Achieving Steadfast Growth

2009 ANNUAL REPORT

TECHCOMP 天美

TECHCOMP (HOLDINGS) LIMITED


Main Menu
Clear
Stop
Enter
Shift
VISIBLE MICROPLATE READER
TECHCOMP

CONTENTS

CORPORATE PROFILE

Founded in 1988. Engaged in the design, development, manufacture and distribution of analytical instruments, life science equipment and laboratory instruments. Operations are grouped into 2 business segments: manufacturing and distribution.

MANUFACTURING

- Designs, manufactures, sells and services UV-Vis spectrophotometers, gas chromatographs, ion chromatographs, atomic absorption spectrophotometers and centrifuges for a broad range of chemical analysis and life science applications
- Develops and manufactures various instruments under house brand "Techcomp" & European brand "Froilabo", "Firlabo" and "Precisa"
- Develops and manufactures analytical and life science instruments for other companies on original design manufacture ("ODM"), original equipment manufacture ("OEM") and private label basis
- Manufacturing facilities in Shanghai & Europe
- Various technological partnerships and alliances with well established manufacturers to develop scientific equipment
- Dedicated Research and Development ("R&D") team
- Contributed 19.0% of revenue and 45.6% of profit before tax in FY2009

DISTRIBUTION

- Distributes and services analytical instruments, life science equipment and laboratory instruments
- Exclusive distributorship agreements with leading scientific instrument companies
- Strong distribution presence through Hong Kong, Singapore, India, and 15 liaison offices in the PRC, as well as 2 offices in Europe. Product is 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 81.0% of revenue and accounted for 54.4% of profit before tax in FY2009

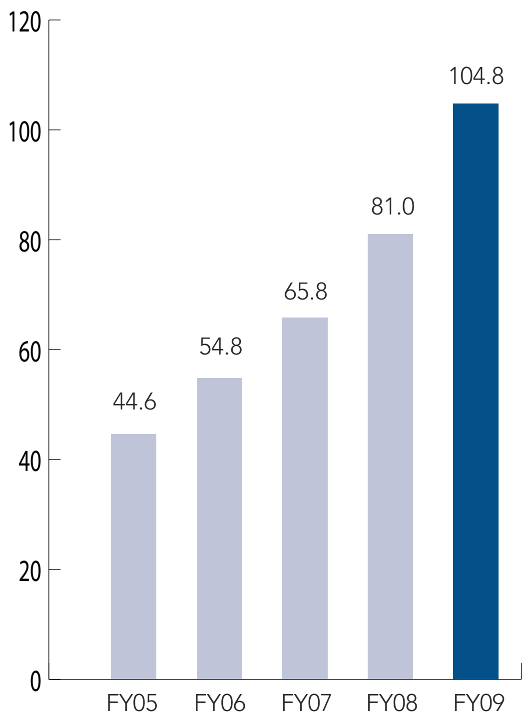
HIGHER MARKET DEMAND

Higher demand across Asian markets and growing acceptance of our products by international organizations are testaments to Techcomp's postion as a leading manufacturer of highly advanced scientific instruments.

