	✓
Mr. Seah Kok Khong, Manfred	✓	✓	✓
Mr. Teng Cheong Kwee	✓	✓	✓

Note:

1. *Mr. Xu Guoping resigned as director of the Company on July 2, 2015.*

2. *Mr. Guo Bing was appointed as director of the Company on July 2, 2015 and resigned as director of the Company on October 26, 2015.*

Principle 2: Board Composition and Guidance

As at the date of this report, the Board has five Directors, comprising two executive Directors and three independent non-executive Directors. The criterion for independence is based on the definition given in the Singapore Code and the factors set out in the Listing Rules. 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 the Listing Rule's definition on who qualifies as an Independent Director in its review. Mr. Ho Yew Yuen, Mr. Seoh Kok Khong, Manfred 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, Mr. Seah 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.

The composition of our Board complies with the Singapore Code's requirement that at least half of the Board should be made up of independent directors, and the requirements in the Listing Rules that at least three Directors be independent and non-executive (representing at least one-third of the Board) and that at least one of whom must possess appropriate professional qualifications in 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 9 of this Annual Report.

Particulars of interests of Directors who held office at the end of the Year 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 pages 30 and 31 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 five Directors on our Board are independent non-executive Directors, and each of the three Board Committees is chaired by an independent director and is made up of members who are all independent directors. In addition, the Board has appointed Mr. Seah Kok Khong, Manfred, an independent non-executive 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 that 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 February 28, 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 non-executive Directors from time to time without the presence of other directors and provide feedback to the Chairman after such meetings.

Non-executive Directors

The non-executive Directors were appointed for a term of three years, subject to retirement by rotation at annual general meeting and being eligible, to offer themselves for re-election.

Nominating 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 his ability to 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 non-executive Director.

(iii) To 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 Year, the NC carried out an assessment of the Board's 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, 2015, 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. Ho Yew Yuen and Mr. Seah Kok Khong, Manfred 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's 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 non-executive 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 of 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.

The disclosure on the remuneration of each Director for the Year is found on page 90 of the Annual Report.

A breakdown, showing the level and mix of each Director's remuneration for the Year is as follows:

Remuneration band	Salary %	Fees %	Bonus %	Other Benefits %	Total %
Less than S$250,000					
Mr. Lo Yat Keung	86	–	13	1	100
Mr. Chan Wai Shing	79	–	12	9	100
Mr. Xu Guoping (Note 1)	75	–	25	–	100
Mr. Guo Bing (Note 2)	95	–	–	5	100
Mr. Ho Yew Yuen	–	100	–	–	100
Mr. Teng Cheong Kwee	–	100	–	–	100
Mr. Seah Kok Kong, Manfred	–	100	–	–	100

Note:

1. Mr. Xu Guoping resigned as director of the Company on July 2, 2015.

2. Mr. Guo Bing was appointed as director of the Company on July 2, 2015 and resigned as director of the Company on October 26, 2015.

Mr. Xu Guoping was an executive director of the Company and resigned as director of the Company on July 2, 2015 due to his reaching of retirement age. 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 %
77	12	11	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 Year.

The total remuneration (comprising cash, benefits-in-kind and share-based compensation) paid to the top five key management personnel (who are not directors or the CEO) for the Year is S$1,593,000.

The summary of 5 highest-paid employees' remuneration for the Year is as follows:

Remuneration band	Salary# %	Fees %	Bonus %	Other Benefits %	Total %
S$500,000 to S$749,999					
Mr. Chris O Connor	69	–	21	10	100
S$250,000 to S$499,999					
Mr. Fu Shi Jiang	69	–	15	16	100
Mr. Mark Vosloo	74	–	22	4	100
Less than S$250,000					
Mr. Steffen Wander	87	–	6	7	100
Ms Zhaowei	77	–	13	10	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 81 to 84 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

The Board is responsible for preparation of financial statements of the Group. 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 36 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 Group has in place an Enterprise Risk Management Framework that identifies the key risks that the Group faces, including financial, operational, compliance and information technology risks, as well as the controls and procedures put in place to manage and mitigate such risks. 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 reviewing the Group's internal controls and procedures and assessing the adequacy and effectiveness of the Group's systems of internal controls. The Internal Auditors have carried out their internal audits in accordance with an audit plan approved by 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. The risk management and internal control systems are reviewed annually.

The Board has received assurance from the CEO 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.

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 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 non-executive directors:

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

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

a) assist the Board in 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;

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;

e) review the internal audit plan, and the results of the internal audits undertaken by the Internal Auditor; and

f) review the Enterprise Risk Management Framework established, and the key risks identified together with the controls and procedures put in place to manage and mitigate the risks.

The AC has undertaken a review of all the non-audit services provided by Deloitte & Touche LLP during Year, 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. On January 27, 2016, the Company has received in-principal approval from the SGX-ST for the proposed conversion in its listing status from a primary listing to a secondary listing on the Main Board of the SGX-ST while maintaining its primary listing status on the SEHK. Shareholders have approved the proposed conversion of the Company's listing status from a primary listing to a secondary listing on the Main Board of the SGX-ST in special general meeting at the date of this report. The AC has recommended to the Board that Deloitte Touche Tohmatsu to be nominated for appointment as external auditors of the Company at the forthcoming Annual General Meeting. During the Year, the Company has paid an aggregate amount of approximately US$552,000 (2014: US$497,000) to the external auditor and its affiliated firms for its audit services, and has paid non-audit fees of approximately US$35,000 (2014: US$38,000) to the external auditors and its affiliated firms for its other professional services.

The Group has appointed suitable audit firms to meet the Group's audit obligations. In appointing the audit firms for the Group, the AC and the Board are satisfied that the appointment of different auditing firms for its subsidiaries will not compromise the standard and effectiveness of the audit of the Company. The Group has complied with Rules 712, 715 and 716 of the Listing Manual in relation to its external auditors.

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. The Board, the Chairpersons of the AC, RC and NC and the Management will be available at the Annual General 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.

The Company has procured undertakings from all its Directors and executive officers pursuant to Rule 720(1) of the Listing Rules.

Procedures for shareholders to convene a Special General Meeting ("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 requisition, 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. However, shareholders have approved and passed a special resolution for the proposed amendments to its bye-laws of the Company in special general meeting as at the date of this report. 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, all members of the Board have complied with the required standards of the Model Code.

Interested person transactions

During the Year, 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 Year.

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 referred to as the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2015.

1 PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company. The principal activities of the Group are set out in Note 10 to the audited consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

Further discussion and analysis of these activities, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the Financial and Operations Review as set out on pages 6 to 7 of this annual report. These discussions form part of this directors' statement.

2 RESULTS AND APPROPRIATIONS

The results of the Group for the year ended December 31, 2015 are set out in the consolidated statement of profit or loss and other comprehensive income on page 38. No interim dividend was paid during the year. In respect of the current financial year, the directors of the Company propose that a final dividend of HK$0.028 (US$0.0036) per share be paid to shareholders. This proposed dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. Based on the number of ordinary shares as at December 31, 2015, the total dividend to be paid is approximately US$989,000.

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 100. 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 9 to the audited consolidated financial statements.

5 MAJOR CUSTOMERS AND SUPPLIERS

During the year ended December 31, 2015, sales to the Group's five largest customers accounted for approximately 13.5% (2014 : 13.8%) of the total sales for the year and the single largest customer accounted for approximately 5.6% (2014 : 5.8%); purchases from the Group's five largest suppliers accounted for approximately 41.6% (2014 : 46.3%) of the total purchases for the year and the single largest supplier accounted for approximately 31.1% (2014 : 33.1%).

None of the Directors or any of their associates or any Shareholders (who, to the best knowledge of the Directors, own more than 5% (2014 : 5%) of the Company's issued share capital) had any beneficial interest in the Group's five largest customers.

6 SHARE CAPITAL AND SHARE OPTION SCHEMES AND WARRANTS

Details of the movements in the issued share capital of the Company and share option schemes 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 followings 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	1,320,000	–	700,000

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

\# Mr. Xu Guoping resigned as director of the Company on July 2, 2015.

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 "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

7 EQUITY-LINKED AGREEMENT

Save for details of the share option schemes as set out in Note 19 to the audited consolidated financial statements, no equity-linked agreement was entered into by the Company during the year ended December 31, 2015 or subsisted at the end of the financial year.

8 PRE-EMPTIVE RIGHTS

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

9 PURCHASE, SALE OR REDEMPTION OF SHARES

During the year, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities on the Main Board of the Stock Exchange of Hong Kong Limited ("SEHK") and the Main Board of Singapore Exchange Securities Trading Limited ("SGX-ST").

10 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.

11 DIRECTORS

The Directors of the Company in office during the financial year ended December 31, 2015 are:

Executive Directors

Lo Yat Keung (Chairman and chief executive officer)
Chan Wai Shing
Xu Guoping (Note 1)
Guo Bing (Note 2)

Notes:

1. Mr. Xu Guoping resigned as a director of the Company on July 2, 2015.
2. Mr. Guo Bing was appointed as a director of the Company on July 2, 2015 and resigned as a director of the Company on October 26, 2015.

Independent Non-executive Directors

Ho Yew Yuen
Teng Cheong Kwee
Seah Kok Khong, Manfred

Mr. Ho Yew Yuen and Mr. Seah Kok Khong, Manfred 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, Mr. Seah Kok Khong, Manfred and Mr. Teng Cheong Kwee have served as independent non-executive directors of the Company more than 9 years.

The Board considers that Mr. Ho, Mr. Seah 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 the 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.

12 BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors of the Company and the senior management of the Group are set out on pages 9 and 11 to 12. The biographical details do not form part of the audited consolidated financial statements.

13 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.

14 DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors, Mr. Lo Yat Keung and Mr. Chan Wai Shing, entered into a service contract with the Company for a term of three years with effect from January 26, 2004, which shall automatically continue from year to year upon expiry of its term, unless terminated in accordance with the provisions of the service contract by either party giving to the other not less than six months' prior notice in writing provided that the Company shall have the option to pay salary in lieu of any required period of notice.

Save as disclosed above, none of the Directors has or is proposed to have entered into any service contracts with the Company or any of its subsidiaries which is not determinable by the Company within one year without payment of compensation other than statutory obligations.

No Directors proposed for re-election at the forthcoming Annual General Meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

15 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.