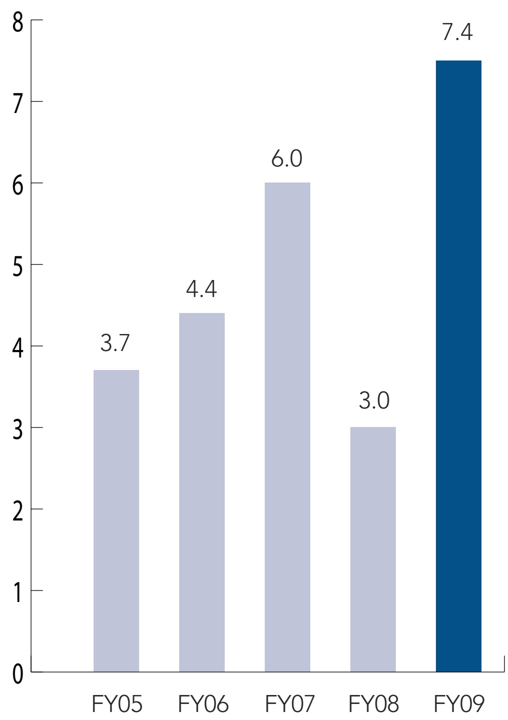
Summarised Profit & Loss Statement

	FY2009 US$ ('000)	FY2008 US$ ('000)	FY2007 US$ ('000)	FY2006 US$ ('000)	FY2005 US$ ('000)
Revenue	104,781	81,029	65,819	58,842	44,617
Gross Profit	29,863	24,182	22,154	18,846	14,949
Profit before tax	7,829	2,961	6,383	4,928	4,066
Profit after tax	7,370	3,079	6,011	4,350	3,687
Basic Earnings per share (US cents)	4.75	1.99	4.30	3.22	2.73

Group Revenue (US$ million)



Net Profit (US$ million)



FY2009 was a record year for both revenue and net profit. Revenue for FY2009 grew 29.3% to US$104.8 million due to our continued growth in China, other Asian markets and the maiden contribution from our French acquisition, the HCC Group.

Dear Shareholders,

FY 2009 is a year for Techcomp to commemorate as the Group reached some important milestones. It is the first year that the Group revenue exceeded US$100 Million mark and also the year the Group made its first acquisition in Europe. Most importantly, I am pleased to inform you that the Group's business is back on track and we have achieved a new record in both revenue and profit.

Development of business is looking more exciting than ever for us. Our plants are bustling with activity and we have laid the foundation for sustainable long-term growth by entering the European market via the acquisition of two French and Swiss companies.

GOOD GROWTH, BETTER COST CONTROL & BEST NET PROFIT YET

FY2009 was a record year for both revenue and net profit. Revenue for FY2009 grew 29.3% to US$104.8 million due to our continued growth in China, other Asian markets and the maiden contribution from our French acquisition, the HCC Group.

We are also glad that we have successfully controlled our costs. Our distribution and administrative expenses only increased 10.2% and 23.0% respectively, in spite of a revenue growth of 29.3% and our expansion in Europe.

As a result, the net profit attributable to shareholders grew by 139.4% to US$7.3 million in FY2009 from US$3.0million in FY2008.

EXPANDING OUR MARKET COVERAGE

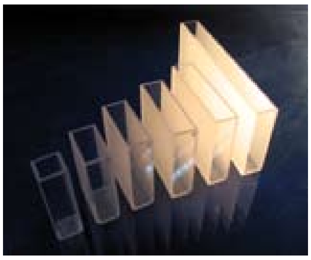
Driven by strong demand for analytical and laboratory equipment, the Asian markets will continue to be our main focus as they contribute on an aggregate basis the largest percentage to our top and bottom line.

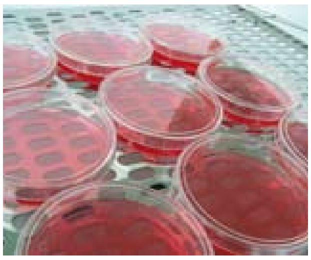
New markets that have done particularly well are our Indonesian and Indian markets. These markets grew by 50.1% and 32.5%, respectively year on year. Whilst these markets currently contribute only 6.7% of the Group's total revenue, the potential for these markets is huge as we have secured sizeable contracts in these countries such as:

- On 20 May 2009, we won a US$3 million United Nations tender to supply laboratory equipment to India.
- On 13 July 2009, we received a US$1 million order from Indonesia's Ministry of Health for centrifuges, bio-safety cabinets and BSL3 (P3) turnkey laboratories.

Whilst Asia will continue to sustain our growth in the short and medium term, it is also our strategy to penetrate the more developed markets in Europe and the United States. These are the world's biggest markets for analytical and laboratory equipment and thereby representing the greatest market potential for our products.

We have been extremely cautious in establishing our direct presence in the European market. To facilitate our expansion to Europe, we have for several years been working with our European partners by means of supplying private label products or setting up joint





venture. We believe that we are now ready to extend our operations to Europe and carry out our expansion plan there as reported in last year's Chairman's statement.

In July 2009, we acquired a 75% stake in HCC Group for €1.95 million. This French company, which has a history dating back to early last century, has two leading French brands: Froilabo and Firlabo, and specializes in temperature control laboratory equipment, cryopreservation and blood-bank equipment. All of these are excellent additions to our product range.