16 DIRECTORS' INTEREST IN SHARES

As at December 31, 2015, 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 Hong Kong 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 ("Model Code"), were as follows:

Long position

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

	As at December 31, 2015			As at January 21, 2016		
Name of Director	**Directly beneficially owned**	**Through spouse**	**Approximate percentage of the issued share capital of 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	40.83	104,956,500	7,500,000	40.83
Chan Wai Shing	9,720,000	–	3.53	9,720,000	–	3.53
Ho Yew Yuen	300,000	–	0.11	300,000	–	0.11

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

16 DIRECTORS' INTEREST IN SHARES (CONT'D)

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

	As at December 31, 2015	As at January 21, 2016
Name of Director	**Number of Shares to be issued subject to the option**	**Number of Shares to be issued subject to the option**
Chan Wai Shing	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).

There was no change in the above-mentioned interest between the end of the financial year and January 21, 2016.

Save as disclosed above, as at December 31, 2015, 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.

17 TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

No transaction, arrangement or contract 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 or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted during or at the end of the year.

18 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year ended December 31, 2015 nor at any time during the financial year did there subsist any arrangement whose object is to enable the Directors to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except for the share options mentioned in Note 19 to the audited consolidated financial statements.

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

Please refer to Shareholdings Statistics set out on pages 101 and 102 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 Shareholdings Statistics, no person, other than the Directors of the Company, whose interests are set out in the section "Directors' Interests in Shares" 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.

20 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.

21 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 Tohmatsu for appointment as external auditors of the Company at the forthcoming AGM of the Company.

22 DONATIONS

No charitable and other donations were made by the Group during the year ended December 31, 2015 (2014: Nil).

23 ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to operating in compliance with applicable environmental laws as well as protecting the environment by minimising the negative impact of the Group's existing business activities on the environment.

The Group has actively promoted material-saving and environmentally friendly working environment so as to protect the environment and improve air quality within the community. The Group is reviewing their action plan for further reduction of energy consumption in our manufacturing facilities. Several measures have been implemented in order to mitigate environmental pollution, such as reducing energy consumption and enhancing machines and equipment. The Group also adheres to the principle of recycling and reducing. Double sided printing and copying, using recycled paper and reducing energy consumption by switching off idle lightings and electrical appliance are being implemented in the offices.

24 COMPLIANCE WITH LAWS AND REGULATIONS

Throughout the financial year ended December 31, 2015, to the best knowledge, information and belief, the Company was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on the Company.

25 RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

For our relationship with employees, please refer to the paragraph headed "Employees and Emolument Policy" as set out in the Financial and Operations Review on page 7 of this annual report.

Relationship is the fundamentals of business. The Group fully understands this principal and thus maintain close relationship with the customers to fulfil their immediate and long-term need. The Group also strives to maintain fair and co-operating relationship with the suppliers.

26 PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year ended December 31, 2015. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against its Directors and officers.

27 RETIREMENT BENEFIT PLAN

Details of the retirement benefit plan are set out in Note 18 to the audited consolidated financial statements.

28 EVENTS AFTER THE REPORTING PERIOD

On January 27, 2016, the Company has received in-principal approval from the SGX-ST for the proposed conversion (the "Conversion") in its listing status from a primary listing to a secondary listing on the Main Board of the SGX-ST while maintaining its primary listing status on the SEHK. Shareholders have approved the proposed conversion of the Company's listing status from a primary listing to a secondary listing on the Main Board of the SGX-ST in special general meeting at the date of this report.

29 AUDITORS

The consolidated financial statements for the year ended December 31, 2015 was audited by Deloitte & Touche LLP.

Due to the Conversion, the financial statements of the Company would be audited by Messrs. Deloitte Touche Tohmatsu instead of Deloitte & Touche LLP. Accordingly, Deloitte & Touche LLP will retire as auditor of the Company with effect from the conclusion of the forthcoming annual general meeting. A resolution will be submitted to the forthcoming annual general meeting of the Company to approve the appointment of Messrs. Deloitte Touche Tohmatsu as the auditor of the Company for the financial year ending December 31, 2016.

ON BEHALF OF THE DIRECTORS

Lo Yat Keung
Director

Chan Wai Shing
Director

March 23, 2016

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 37 to 99 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2015 and of the financial performance, 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 as and when they fall due.

ON BEHALF OF THE DIRECTORS

Lo Yat Keung
Director

Chan Wai Shing
Director

March 23, 2016

INDEPENDENT AUDITORS' REPORT

To the Members of Technocomp (Holdings) Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Techcomp (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as 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, 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated 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 37 to 99.

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 compliance with the disclosure requirements of the Hong Kong Companies Ordinance so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2015 and of its financial performance, 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

Wong- Yeo Siew Eng
Partner
Appointed for the financial year ended December 31, 2015

March 23, 2016

STATEMENT OF FINANCIAL POSITION

As at December 31, 2015

	Note	Group 2015	Group 2014	Company 2015	Company 2014
		US$'000	US$'000	US$'000	US$'000
ASSETS					
Current assets					
Cash and bank balances	6	16,038	16,095	4	4
Trade and other receivables	7	83,389	83,908	–	–
Inventories	8	37,191	38,105	–	–
Income tax recoverable		242	68	–	–
Total current assets		136,860	138,176	4	4
Non-current assets					
Properties, plant and equipment	9	10,904	11,992	–	–
Subsidiaries	10	–	–	41,392	38,630
Goodwill	11	2,881	3,109	–	–
Other intangible assets	12	4,443	4,497	–	–
Other assets	13	944	944	–	–
Deferred tax assets	14	26	20	–	–
Total non-current assets		19,198	20,562	41,392	38,630
Total assets		156,058	158,738	41,396	38,634
LIABILITIES AND EQUITY					
Current liabilities					
Bank borrowings and overdrafts	15	25,704	33,284	–	–
Liabilities for trade bills discounted with recourse	16	1,901	5,733	–	–
Trade and other payables	17	28,891	29,389	–	14
Income tax payable		1,951	1,679	–	–
Total current liabilities		58,447	70,085	–	14
Non-current liabilities					
Bank borrowings	15	12,902	8,175	–	–
Retirement benefit plan liabilities	18	514	482	–	–
Deferred tax liabilities	14	237	237	–	–
Total non-current liabilities		13,653	8,894	–	–
Capital, reserves and non-controlling interests					
Share capital	20	13,772	13,369	13,772	13,369
Reserves	21	70,671	66,632	27,624	25,251
Equity attributable to owners of the Company		84,443	80,001	41,396	38,620
Non-controlling interests		(485)	(242)	–	–
Total equity		83,958	79,759	41,396	38,620
Total liabilities and equity		156,058	158,738	41,396	38,634

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended December 31, 2015

	Note	Group 2015	2014
		US$'000	US$'000
Revenue	22	171,905	162,695
Cost of sales		(116,433)	(112,008)
Gross profit		55,472	50,687
Other operating income and expenses	23	1,135	(554)
Distribution costs		(18,105)	(16,479)
Administrative expenses		(33,457)	(28,911)
Finance costs	24	(1,465)	(1,520)
Profit before income tax		3,580	3,223
Income tax expense	25	(305)	(387)
Profit for the year	26	3,275	2,836
Other comprehensive expense:			
Item that will not be reclassified subsequently to profit or loss:			
Recognition of actuarial loss on defined benefit plan	18	(32)	(522)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(338)	(327)
Other comprehensive expense for the year, net of tax		(370)	(849)
Total comprehensive income for the year		2,905	1,987
Profit (loss) for the year attributable to:			
Owners of the Company		3,513	3,448
Non-controlling interests		(238)	(612)
		3,275	2,836
Total comprehensive income (expense) attributable to:			
Owners of the Company		3,148	2,601
Non-controlling interests		(243)	(614)
		2,905	1,987
Earnings per share (US cents)			
Basic	29	1.29	1.44
Diluted	29	1.28	1.41

See accompanying notes to financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2015

	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)						
<u>Group</u>															
Balance at January 1, 2014		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
Total comprehensive income (expense) for the year															
Profit for the year		–	–	–	–	–	–	–	–	–	–	3,448	3,448	(612)	2,836
Other comprehensive expense		–	–	–	–	(325)	–	–	–	–	–	(522)	(847)	(2)	(849)
		–	–	–	–	(325)	–	–	–	–	–	2,926	2,601	(614)	1,987
Transactions with owners, recognised directly in equity															
Issue of shares	20	1,744	8,927	–	–	–	–	–	–	–	–	–	10,671	–	10,671
Effect of acquiring non-controlling interests in a subsidiary		–	–	–	–	–	–	–	–	–	(453)	–	(453)	(1,670)	(2,123)
Share-based payment expense	19	–	–	–	–	–	–	–	–	3	–	–	3	–	3
Expiry of warrants	21	–	–	–	–	–	–	–	(26)	–	–	26	–	–	–
Balance at December 31, 2014		13,369	17,026	394	(4,112)	3,750	535	3,003	–	2,005	(2,490)	46,521	80,001	(242)	79,759
Total comprehensive income (expense) for the year															
Profit for the year		–	–	–	–	–	–	–	–	–	–	3,513	3,513	(238)	3,275
Other comprehensive expense		–	–	–	–	(333)	–	–	–	–	–	(32)	(365)	(5)	(370)
		–	–	–	–	(333)	–	–	–	–	–	3,481	3,148	(243)	2,905
Transactions with owners, recognised directlyin equity															
Issue of shares upon exercise of share options	20	403	1,359	–	–	–	–	–	–	(523)	–	–	1,239	–	1,239
Share-based payment expense	19	–	–	–	–	–	–	–	–	55	–	–	55	–	55
Balance at December 31, 2015		13,772	18,385	394	(4,112)	3,417	535	3,003	–	1,537	(2,490)	50,002	84,443	(485)	83,958

(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.

STATEMENT OF CHANGES IN EQUITY

Year ended December 31, 2015

	Note	Share capital	Share premium	Contributed surplus	Share option reserve	Warrant reserve	Retained earnings	Total
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
			Note 21(a)	Note 21(b)		Note 21(c)		
Company								
Balance at January 1, 2014		11,625	8,099	394	2,002	26	4,177	26,323
Profit for the year, representing total comprehensive income for the year		–	–	–	–	–	1,623	1,623
Transactions with owners, recognised directly in equity								
Issue of shares	20	1,744	8,927	–	–	–	–	10,671
Share-based payment expense	19	–	–	–	3	–	–	3
Expiry of warrants	21	–	–	–	–	(26)	26	–
Balance at December 31, 2014		13,369	17,026	394	2,005	–	5,826	38,620
Profit for the year, representing total comprehensive income for the year		–	–	–	–	–	1,482	1,482
Transactions with owners, recognised directly in equity								
Issue of shares upon exercise of share options	20	403	1,359	–	(523)	–	–	1,239
Share-based payment expense	19	–	–	–	55	–	–	55
Balance at December 31, 2015		13,772	18,385	394	1,537	–	7,308	41,396

See accompanying notes to financial statements.

CONSOLIDATED
CASH FLOW STATEMENT
Year ended December 31, 2015

	Group	
	2015	2014
	US$'000	US$'000
Operating activities		
Profit before income tax	3,580	3,223
Adjustments for:		
Depreciation of properties, plant and equipment	1,739	1,801
Interest income	(40)	(25)
Finance costs	1,465	1,520
Net gain on disposal of properties, plant and equipment	(143)	(85)
Allowance for doubtful receivables	563	863
Amortisation of intangible assets	855	1,951
Share-based payment expenses	55	3
Impairment loss recognised in respect of goodwill	228	485
Intangible assets written off	48	–
Gain on deemed disposal of an associate arising from further acquisition	–	(11)
Operating cash flows before movements in working capital	8,350	9,725
Increase in inventories	(99)	(10,359)
Increase in trade and other receivables	(1,875)	(6,102)
Decrease in amount due from an associate	–	2,033
Increase in trade and other payables	2,947	328
(Decrease) increase in trade bills discounted with recourse	(3,832)	691
Cash from (used in) operations	5,491	(3,684)
PRC Enterprise Income tax paid	(204)	(37)
Tax paid in other jurisdictions	–	(2)
Net cash from (used in) operating activities	5,287	(3,723)
Investing activities		
Product development costs paid	(1,054)	(1,083)
Purchase of properties, plant and equipment	(881)	(1,299)
Proceeds on disposal of properties, plant and equipment	326	226
Interest received	40	25
Net cash inflow from acquisition of a subsidiary (Note 30)	–	34
Purchase of technical know-how	–	(1,813)
Net cash used in investing activities	(1,569)	(3,910)
Financing activities		
Proceeds from bank borrowings	88,194	91,214
Repayment of bank borrowings	(89,622)	(91,009)
Interest paid	(1,465)	(1,520)
Proceeds from issue of new shares	1,239	10,671
Acquisition of non-controlling interests in a subsidiary	–	(623)
Net cash (used in) from financing activities	(1,654)	8,733
Net increase in cash and cash equivalents	2,064	1,100
Cash and cash equivalents at beginning of the year	13,927	12,635
Effect of foreign exchange rate changes	(713)	192
Cash and cash equivalents at end of the year	15,278	13,927
Cash and cash equivalents comprised:		
Cash and bank balances (Note 6)	16,038	16,095
Bank overdrafts (Note 15)	(760)	(2,168)
	15,278	13,927

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, 552-556, Castle Peak Road, Kwai Chung, Kowloon, Hong Kong. Its ultimate controlling shareholder is Mr. Lo Yat Keung who is the chief executive of the Company. The Company is listed on both the Main Board of Singapore Exchange Securities Trading Limited ("SGX-ST") and on the Main Board of The Stock Exchange of Hong Kong Limited ("SEHK") since July 12, 2004 and December 21, 2011 respectively. The financial statements are expressed in United States dollars ("US$").

The Company is an investment holding company.

The principal activities of the subsidiaries are disclosed in Note 10 to the financial statements.

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, 2015 were authorised for issue by the Board of Directors on March 23, 2016.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared on 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Hong Kong Companies Ordinance ("CO") and the Singapore Exchange Securities Trading Listing Manual (the " Listing Manual").

The provisions of the new Hong Kong Companies Ordinance (Cap 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended December 31, 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with IFRSs.

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 *Inventories*, leasing transactions that are within the scope of International Accounting Standards ("IASs") 17 *Leases*, 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 *Impairment of Assets*.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

ADOPTION OF NEW AND REVISED STANDARDS - In the current financial year, the Group has adopted a number of the new and revised IASs, 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, 2015.

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.

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[2]
IFRS 15	Revenue from Contracts with Customers[2]
Amendments to IAS 1	Disclosure Initiative[1]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[1]

1 Effective for annual periods beginning on or after January 1, 2016, with earlier application permitted.

2 Effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

IFRS 15 Revenue from Contracts with Customers

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

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

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. More prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15. The management anticipates that the application of IFRS 15 in the future may have impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- Upon adoption of IFRS 9, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at fair value to other comprehensive income (FVTOCI), with only dividend income generally recognised in profit or loss. When such irrevocable election is made, gains and losses on disposal of the equity investment are also recorded in other comprehensive income and are not included in the profit and loss statement.

- Debt investments that are held within a business model whose objective is to collect contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by selling assets and by collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at fair value to profit or loss (FVTPL) at the end of subsequent accounting periods except when the irrevocable option is made to measure an equity investment (that is not held for trading) at FVTOCI.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, IFRS 9 requires the amount of change in fair value of such financial liability that is attributable to changes in the credit risk to be 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 to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

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

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in the existing IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

In the opinion of the directors, based on the Group's financial instruments as at December 31, 2015, the application of IFRS 9 will not have a material effect on the financial liabilities and other financial assets of the Group.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved 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 loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this 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 the Group's accounting policies.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing of 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 value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment 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 amounts of the identifiable assets acquired and the liabilities assumed at the acquisition date. If, after reassessment, the net 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.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU") that is expected to benefit from the synergies of the combination. CGUs 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 CGU 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 on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognized for goodwill is not reversed in a subsequent periods.

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

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

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

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.

Interest income and interest expense is recognised on an effective interest basis for debt instruments.

Financial assets

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. Subsequent to initial recognition, loans and receivables (including advances to subsidiaries, cash and bank balances, trade and other receivables and amounts due from subsidiaries) are measured at amortised cost using the effective interest method, less any impairment.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Available-for-sale financial assets

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

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

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 considered to be 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 all financial assets, objective evidence of impairment could include:

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

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.

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

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. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities and equity instruments

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

Equity instruments

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

Financial liabilities

Financial liabilities, including trade and other payables, 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 contracts 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.

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

OPERATING LEASES - Operating leases payments are recognised as an 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 of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

PROPERTIES, PLANT AND EQUIPMENT - Properties, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method, 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 the end of each reporting period, 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 - Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generally intangible asset arising from development activities is recognised if, and only if, all of the following have been demonstrated:

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

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 that are 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 5 years.

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

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS OTHER THAN GOODWILL - At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

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

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 lapse 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.

<u>Sale of goods</u>

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.

<u>Interest income</u>

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

BORROWING COSTS - All borrowing costs are recognised in 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. With effect from June 1, 2014, the maximum level of monthly relevant income is amended to HK$30,000.

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.

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

- service cost (including current service cost and past service cost);
- net interest expense or income; and
- remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line item administrative expenses.

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

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 as reported in the consolidated statement of profit or loss and other 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 liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Deferred tax is calculated at the tax rates that are expected to apply in the period when 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; 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.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

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 each individual group entity, 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 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. Management is satisfied that the allowance for doubtful receivables made by the Group amounting to US$3,667,000 (2014: US$3,285,000) is adequate. The carrying amount of trade and other receivables are disclosed in Note 7.

(b) Recoverable amounts of development costs and technical know-how

Management reconsidered the recoverability of intangible assets arising from the Group's development costs incurred for the manufacture of analytical instruments and acquisition of technical know-how. The carrying amount included in the Group's statement of financial position is US$4,443,000 (2014: US$4,497,000) (Note 12). 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 assumptions about 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. Changes in any of these forecasts and assumptions can impact the estimation of recoverable amounts of these intangible assets in future.

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

(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 management to estimate the future cash flows expected to arise from the cash-generating unit and use a suitable discount rate to discount the future cash flows to present value. In 2015, an impairment loss of US$228,000 (2014: US$485,000) has been recognised. Information relating to the estimates used in assessing the carrying amounts of goodwill is set out in Note 11.

(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 information 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. Management is satisfied that no allowance for inventories is required as at December 31, 2015 and 2014. The carrying amount of inventories is disclosed in Note 8.

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	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	95,871	93,937	22,004	21,353
Available-for-sale financial assets	944	944	–	–
Financial liabilities				
Liabilities at amortised cost	61,795	69,855	–	14

(b) Financial risk management policies and objectives

The Group's major financial instruments include available-for-sale investments, trade and other receivables, 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 can 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 United States dollars and 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	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
United States dollars	67,540	63,483	5,652	7,802
Japanese Yen	756	346	14,312	11,232

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% represents 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	2015	2014
		US$'000	US$'000
United States dollars impact	(i)	(3,094)	(2,784)
Japanese Yen impact	(ii)	678	544

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 tax will be impacted in the opposite direction for the same quantums stated above.

Notes:

(i) This is mainly attributable to bank balances and trade receivables.

(ii) This is mainly attributable to trade payables and bank borrowings.

(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. Interest charged on the Group's variable-rate borrowings are pegged at various margins above the Hong Kong interbank offer rates ("HIBOR"), the Hong Kong prime lending rates of the banks, the Euro-London Interbank Offered Rate ("LIBOR") or 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 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, 2015 would decrease/increase by US$161,000 (2014 : decrease/increase by US$173,000).

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, 2015 would increase/decrease by US$92,000 (2014: US$89,000).

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

(d) Credit risk

At December 31, 2015 and 2014, 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 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. 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 comprise:

- The carrying amount of financial assets in the statement of financial position; and
- The financial guarantees issued to banks by the Company in connection with credit facilities of the subsidiaries (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.

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

(e) Liquidity risk (cont'd)

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 future interest cash flows. The adjustment column represents the possible future cash flows attributable to future interest which is not included in the carrying amount of the financial liabilities on the statement of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Total undiscounted cash flow	Carrying amount
	%	US$'000	US$'000	US$'000	US$'000	US$'000
Group						
2015						
Trade and other payables	–	21,288	–	–	21,288	21,288
Liabilities for trade bills discounted with recourse						
- non-interest bearing	–	1,901	–	–	1,901	1,901
Bank borrowings	3.23	26,264	10,669	2,768	39,701	38,606
		49,453	10,669	2,768	62,890	61,795
2014						
Trade and other payables	–	22,663	–	–	22,663	22,663
Liabilities for trade bills discounted with recourse						
- non-interest bearing	–	5,733	–	–	5,733	5,733
Bank borrowings	3.18	33,284	5,763	2,913	41,960	41,459
		61,680	5,763	2,913	70,356	69,855

At December 31, 2014, bank loans with a repayment on demand clause included in the "on demand or within 1 year" time band in the above maturity analysis amounted to US$558,000.