Our second European acquisition was a 80% stake in a leading Swiss maker of analytical weighing and moisture analyzers for CHF 3.5 million in February 2010.

We expect synergy in our business from integrating our European and our existing operations in several ways. Firstly, we expect to increase overall sales by tapping into our extensive distribution network in Asia. Secondly, we expect to improve our product range for our customers, leveraging on the European brand names to penetrate into Europe and the acquired key technology. Thirdly, we expect to be able to lower the European costs by supplying some of their parts from our facilities in China.

LOOKING AHEAD: ORGANIC GROWTH COUPLED WITH ACQUISITIONS

Going forward, the demand for our products in China and other parts of Asia will continue to be strong. We have made good progress in our new markets such as India and Indonesia and the prospects for these new markets remain bright. As the economic environment improves, we expect both our distribution and manufacturing businesses in these major markets to grow.

Further, we believe the two successful acquisitions in Europe will complement and strengthen the Group's sales and distribution network and therefore enhance our European business as the overall market recovers. We will continue to look for new business acquisition opportunities to further fuel our future growth.

REWARDING LOYAL SHAREHOLDERS

I am pleased to announce that the Board of Directors has recommended a final dividend of 1.2 Singapore cents per share and a 1-for-2 bonus share issue to reward our loyal shareholders.

APPRECIATION

The outstanding performance in FY2009 would not have been possible without the committed and hard working Techcomp management and staff.

I would like to extend my sincere appreciation to our Board of Directors, customers, suppliers and business associates for their unequivocal support. I would also like to thank our management and staff for their dedication.

Last but not least, to our shareholders, I thank you for your vote of confidence in Techcomp.

Mr Lo Yat Keung
President

WIDER GLOBAL FOOTPRINT

The Group's recent further developments in India, France and Switzerland attest to our goal of expanding our global footprint and reaching out to even more customers.

BOARD OF DIRECTORS

Lo Yat Keung
(President & Executive Director)

Chan Wai Shing
(Vice President & Executive Director)

Xu Guoping
(Executive Director)

Ho Yew Yuen
(Independent Director)

Seah Kok Khong, Manfred
(Independent Director)

Teng Cheong Kwee
(Independent Director)

NOMINATING 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

AUDIT COMMITTEE

Ho Yew Yuen
(Chairman)

Seah Kok Khong, Manfred

Teng Cheong Kwee

COMPANY SECRETARIES

Chan C.P. Grace

Sin Sheung Nam Gilbert

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

SINGAPORE SHARE TRANSFER OFFICE

M & C Services Private Limited
138 Robinson Road
#17-00 The Corporate Office
Singapore 068906

AUDITORS

Deloitte & Touche LLP
Public Accountants
and Certified Public Accountants
6 Shenton Way
#32-00 DBS Building Tower Two
Singapore 068809

Partner-in-charge
Kenny Horlley Young
(Appointed with effect from the financial year ended December 31, 2009)

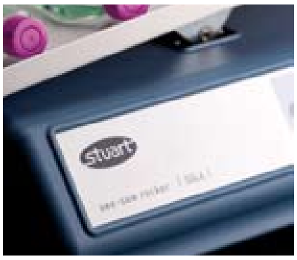
The Group's revenue for the financial year ended 31 December 2009 (FY2009) increased 29.3% to US$104.8 million with both our distribution and manufacturing businesses recording growth. The growth was driven by increased demand of our products in the People's Republic of China (PRC) and other Asian markets, as well as contributions from our newly acquired HCC Group (acquired in 2H2009).

Sales in the PRC market, which contributed 77.5% of our revenue, grew 20.7% to US$81.2 million. We continue to make progress in the Indian market, with revenue growing 32.5% in FY2009 to US$5.0 million or 4.7% of the Group's total revenue for FY2009. Our sales in the Indonesian market grew 50.1% to US$2.0 million. Our sales in other markets, comprising Europe, United States, Pakistan, South Asia, Middle East and Australia, grew a sizeable 127.6% to US$14.2 million, and contributed 13.5% of the Group's total revenue.