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

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

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

(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 equity and debts comprising bank borrowings (Note 15).

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 and tenture associated with each class of capital and may adjust the capital structure through payment of dividends, issue of new shares and issue of new debt or the redemption of existing debt. The Group is in compliance with financial covenants from the relevant banks for 2015 and 2014.

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	
	2015	2014
	US$'000	US$'000
Short-term benefits	2,317	2,546
Post-employment benefits	154	156
Share-based payments	42	1
	2,513	2,703

6 CASH AND BANK BALANCES

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Cash at bank	15,953	15,933	4	4
Cash on hand	85	162	–	–
	16,038	16,095	4	4

The carrying amounts of these assets approximate their fair values.

Cash and bank balances carry interest at an average rate of 0.25% (2014 : 0.25%) 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	
	2015	2014
	US$'000	US$'000
United States dollars	7,295	4,897
Japanese Yen	143	91
Euro	599	860
Swiss Franc	156	173

7 TRADE AND OTHER RECEIVABLES

	Group	
	2015	2014
	US$'000	US$'000
Trade receivables and bills receivables (Note a)	77,877	72,192
Less: Allowance for doubtful receivables	(3,667)	(3,285)
	74,210	68,907
Trade bills receivable discounted with recourse (Note 16)	1,901	5,733
Prepayments (Note b)	3,556	6,066
Other receivables (Note c)	3,722	3,202
	83,389	83,908

Notes:

a) The credit period on sale of goods generally ranges from 30 to 90 days (2014 : 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) Other receivables mainly represent other tax receivables and deposits paid to suppliers.

The aging of trade receivables and bill receivables, net of allowance for doubtful receivables, presented based on the invoice date is as follows:

	Group	
	2015	2014
	US$'000	US$'000
Less than 90 days	53,087	47,853
91 to 120 days	7,289	10,227
121 to 365 days	7,031	6,353
1 to 2 years	5,784	3,654
Over 2 years	1,019	820
	74,210	68,907

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

Included in the Group's trade receivables balances are debtors with aggregate carrying amount of US$2,712,000 (2014: US$3,042,000) 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 (2014 : less than 90 days).

7 TRADE AND OTHER RECEIVABLES (CONT'D)

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

	Group	
	2015	2014
	US$'000	US$'000
91 to 120 days	–	18
121 to 365 days	–	349
1 to 2 years	1,693	1,855
Over 2 years	1,019	820
	2,712	3,042

Movement in the allowance for doubtful debts:

Balance at beginning of the year	3,285	2,964
Written off against trade receivables	(181)	(542)
Increase in allowance recognised in profit or loss for the year (Note 26)	563	863
Balance at end of the year	3,667	3,285

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

	Group	
	2015	2014
	US$'000	US$'000
United States dollars	60,245	58,618
Euro	1,403	898
Pound Sterling	629	348
Japanese Yen	613	256
Swiss Franc	65	225
Chinese Yuan	68	776

8 INVENTORIES

	Group	
	2015	2014
	US$'000	US$'000
Raw materials	9,524	13,164
Work-in-progress	2,964	7,421
Finished goods	24,703	17,520
	37,191	38,105

Note: In 2014, the Group acquired certain assets from an independent third party at a total purchase consideration of approximately US$12,371,000, of which US$1,813,000 related to technical knowhow and US$10,558,000 was for inventories.

9 PROPERTIES, PLANT AND EQUIPMENT

Group	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, 2014	11,708	2,123	6,481	961	21,273
Additions	–	509	537	253	1,299
Acquisition of a subsidiary (Note 30)	–	6	15	12	33
Disposals	–	(293)	(368)	–	(661)
Currency translation difference	(666)	(85)	(271)	(55)	(1,077)
At December 31, 2014	11,042	2,260	6,394	1,171	20,867
Additions	74	206	584	17	881
Disposals	(7)	(7)	(294)	(212)	(520)
Currency translation difference	(133)	(102)	(183)	(32)	(450)
At December 31, 2015	10,976	2,357	6,501	944	20,778
Accumulated depreciation:					
At January 1, 2014	2,652	1,337	3,252	710	7,951
Depreciation	492	290	926	93	1,801
Eliminated on disposal	–	(261)	(259)	–	(520)
Currency translation difference	(111)	(50)	(174)	(22)	(357)
At December 31, 2014	3,033	1,316	3,745	781	8,875
Depreciation	468	272	913	86	1,739
Eliminated on disposal	–	(5)	(141)	(191)	(337)
Currency translation difference	(138)	(67)	(173)	(25)	(403)
At December 31, 2015	3,363	1,516	4,344	651	9,874
Carrying amount:					
At December 31, 2015	7,613	841	2,157	293	10,904
At December 31, 2014	8,009	944	2,649	390	11,992

The Group has pledged its leasehold buildings with an aggregate carrying amount of approximately US$4,526,000 (2014: US$4,699,000) to a bank to secure the banking facilities granted to the Group (Note 15).

10 SUBSIDIARIES

	Company 2015	Company 2014
	US$'000	US$'000
Unquoted equity shares, at cost	7,273	7,273
Advances to subsidiaries	22,000	21,349
Deemed investment in subsidiaries arising from financial guarantees given to financial institutions who have granted credit facilities to the subsidiaries (Note 32(b))	12,119	10,008
	41,392	38,630

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 the carrying amounts recorded approximate their fair values.

Details of the Company's subsidiaries at December 31, 2015 and 2014 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 2015	2014	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 Limited (5)	Singapore	SGD1	100	100	Investment holding
Glory Union Investments Limited (2)	Hong Kong	HK$10,000	100	100	Investment holding
Graceful Sky Investments Limited (2)	Hong Kong	HK$10,000	100	100	Investment holding
Sunny Time Investments Limited (2)	Hong Kong	HK$10,000	100	100	Investment holding
Silver Grand Holdings Limited (2)	Hong Kong	HK$10,000	100	100	Investment holding
Techcomp Europe Limited (8)	England & Wales	GBP1	100	100	Investment holding

10 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 2015	2014	Principal activity
			%	%	
Held by Techcomp Scientific Limited					
Bestwit Consultants Limited [8]	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	Inactive
Dynamica (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) Limited [4][9]	PRC - limited liability company	US$200,000	–	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) Limited [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 Limited [5]	Singapore	SGD100,000	100	100	Trading of analytical and laboratory instruments
Techcomp (Tianjin) Limited [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

10 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 2015 %	2014 %	Principal activity
Held by Techcomp Scientific Limited					
Tiande (Tianjin) Limited [8]	PRC - limited liability company	US$200,000	100	100	Trading of analytical and laboratory instruments
Well All Consultants Limited [1]	British Virgin Islands/PRC	US$1	100	100	Provision of installation and maintenance services
Techcomp India Pvt Limited [8]	India	Rupee 500,000	100	100	Trading of analytical and laboratory instruments
Dynamica Scientific Limited [8] (formerly known as Aura Scientific Limited)	United Kingdom	GBP1	100	100	Trading of analytical and laboratory instruments
Held by Techcomp Instrument Limited					
Dynamica GmbH [1]	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 [2]	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 instruments
Held by Regent Lite Pte Ltd					
HCC SAS [7]	France	EURO 2,300,000	100	100	Investment holding

10 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 2015 %	2014 %	Principal activity
Held by HCC SAS					
Frilabor SRL [7]	Romania	RON 37,500	100	100	Manufacturing and trading of analytical and laboratory instruments
Froilabo SAS [7]	France	EURO 1,000,000	100	100	Manufacturing and trading of analytical and laboratory instruments
Held by Froilabo SAS					
Craponne Tolerie SARL [7]	France	EURO 75,000	100	100	Manufacturing of industrial metallurgy
Held by Glory Union Investments Ltd					
Techcomp Precision Balances (Shanghai) Co., Ltd. [3][10] (formerly known as Techcomp Jingke Scientific Instruments (Shanghai) Co. Ltd. ("Jingke Scientific"))	PRC - wholly foreign-owned enterprise	RMB 40,000,000	100	100	Manufacturing of analytical and laboratory instruments
Techcomp Jingke Trading (Shanghai) Co., Ltd. ("Jingke Trading") [3] [10]	PRC - wholly foreign-owned enterprise	RMB 10,800,000	100	100	Trading of analytical and laboratory instruments
Held by Graceful Sky Investments Limited					
Precisa Gravimetrics AG ("Precisa") [7]	Switzerland	CHF5,000,000	100	100	Manufacturing of analytical and laboratory instruments
Held by Precisa Gravimetrics AG					
Precisa Gmbh [7][8]	Germany	EURO 25,000	100	100	Trading of analytical and laboratory instruments
Held by Sunny Time Investments Ltd					
Precisa Real Estate AG [8]	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

10 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 2015	2014	Principal activity
			%	%	
Held by Silver Grand Holdings Limited					
Techcomp-America LLC [8] [9]	USA	US$100	–	99	Investment holding
Techcomp (USA) Inc. [7]	USA	N/A	100	100	Manufacturing and trading of analytical and laboratory instruments
Held by Techcomp Europe Limited					
Edinburgh Instruments Limited [7]	England & Wales	GBP10,000	100	100	Manufacturing and trading of analytical and laboratory instruments
Scion Instruments (UK) Ltd. [11]	England & Wales	GBP1	100	–	Trading of analytical instruments
Scion Instruments (NL) B.V. [11]	Netherlands	EUR1	100	–	Manufacturing of analytical instruments
Held by Techcomp (USA) Inc.					
Techcomp-Latino S.A. de C.V [8]	Mexico	PESO130,000	100	100	Trading of analytical and laboratory instruments
Held by Dynamica Scientific Ltd					
Presica Limited [8]	England & Wales	GBP1,000	100	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.*

(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.

10 SUBSIDIARIES (CONT'D)

(9) Deregistered during the year.

(10) In 2014, the Group acquired the remaining interest of Jingke Scientific and Jingke Trading, a former associate of the Group (Note 30).

(11) Incorporated during the year.

* 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 or Deloitte Touche Tohmatsu, Hong Kong.

Composition of the Group

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

Principal activities	Principal place of business	Number of subsidiaries 2015	Number of subsidiaries 2014
Manufacturing and distribution of analytical and laboratory instruments	PRC (including Hong Kong and Macau)	13#	14#
	Asia (other than PRC)	2	2
	Europe	11	9
	Others	3*	3*

there is one non wholly-owned subsidiary in PRC

* one of the subsidiaries is a non wholly-owned subsidiary

Non-controlling interests

Non-controlling interests relating to partially-held subsidiaries of the Group are not significant in amounts.

Change in Group's ownership interests in subsidiaries

In 2014, the Group acquired the remaining interests of Jingke Scientific. The consideration was US$2,123,000. The difference of US$453,000 between the resultant decrease in the non-controlling interests of US$1,670,000 and the consideration paid had been transferred to equity reserve.

11 GOODWILL

	Group	
	2015	2014
	US$'000	US$'000
Cost:		
At January 1	3,891	3,463
Addition (Note 30)	-	428
At December 31	3,891	3,891
Impairment loss:		
At January 1	782	297
Charged during the year	228	485
At December 31	1,010	782
Carrying amount:		
At December 31	2,881	3,109

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$410,000 (net of accumulated impairment loss of US$102,000) (2014: US$512,000) is allocated to the subsidiary group, Richwell Hightech Systems Inc., goodwill of US$419,000 (net of accumulated impairment loss of US$1,327,000) (2014: US$545,000, net of impairment loss of US$782,000) is allocated to the subsidiary, IXRF Systems Inc., US$1,624,000 (2014: US$1,624,000) is allocated to the subsidiary, Edinburgh Instruments Limited and US$428,000 (2014: US$428,000) is allocated to the subsidiary, Jingke Trading.

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, 2015, the Group recognised an impairment loss of US$126,000 (2014: US$485,000) in relation to goodwill arising from the CGU of IXRF Systems Inc. and of US$102,000 (2014: US$Nil) in relation to goodwill arising from the CGU of Richwell Hightech Systems Inc. due to increased competition in the market.

The recoverable amounts of the CGU are determined from value in use calculations. 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. Changes in selling prices and direct costs are based on past experience and expectations of future changes in the market. 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.

	Richwell Hightech Systems Inc.		IXRF Systems Inc.		Edinburgh Instrument Limited		Jingke Trading	
	2015	2014	2015	2014	2015	2014	2015	2014
Discount rate	8%	8%	10%	15%	10%	16.89%	8%	10%
Growth rate	5%	12%	8% to 20%	11%	5%	3% to 6%	4%	4.5%

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, Edinburgh Instruments Limited and Jingke Trading to fall below the carrying amount of goodwill.

12 OTHER INTANGIBLE ASSETS

	Group		
	Development costs	Technical know-how	Total
	US$'000	US$'000	US$'000
Cost:			
At January 1, 2014	12,022	74	12,096
Additions (Note)	1,083	1,813	2,896
Written off	(101)	–	(101)
Currency translation difference	(579)	–	(579)
At December 31, 2014	12,425	1,887	14,312
Additions	1,054	–	1,054
Written off	(181)	–	(181)
Currency translation difference	(443)	–	(443)
At December 31, 2015	12,855	1,887	14,742
Amortisation:			
At January 1, 2014	8,131	74	8,205
Amortisation for the year	1,951	–	1,951
Written off	(101)	–	(101)
Currency translation difference	(240)	–	(240)
At December 31, 2014	9,741	74	9,815
Amortisation for the year	492	363	855
Written off	(133)	–	(133)
Currency translation difference	(238)	–	(238)
At December 31, 2015	9,862	437	10,299
Carrying amount:			
At December 31, 2015	2,993	1,450	4,443
At December 31, 2014	2,684	1,813	4,497

Note: In 2014, the Group acquired certain assets from an independent third party at a total purchase consideration of approximately US$12,371,000, of which US$1,813,000 related to technical knowhow and US$10,558,000 for inventories.

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

Amortisation of US$855,000 (2014: US$1,951,000) has been included in administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

13 OTHER ASSETS

	Group	
	2015	2014
	US$'000	US$'000
At cost		
Available-for-sale investments-Unquoted equity shares	450	450
Golf club membership	494	494
	944	944

Unquoted equity shares relate to private entities incorporated in Germany and Australia that 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. As a result, these investment costs are stated at cost less any impairment.

Management is of the opinion that the carrying amount of the golf club membership approximates its recoverable amount.

14 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 US$'000	Timing differences in tax depreciation US$'000	Total US$'000
At January 1, 2014	(284)	61	(223)
Credit (Charge) to profit or loss for the year (Note 25)	41	(39)	2
Currency translation difference	6	(2)	4
At December 31, 2014	(237)	20	(217)
(Charge) Credit to profit or loss for the year (Note 25)	(9)	7	(2)
Currency translation difference	9	(1)	8
At December 31, 2015	(237)	26	(211)

The following is the analysis of the deferred tax balances:

	Group	
	2015	2014
	US$'000	US$'000
Deferred tax assets	26	20
Deferred tax liabilities	(237)	(237)
	(211)	(217)

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

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 retained profits of the subsidiaries in mainland China amounting to US$1,403,000 (2014: US$1,820,000) as management does not expect to distribute profits to shareholders from this source in the foreseeable future.

15 BANK BORROWINGS AND OVERDRAFTS

	Group	
	2015	**2014**
	US$'000	**US$'000**
Trust receipt loans	10,085	12,322
Other bank loans	24,961	24,009
Mortgage loan	2,800	2,960
Bank overdrafts	760	2,168
	38,606	41,459
Secured (Mortgage loan)	2,800	2,960
Unsecured	35,806	38,499
	38,606	41,459
Repayable*:		
On demand or within one year	25,704	33,284
Between one to two years	6,140	3,240
Between two to five years	4,262	2,275
Over five years	2,500	2,660
	38,606	41,459
Less: Amounts due within one year shown under current liabilities	(25,704)	(33,284)
Amounts due after one year shown under non-current liabilities	12,902	8,175

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

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

	Group	
	2015	**2014**
	US$'000	**US$'000**
Japanese Yen	6,861	5,582
United States dollars	1,720	3,333
Pound Sterling	1,050	799

15 BANK BORROWINGS AND OVERDRAFTS (CONT'D)

The Group's variable-rate borrowings carry interest at various margins above the HIBOR, the Hong Kong prime lending rates of the banks, Euro-LIBOR or the Swiss Franc-LIBOR. These interest rates are repriced every twelve months (2014 : twelve months). The average effective interest rates paid were as follows:

	Group	
	2015	**2014**
	%	**%**
Trust receipt loans	3.8	5.5
Other bank loans	3.0	2.8
Mortgage loan	2.2	2.2
Bank overdrafts	5.7	5.5

The Group has pledged its leasehold buildings with carrying value of US$4,526,000 (2014: US$4,699,000) (Note 9) to a bank to secure the banking facilities 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 and two wholly-owned subsidiaries of the Company.

Bank overdrafts are unsecured and repayable on demand.

16 LIABILITIES FOR TRADE BILLS DISCOUNTED WITH RECOURSE

The following were the Group's financial assets as at December 31, 2015 and 2014 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 discounted receivables and associated liabilities (included in liabilities for trade bills discounted with recourse) are in the Group's consolidated financial statements.

	Bill receivables discounted to banks with full recourse	
	2015	**2014**
	US$'000	**US$'000**
Carrying amount of transferred assets (Note 7)	1,901	5,733
Carrying amount of associated liabilities	1,901	5,733
Net position	–	–

The above liabilities for trade bills discounted with recourse matures 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	
	2015	**2014**
	US$'000	**US$'000**
United States dollars	1,382	3,265

17 TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Trade payables	14,434	14,324	–	–
Accruals	7,603	6,726	–	–
Customer deposits	5,926	4,581	–	–
Other payables (note)	928	3,758	–	14
	28,891	29,389	–	14

Note: Included in other payables as at December 31, 2014 was the consideration payable to the former non-controlling interests of Jingke Scientific of US$1,500,000. The entire amount was settled in January 2015.

The credit period on purchases of goods generally ranges from 30 to 75 days (2014 : 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	
	2015	2014
	US$'000	US$'000
Less than 60 days	12,169	11,338
61 to 180 days	1,723	1,552
181 to 365 days	228	710
Over 365 days	314	724
	14,434	14,324

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	
	2015	2014
	US$'000	US$'000
Japanese Yen	7,451	5,650
United States dollars	2,550	1,204
Euro	73	29
British Pound	26	–
Swiss Franc	–	4
Chinese Yuan	–	54
Romanian Leu	196	102

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

18 RETIREMENT BENEFIT PLAN

Defined benefit plan

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

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

The collective foundation covers all actuarial, investment, interest and salary risks. The collective foundation can adjust risk and cost contributions according to the circumstances. The employer has to cover at least half of all contributions.

Investment risk

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

Interest risk

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

Salary risk

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

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at December 31, 2015 by AXA Pension Solutions AG. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

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

	2015	2014
Discount rate	0.90%	1.20%
Expected rate of salary increases	0.50%	0.50%

The actuarial valuation showed that the market value of plan assets was US$10,342,000 (2014: US$9,205,000).

18 RETIREMENT BENEFIT PLAN (CONT'D)

Amounts recognised in comprehensive income in respect of these benefit plans are as follows:

	2015
	US$'000
Service cost:	
Current service cost	109
Past service cost and gain from settlements	(30)
Net interest expense	6
Components of defined benefit costs recognised in profit or loss	85
Remeasurement on the net defined benefit liability:	
Return on plan assets (excluding amounts included in net interest expense)	(154)
Actuarial gains and losses arising from experience adjustments	276
Components of defined benefit costs recognised in other comprehensive income	122
Contributions from the employer	(173)
Currency translation difference	(2)
Total	32

The current contributions of US$85,000 (2014: US$482,000) for the year is included in the staff costs in profit or loss and the remeasurement of the net defined benefit liability arising from the experience adjustments of US$122,000 (2014: US$522,000) is included in other comprehensive income.

The amount recognised in the statement of financial position in respect of the Group's defined benefit retirement plan is as follows:

	2015	2014
	US$'000	US$'000
Present value of funded defined benefit obligations	(10,856)	(9,687)
Fair value of plan assets	10,342	9,205
Net liabilities recognised in the consolidated statement of financial position	(514)	(482)

Movements in the present value of the defined benefit obligations in the current year were as follows:

	2015	2014
	US$'000	US$'000
At January 1	9,687	8,723
Current service cost	109	–
Past service cost	(30)	–
Interest cost	126	–
Contributions from plan participants	172	–
Benefits deposited	559	–
Remeasurement loss:		
Actuarial loss arising from experience adjustments	276	522
Currency translation difference	(43)	442
At December 31	10,856	9,687

18 RETIREMENT BENEFIT PLAN (CONT'D)

Movements in the present value of the plan assets in the current year were as follows:

	2015	2014
	US$'000	US$'000
At January 1	9,205	8,723
Interest income	120	–
Contributions from the employer	173	202
Contributions from plan participants	172	200
Benefits deposited	559	–
Remeasurement gain:		
Return on plan assets (excluding amounts included in net interest expense)	154	80
Currency translation difference	(41)	–
At December 31	10,342	9,205

Investment of the assets is done by the collective foundation.

Pension assets invested in insurance backed assets : A reputable Swiss insurer insures the assets of the Company's Swiss pension plan. The insurance contract guarantees a federally mandated annual rate of return. The value of the plan assets is effectively the value of the insurance contract. The performance of the underlying assets held by the insurance company has no direct impact on the surrender value of the insurance contract. The insurance backed assets are not traded and therefore have no active market.

The fair value of the above equity and debt instruments are determined based on quoted market prices in active markets whereas the fair value of properties and derivatives are not based on quoted market prices in active markets. It is the policy of the fund to use interest rate swaps to hedge its exposure to interest rate risk. This policy has been implemented during the current and prior years. Foreign currency exposures are fully hedged by the use of the forward foreign exchange contracts.

The actual return on plan assets was US$154,000 (2014: US$80,000).

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

If the discount rate is 25 basis points higher/(lower), the defined benefit obligation would decrease by US$244,000 (increase by US$257,000) (2014: decrease by US$235,000 (increase by US$247,000)).

If the expected salary growth increase (decreases) by 0.25%, the defined benefit obligation would increase by US$2,000 (decrease by US$5,000) (2014: increase by US$3,000 (decrease by US$9,000)).

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

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

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

The Group expects to make a contribution of US$173,000 (2014: US$202,000) to the defined benefit plan during the next financial year.

19 SHARE-BASED PAYMENT

Equity-settled share option scheme

The Company has two share option schemes, the details of which are as follows:

2004 Share Option Scheme

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

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

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

The number of Shares comprised in any option to be offered to a participant of the 2004 Share Option Scheme shall be determined at the absolute discretion of the Remuneration Committee of the Company. The maximum entitlement of any offeree, in accordance with and during the operation of the Scheme, shall not exceed 20% in aggregate of the total number of Shares which have been issued and may be issued by the Company under the 2004 Share Option Scheme.

The Company granted a total of 21,835,000 options under the 2004 Share Option Scheme, of which options to subscribe for 8,062,000 ordinary Shares of US$0.05 each have been exercised. The number of outstanding share options under the 2004 Share Option Scheme as at December 31, 2015 was 13,773,000 (December 31, 2014: 21,835,000), representing approximately 5.00% (December 31, 2014: 8.17%) of the issued share capital of the Company as at December 31, 2015.

Pursuant to the 2004 Share Option Scheme, 30% of the options shall be vested on the first anniversary of the date of grant. The remaining 70% of the options shall be vested on the third anniversary of the date of grant. Upon acceptance of the option, the grantee shall pay S$1.00 to the Company by way of consideration for the grant of the option.

When the 2004 Share Option Scheme was adopted on May 28, 2004, it was to be in force up to a maximum period of 10 years from the adoption date. No further option has been granted under the 2004 Share Option Scheme upon the listing of the Company on The Stock Exchange of Hong Kong Limited (the "SEHK") on 21 December 2011 and the 2004 Share Option Scheme was subsequently superseded by the 2011 Share Option Scheme (as defined below). As such, the total number of securities available for issue under the 2004 Share Option Scheme remains at 13,773,000 Shares, representing approximately 5.15%, 5.15%, 5.00% and 5.00% of the issued share capital of the Company as at December 31, 2014, March 19, 2015 (i.e. the date of the annual report for the year ended December 31, 2014), December 31, 2015 and March 23, 2016 (i.e. the date of the annual report for the year ended December 31, 2015) respectively.

2011 Share Option Scheme

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

19 SHARE-BASED PAYMENT (CONT'D)

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 (i.e. June 9, 2011) and may be continued beyond the stipulated period with the approval of shareholders by way of ordinary resolution in a general meeting and of such relevant authorities which may then be required.

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

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

The number of Shares comprised in any option to be offered to a participant in the 2011 Share Option Scheme shall be determined at the absolute discretion of the Remuneration Committee of the Company. The total number of Shares issued and to be issued upon exercise of the options granted to such participant (including exercised, cancelled and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue under the 2011 Share Option Scheme.

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

On January 22, 2015, the Company granted a total of 2,000,000 options under its 2011 Share Option Scheme for a total of 2,000,000 new ordinary shares of US$0.05 each in the capital of the Company at the exercise price of HK$2.00 per Share, of which options to subscribe for 300,000 Shares were cancelled on 23 January 2015 and options to subscribe for 1,700,000 Shares remained outstanding (representing approximately 0.64%, 0.64%, 0.62% and 0.62% of the issued share capital of the Company as at December 31, 2014, March 19, 2015 (i.e. the date of the annual report for the year ended December 31, 2014), December 31, 2015 and March 23, 2016 (i.e. the date of the annual report for the year ended December 31, 2015) respectively.

Pursuant to the 2011 Share Option Scheme, upon acceptance of the option, the grantee shall pay S$1.00 to the Company by way of consideration for the grant of the option.

As of December 31, 2015, the total number of securities available for issue under the 2011 Share Option Scheme was 22,950,000 Shares, being the refreshed mandate limit of 23,250,000 Shares less the cancelled options of 300,000 Shares, representing approximately 8.58%, 8.58%, 8.33% and 8.33% of the issued share capital of the Company as at December 31, 2014, March 19, 2015 (i.e. the date of the annual report for the year ended December 31, 2014), December 31, 2015 and March 23, 2016 (i.e. the date of the annual report for the year ended December 31, 2015) respectively.

19 SHARE-BASED PAYMENT (CONT'D)

Particulars of the share options granted under the share opinion schemes are as follow:

	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, 2015	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Group and Company outstanding share options outstanding at December 31, 2015
2004 Share Option Scheme												
Directors												
Chan Wai Shing	11/01/2010	10/01/2020	11/01/2011 - 10/01/2020 (Note 1)	10,500	S$0.23	S$0.16 (1) (2)	1,800,000	–	–	–	–	1,800,000
	06/01/2011	05/01/2021	06/01/2012 - 05/01/2021 (Note 1)	6,800	S$0.42	S$0.19 (1) & S$0.18 (2)	700,000	–	–	–	–	700,000
							2,500,000	–	–	–	–	2,500,000
Employees												
Xu Guoping (Note 2)	11/01/2010	10/01/2020	11/01/2011 - 10/01/2020 (Note 1)	10,500	S$0.23	S$0.16 (1) (2)	1,800,000	–	–	–	–	1,800,000
	06/01/2011	05/01/2021	06/01/2012 - 05/01/2021 (Note 1)	6,800	S$0.42	S$0.19 (1) & S$0.18 (2)	700,000	–	–	–	–	700,000
Sub-total							2,500,000	–	–	–	–	2,500,000
Other employees	15/04/2008	14/04/2018	15/04/2009 - 14/04/2018	825	S$0.26	S$0.14 (1) & S$0.11 (2)	750,000	–	(615,000)	–	–	135,000
	02/03/2009	01/03/2019	02/03/2010 - 01/03/2019 (Note 1)	3,855	S$0.16	S$0.11 (1) & S$0.10 (2)	3,810,000	–	(2,539,500)	–	–	1,270,500
	22/05/2009	21/05/2019	22/05/2010 - 21/05/2019 (Note 1)	150	S$0.16	S$0.11 (1) & S$0.10 (2)	150,000	–	–	–	–	150,000
	11/01/2010	10/01/2020	11/01/2011 - 10/01/2020 (Note 1)	10,500	S$0.23	S$0.16 (1) (2)	6,750,000	–	(4,907,500)	–	–	1,842,500
	06/01/2011	05/01/2021	06/01/2012 - 05/01/2021 (Note 1)	6,800	S$0.42	S$0.19 (1) & S$0.18 (2)	5,375,000	–	–	–	–	5,375,000

19 SHARE-BASED PAYMENT (CONT'D)

	Grant date	Expiry date	Exercisable period	Share options granted at initial date	Exercise price	Fair value at grant date	Group and Company outstanding share options at January 1, 2015	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Group and Company outstanding share options outstanding at December 31, 2015
				('000)				(Note 4)				
2011 Share Option Scheme												
Other employees	22/01/2015 (Note 3)	22/01/2025	22/01/2018 - 22/01/2025	2,000	HK$2.00	HK$1.90	–	2,000,000	–	–	(300,000)	1,700,000
							19,335,000	2,000,000	(8,062,000)	–	(300,000)	12,973,000
Total							21,835,000	2,000,000	(8,062,000)	–	(300,000)	15,473,000

(1) Senior management

(2) General management

Note:

1. 30% of the options vests on the first anniversary of the date of grant. The remaining 70% of the options vests on the third anniversary of the date of grant.

2. Mr. Xu Guoping was a director of the Company who resigned as director on July 2, 2015 upon reaching the retirement age.

3. The first tranche of the options (30% of the Share Options) is exercisable from January 22, 2018 to January 22, 2025, the second tranche of the options (30% of the Share Options) is exercisable from January 22, 2019 to January 22, 2025, and the third tranche of the options (40% of the Share Options) is exercisable from January 22, 2020 to January 22, 2025.

4. The closing price of the Share immediately before the date on which the options were granted was S$0.25 (equivalent to HK$2.0)

The Group recognised total expenses of US$55,000 (2014: US$3,000) related to equity-settled share-based payment during the year ended December 31, 2015.

The weighted average exercise price of the end of year is S$0.32 (2014: S$0.28).

The options outstanding at the end of the year have a weighted average remaining contractual life of approximately 4.9 years (2014 : 5 years).

Options exercised during the year were exercised on the same date. The closing price of the shares was S$0.39 (equivalent to HK$2.5) immediately before the date on which the options were exercised.

20 SHARE CAPITAL

	Group and Company	
	Number of ordinary shares of US$0.05 each	US$'000
Authorised	800,000,000	40,000
Issued and paid up:		
At January 1, 2014	232,500,000	11,625
Issue of shares	34,875,000	1,744
At December 31, 2014	267,375,000	13,369
Issue of shares upon exercise of share options (Note 19)	8,062,000	403
At December 31, 2015	275,437,000	13,772

On October 22, 2014, the Company issued 34,875,000 ordinary shares of US$0.05 each (the aggregate nominal value was US$1,743,750), for consideration of HK$2.4 (equivalent to US$0.3077) per share.

The subscription price of HK$2.4 per subscription share represented a discount of approximately 5.88% to the closing price of HK$2.55 per share as quoted on the Stock Exchange on October 9, 2014 (the date on which the terms of the issue were fixed).

The net proceeds received by the Company from the subscription were approximately HK$83.35 million (equivalent to US$10.69 million), representing a net price of HK$2.39 (equivalent to US$0.3064) per share.

The allocation was made to two subscribers. The subscribers and their respective ultimate beneficial owners were independent of and not connected with the Company or any of its connected persons on the subscription date. The subscribers are KCH Investment Company Limited which is wholly-owned by Mr. Guo Bing (Note 1) and GW Capital Limited which is wholly-owned by Mr. Guo Yong.

Pursuant to exercise of share options under the 2004 Share Option Scheme (as defined below), the Company issued 8,062,000 ordinary shares of US$0.05 each for the net proceeds of approximately US$1,239,000 during the current year.

The new issued shares rank pari passu with the then existing shares in all respects. The Company has one class of ordinary shares which carry one vote per share and no right to fixed income.

Note 1: Mr. Guo Bing was subsequently appointed as a director of the Company on July 2, 2015 and resigned as director of the Company on October 26, 2015.

21 RESERVES

	Group and Company US$'000
(a) Share premium:	
Balances at January 1, 2014	8,099
Issue of shares, net of transaction costs	8,927
Balances at December 31, 2014	17,026
Issue of shares upon exercise of share options, net of transaction costs (Note 19)	1,359
Balances at December 31, 2015	18,385

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 of the premium on those shares shall be transferred to the "share premium account". 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, 2014, December 31, 2014 and December 31, 2015	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 and the balance at January 1, 2014	26
Expiry of warrants	(26)
At December 31, 2014 and December 31, 2015	–

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. The net placing price per Warrant, after deduction of relevant expenses, was approximately HK$0.0044.

21 RESERVES (CONT'D)

Each Warrant carried the right to subscribe for one Warrant Share at the Subscription Price of HK$3.00 per Warrant Share (subject to adjustment pursuant to the Instrument), which represented: (i) a premium of approximately 15.8% over the closing price of HK$2.59 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a premium of approximately 16.3% over the average of the closing prices of HK$2.58 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the Last Trading Day; (iii) a premium of approximately 16.3% over the average of the closing prices of HK$2.58 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately preceding the Last Trading Day.

The proceeds from warrants placement 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. 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.

The directors consider that the issue of the Warrants to the placees would attract the requisite funding for general working capital and future development of the Group and would provide the Group with an opportunity to raise further funds when the placees exercise the subscription rights attaching to the Warrants. In view of the above, the directors consider that the Placing is an appropriate method of raising further funds for the Company in the circumstances and that the terms of the Placing Agreement which have been arrived at after arm's length negotiations between the Company and the Placing Agent are fair and reasonable and the Placing Agreement is in the interests of the Company and the Shareholders as a whole.

In 2014, no warrants were exercised. All the warrants expired on October 1, 2014 and the amount of US$26,000 was reclassified to retained earnings.

22 REVENUE

	Group	
	2015	**2014**
	US$'000	**US$'000**
Sale of analytical instruments, life science equipment and laboratory instruments	171,905	162,695

23 OTHER OPERATING INCOME AND EXPENSES

	Group	
	2015	2014
	US$'000	US$'000
Other operating expenses		
Foreign exchange loss, net	–	(566)
Impairment loss recognised in respect of goodwill	(228)	(485)
	(228)	(1,051)
Other operating income		
Foreign exchange gain, net	404	–
Net gain on disposal of properties, plant and equipment	143	85
Interest income on bank deposits	40	25
Gain on deemed disposal of an associate arising from further acquisition	–	11
Sundry income	776	376
	1,363	497
Other operating income (expenses), net	1,135	(554)

24 FINANCE COSTS

	Group	
	2015	2014
	US$'000	US$'000
Interest on bank borrowings	1,465	1,520

25 INCOME TAX EXPENSE

	Group	
	2015	2014
	US$'000	US$'000
Current tax		
- PRC Enterprise Income Tax	198	23
- Others	105	366
	303	389
Deferred tax expense (credit) (Note 14)	2	(2)
	305	387

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% (2014: 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 year as the Group does not have any assessment profit arising from Hong Kong for both years.

25 INCOME TAX EXPENSE (CONT'D)

Withholding tax paid for distributed profit PRC subsidiary is calculated at 10% (2014: 10%) of the distribution outside PRC.

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% (2014: 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.

The total income tax expense for the year can be reconciled to the accounting profit as follows:

	Group	
	2015	**2014**
	US$'000	**US$'000**
Profit before income tax	3,580	3,223
Income tax credit at the statutory tax rates of relevant jurisdictions	641	722
Non-deductible items	42	81
Deferred tax benefit not recognised	(1,134)	(977)
Others	146	(213)
Total income tax expense	(305)	(387)

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

	Group	
	2015	**2014**
	US$'000	**US$'000**
Amount at beginning of the year	21,281	17,712
Arising during the year	5,718	4,860
Amount utilised/expired during the year	(2,234)	(1,291)
Amount at end of the year	24,765	21,281

At the end of the reporting period, the Group has unutilised tax losses of US$24,765,000 (2014: US$21,281,000) available for offsetting against future periods. No deferred tax asset has been recognised for the unutilised tax losses due to the unpredictability of future profit streams. Unrecognised tax losses of US$17,974,000 (2014: US$17,974,000) will gradually expire up to the year 2022 when they will expire fully (2014: 2021). Other losses can be carried forward indefinitely.

26 PROFIT FOR THE YEAR

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

	Group 2015	Group 2014
	US$'000	US$'000
Directors' remuneration	613	632
Employee benefits expense	19,289	16,319
Share based payments (excluding directors)	55	3
Cost of defined contribution plans included in employee benefits expense	2,893	3,031
	22,850	19,985
Amortisation of intangible assets (1)	855	1,951
Allowance for doubtful receivables	563	863
Auditors' remuneration paid to:		
- Auditors of the Company	83	82
- Other auditors	469	415
Costs of inventories recognised as expense	116,433	112,008
Depreciation of properties, plant and equipment	1,739	1,801
Impairment loss recognised in respect of goodwill	228	485
Net foreign exchange (gain) loss	(404)	566
Net gain on disposal of properties, plant and equipment	(143)	(85)
Non-audit fees paid to:		
- Auditors of the Company	3	5
- Other auditors	32	33
Research costs recognised as an expense (1)	2,541	2,917

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

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, 2015 and 2014 are as follows:

	Lo Yat Keung	Chan Wai Shing	Xu Guoping(1)	Guo Bing(2)	Ho Yew Yuen	Seah Kok Khong, Manfred	Teng Cheong Kwee	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2015								
Director fee	–	–	–	–	51	46	46	143
Basic salaries and allowances	179	119	55	38	–	–	–	391
Bonus (Note)	26	18	18	–	–	–	–	62
Contributions to retirement benefit scheme	2	13	–	2	–	–	–	17
	207	150	73	40	51	46	46	613

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

	Lo Yat Keung	Chan Wai Shing	Xu Guoping	Ho Yew Yuen	Seah Kok Khong, Manfred	Teng Cheong Kwee	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2014							
Director fee	–	–	–	55	49	49	153
Basic salaries and allowances	171	113	119	–	–	–	403
Bonus (Note)	26	17	18	–	–	–	61
Contributions to retirement benefit scheme	2	13	–	–	–	–	15
	199	143	137	55	49	49	632

(1) Xu Guoping resigned on July 2, 2015.

(2) Guo Bing was appointed on July 2, 2015 and resigned on October 26, 2015.

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

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

The five highest paid individuals include one (2014 : one) director of the Company for the year ended December 31, 2015, details of whose emoluments are disclosed above. The emoluments of four (2014 : four) highest paid individuals during the year as follows:

	Group	
	2015	2014
	US$'000	US$'000
Employees		
- basic salaries and allowances	733	759
- bonus	170	260
- share-based payments	42	–
- contributions to retirement benefits scheme	55	57
	1,000	1,076

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

The emoluments of the four (2014: four) highest paid employees above were within following bands:

	2015	2014
	Number of individuals	
HK$1,000,001 to HK$1,500,000 (equivalent to US$128,205 to US$192,308)	2	2
HK$1,500,001 to HK$2,000,000 (equivalent to US$192,308 to US$256,410)	1	1
HK$3,000,001 to HK$3,500,000 (equivalent to US$384,616 to US$448,718)	1	–
HK$3,500,001 to HK$4,000,000 (equivalent to US$448,718 to US$512,821)	–	1

During the year ended December 31, 2015 and 2014, 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

The directors of the Company propose that a final dividend of HK$0.028 (US$0.0036) per share be paid to shareholders for the year ended December 31, 2015. This proposed dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. Based on the number of ordinary shares as at December 31, 2015, the total dividend to be paid is approximately US$989,000.

No dividend had been proposed by the directors of the Company for the year ended December 31, 2014.

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	
	2015	2014
	US$'000	US$'000
Profit for the year attributable to owners of the Company	3,513	3,448

	2015	2014
	Number of shares '000	
Weighted average number of ordinary shares for the purpose of basic earnings per share	271,859	239,284

29 EARNINGS PER SHARE (CONT'D)

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

	Group	
	2015	2014
	US$'000	US$'000
Profit for the year attributable to owners of the Company	3,513	3,448
	Number of shares	
	'000	
Weighted average number of ordinary shares for the purpose of basic earnings per share	271,859	239,284
Add: Effect of dilutive potential ordinary shares relating to outstanding share options issued by the Company	2,996	5,541
Weighted average number of ordinary shares for the purpose of diluted earnings per share	274,855	244,825

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

30 ACQUISITION OF SUBSIDIARIES

In August 2014, the Group acquired 51% equity interest in Jingke Trading from the former majority shareholder at a cash consideration of RMB75,000 (equivalent to approximately US$12,000). Jingke Trading was an associate of the Group. Upon the completion of the acquisition, Jingke Trading became a wholly-owned subsidiary of the Group.

Acquisition-related costs were insignificant and had been recognised as an administrative expense in the consolidated statement of profit or loss and other comprehensive income.

30 ACQUISITION OF SUBSIDIARIES (CONT'D)

Assets acquired and liabilities assumed at the date of acquisition

	2014
	US$'000
Properties, plant and equipment	33
Inventories	438
Trade and other receivables	1,125
Cash and bank balances	46
Trade and other payables	(2,047)
Net liabilities assumed	(405)

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

Goodwill arising on acquisition

	2014
	US$'000
Consideration transferred	12
Fair value of previously held interest in Jingke Trading	11
Net liabilities assumed	405
Goodwill arising on acquisition of a subsidiary	428

Goodwill arose in the acquisition of Jingke Trading because the cost of the combination included a control premium and took into consideration expected synergies, revenue growth and future market development. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

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

Net cash inflow on acquisition

	2014
	US$'000
Cash consideration	(12)
Cash and bank balances acquired	46
Net cash inflow from acquisition of a subsidiary	34

30 ACQUISITION OF SUBSIDIARIES (CONT'D)

Impact of acquisition on the results of the Group

In 2014, Jingke Trading contributed revenue of US$1,819,000 and profit of US$60,000 to the Group's profit before tax for the period between the date of acquisition and December 31, 2014.

If the acquisition had been completed on January 1, 2014, total Group's revenue for the year ended December 31, 2014 would have been US$166,463,000 and the profit before tax would have been US$2,625,000.

31 OPERATING LEASE ARRANGEMENTS

The Group as lessee

	Group	
	2015	**2014**
	US$'000	**US$'000**
Minimum lease payments under operating leases recognised as an expense in the year	2,840	2,894

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

	Group	
	2015	**2014**
	US$'000	**US$'000**
Within one year	1,903	1,544
In the second to fifth year inclusive	3,151	3,535
After five years	243	551
	5,297	5,630

Operating lease payments relate to rent for factories and office premises. Leases are negotiated for and rentals are fixed for a term ranging from 1 to 8 years (2014 : 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, 2015 and 2014, the Group had no material contingent liabilities.

32 CONTINGENT LIABILITIES (CONT'D)

(b) Company

The Company provided corporate guarantees of US$80,560,000 (2014: US$94,712,000) to certain banks as security for banking facilities granted to its subsidiaries as at year end. For the purpose of determining the deemed additional investment in subsidiaries relating to these corporate guarantees (Note 10) given without any fees charged by the Company to the subsidiaries, management used an estimate of the maximum credit lines required by the Group instead of the credit facilities which are substantially more than the amounts required by the Goup.

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

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

The principal activities of the operating segments are as follow:

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

Manufacturing - the design, 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
2015			
Revenue	109,205	62,700	171,905
Results			
Segment results	3,567	13	3,580
Unallocated results			–
Profit before income tax			3,580
Income tax expense			(305)
Profit for the year			3,275

33 SEGMENT INFORMATION (CONT'D)

Segment revenues and results (Cont'd)

	Distribution	Manufacturing	Total
	US$'000	US$'000	US$'000
2014			
Revenue	107,064	55,631	162,695
Results			
Segment results	2,871	341	3,212
Unallocated results			11
Profit before income tax			3,223
Income tax expense			(387)
Profit for the year			2,836

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 an associate and income tax expense. 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
2015			
ASSETS			
Segment assets	96,393	58,453	154,846
Unallocated assets			1,212
Consolidated total assets			156,058
LIABILITIES			
Segment liabilities	53,192	16,720	69,912
Unallocated liabilities			2,188
Consolidated total liabilities			72,100
OTHER INFORMATION			
Capital expenditure	586	295	881
Depreciation and amortisation	483	2,111	2,594
Finance costs	1,401	64	1,465
Interest income	(31)	(9)	(40)

33 SEGMENT INFORMATION (CONT'D)

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

	Distribution	Manufacturing	Total
	US$'000	US$'000	US$'000
2014			
ASSETS			
Segment assets	96,277	61,429	157,706
Unallocated assets			1,032
Consolidated total assets			158,738
LIABILITIES			
Segment liabilities	61,000	16,063	77,063
Unallocated liabilities			1,916
Consolidated total liabilities			78,979
OTHER INFORMATION			
Capital expenditure	311	988	1,299
Depreciation and amortisation	1,451	2,301	3,752
Finance costs	1,471	49	1,520
Interest income	(15)	(10)	(25)

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 available-for-sale investments (Note 13), deferred tax assets (Note 14) 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 System 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 14).

33 SEGMENT INFORMATION (CONT'D)

Geographical information

The Group operates principally in PRC, Asia (Other than the PRC) and Europe.

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

	Group	
	2015	2014
	US$'000	US$'000
PRC (including Hong Kong and Macau)	120,222	119,241
Asia (other than the PRC)	14,164	12,608
Europe	23,015	24,510
Others [1]	14,504	6,336
Total	171,905	162,695

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

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

	Group Non-current assets	
	2015	2014
	US$'000	US$'000
PRC (including Hong Kong and Macau)	8,931	9,140
Europe	7,840	7,202
The United States of America	1,438	3,240
Others [2]	19	16
Total	18,228	19,598

(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 2015 and 2014.

34 EVENT AFTER THE END OF THE REPORTING PERIOD

On January 27, 2016, the Company received in-principal approval from the SGX-ST for the proposed conversion in its listing status from a primary listing to a secondary listing on the Main Board of the SGX-ST while maintaining its primary listing status on the SEHK. Shareholders have approved the proposal conversion of the Company's listing status from a primary listing to a secondary listing on the Main Board of the SGX-ST in special general meeting at the date of this report.

FINANCIAL SUMMARY

	Year ended December 31,				
	2011	2012	2013	2014	2015
	US$'000	US$'000	US$'000	US$'000	US$'000
RESULTS					
Revenue	154,102	157,670	166,441	162,695	171,905
Profit before taxation	8,634	2,878	3,266	3,223	3,580
Income tax expense	(356)	(359)	(496)	(387)	(305)
Profit for the year	8,278	2,519	2,770	2,836	3,275
Non-controlling interests	121	675	930	612	238
Profit for the year attributable to owners of the Company	8,399	3,194	3,700	3,448	3,513
ASSETS AND LIABILITIES					
Total assets	127,929	141,657	145,165	158,738	156,058
Total liabilities	(61,943)	(76,394)	(75,944)	(78,979)	(72,100)
Balance of shareholders' funds	65,986	65,263	69,221	79,759	83,958

STATISTICS OF SHAREHOLDINGS

March 11, 2016

Issued and fully paid-up	-	US$13,771,850
Class of shares	-	Ordinary shares of US$0.05 each
No. of Treasury Shares Held	-	Nil
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 – 99	4	0.75	98	0.00
100 – 1,000	39	7.27	23,512	0.01
1,001 - 10,000	240	44.78	1,077,990	0.39
10,001 - 1,000,000	247	46.08	14,242,050	5.17
1,000,001 and above	6	1.12	260,093,350	94.43
	536	100.00	275,437,000	100.00

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	HKSCC Nominees Limited	195,484,850	70.97
2	Lo Yat Keung	41,833,500	15.19
3	Yung Yat	7,500,000	2.72
4	DBS Nominees Pte Ltd	7,005,000	2.54
5	HSBC (Singapore) Nominees Pte Ltd	6,245,000	2.27
6	UOB Kay Hian Pte Ltd	2,025,000	0.74
7	Wang Meng	750,000	0.27
8	Jonathan Chadwick	500,000	0.18
9	Seow Ho Peng	450,000	0.16
10	Chan Wai Shing	420,000	0.15
11	Beng Hui Holding (S) Pte Ltd	300,000	0.11
12	Ho Yew Yuen	300,000	0.11
13	Citibank Consumer Nominees Pte Ltd	287,900	0.10
14	Ang Kok Kiong	273,000	0.10
15	Maybank Kim Eng Securities Pte Ltd	256,500	0.09
16	Lee Chan Moi Karen	254,000	0.09
17	DBS Vickers Securities (S) Pte Ltd	238,750	0.09
18	Ong Fook Thim	232,500	0.08
19	Citiport Credit Co-Operative Limited	225,000	0.08
20	Lim Geck Chin Mavis	225,000	0.08
		264,806,000	96.12

Shareholdings Held in Hands of Public

Based on information available to the Company as at 11 March 2016, 28.57% 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 11, 2016

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholder	Direct Interest No. of Shares	Direct Interest % of total issued shares	Deemed Interest No. of Shares	Deemed Interest % of total issued shares
Lo Yat Keung	104,956,500[1]	38.11	7,500,000[2]	2.72
Kabouter Fund I (QP), LLC	14,659,829	5.32	–	–
Kabouter Management, LLC	–	–	29,729,352[4]	10.79
KCH Investment Company Limited	44,528,648[3]	16.17	–	–
Guo Bing[5]	–	–	44,528,648[3]	16.17
Yung Yat	7,500,000[2]	2.72	104,956,500[2]	38.11

Notes :

[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 a direct interest in 7,500,000 shares. Likewise, Ms. Yung Yat is deemed to be interested in the 104,956,500 shares held by her spouse, Mr. Lo Yat Keung.

[3] Mr. Guo Bing is deemed to be interested in the shares held by KCH Investment Company Limited, which is wholly owned by Mr. Guo Bing.

[4] Kabouter Management LLC notified the Company that it is deemed interested in the shares, held through HKSCC Nominees Limited, owned by Kabouter Fund II, Kabouter Fund I (QP), LLC and Kabouter Fund III LLC, all of which are wholly owned by Kabouter Management LLC.

[5] Mr. Guo Bing was appointed as director of the Company on July 2, 2015 and resigned as director of the Company on October 26, 2015.

Techcomp

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