Gross profit increased by 23.5% to US$29.9 million in FY2009 from US$24.2 million in FY2008, attributable to the growth in revenue. Gross margin decreased to 28.5% in FY2009 from 29.8% in FY2008 mainly due to the appreciation of the Japanese Yen and the Renminbi as a significant portion of our purchases are denominated in these currencies.

Expenses were largely kept in check during FY2009. Distribution expenses increased by only 10.2% to US$10.5 million. Administrative expenses increased by 23.0% to US$12.5 million in FY2009 as a result of the increase in business activities and the new HCC Group.

Finance expenses increased by 11.3% to US$503,000 in FY2009 due to the higher average balances of trust receipt loans during the year and the interest charges on loans of the HCC Group.



Properties, plant and equipment decreased by 2.3% to US$7.1 million as at end of FY2009 from US$7.3 million as at end of FY2008. The decrease was primarily attributable to the depreciation charges of US$878,000 which was partially offset by the additions to properties, plant and equipment amounting to US$199,000 and acquisition of HCC Group of which accounted for US$ 442,000.

Intangible assets increased by 131.3% to US$3.9 million as at end of FY2009 from US$1.7 million as at end of FY2008 mainly due to the research and development costs and technical know-how expenses of US$2.2 million arising from the acquisition of HCC Group during the year and capitalization of development costs incurred for new manufactured products during the year.

Trade and other receivables increased by 12.5% to US$33.8 million as at end of FY2009 from US$30.1 million as at end of FY2008 resulting from our growth in revenue particularly in the last quarter of the year.

Inventories increased by 28.9% to US$18.6 million as at end of FY2009 from US$14.4 million as at end of FY2008 resulting from our growth in revenue and the acquisition of HCC Group.

Trade and other payables increased by 10.9% to US$19.1 million as at end of FY2009 from US$17.2 million as at end of FY2008 resulting from our growth in revenue.

Bank balances as at 31 Dec 2009 decreased by US$2.3 million when compared to the balance as at 31 Dec 2008 mainly due to the net cash used in investing activities of US$4.8 million and the net cash used in financing activities of US$4.1 million, which was partially offset by the cash generated from operations of US$6.2 million.

DISTRIBUTION BUSINESS

Our distribution business continues to be a vital cog in our scientific equipment business, allowing us to provide our customers with a full range of products to complement our manufactured products.

For FY2009, our distribution business continued to contribute the lion's share of the Group's revenue, making up 81.0% or US$84.9 million. Revenue for this segment increased by 25.9% over the previous year. The segment's Profit Before Tax (PBT) contribution increased 379.9% from US$0.9 million in FY2008 to US$4.3 million in FY2009. The marked improvement in the PBT contribution was due to the Group's improved foreign exchange policies to secure the expected profit margins as well as our stringent control over operating expenses. This brought the segment's PBT margin up from 1.3% in FY2008 to 5.0% in FY2009.

MANUFACTURING BUSINESS

The Group's manufacturing business historically contributed a much higher PBT margin than the distribution business. For FY2009, the manufacturing segment's PBT margins increased from 15.3% in FY2008 to 17.9%. As such, the Group had benefitted from the manufacturing segment's 46.1% growth in revenue to US$19.9 million, thus contributing 19.0% of the Group's total revenue for FY2009. The segment's PBT contribution increased 71.8% to US$3.6 million.

Looking ahead, the Group will continue to explore business acquisition targets and manufacturing initiatives that will serve as key growth drivers for the Group's business.

STRATEGIC ACQUISITIONS

Our recent acquisitions of HCC Group and Precisa serve as an important move for expansion, with its technology complementing Techcomp's. Their solid brand equity and significant market share paves the road to a better penetration into the European market.

MR. LO YAT KEUNG

is our President and the founder of our Group. He is responsible for the overall management and operations of our Group and for charting and reviewing our corporate directions and strategies. Mr. Lo worked as a sales engineer with Eurotherm (Far East) Ltd from 1981 to 1982 and as a laboratory technician with the Institute of Pathology from 1983 to 1984. Prior to founding our Group, he was a product manager with Ekpac Ltd from 1986 to 1988 where he supervised the life science instruments division. Ekpac Ltd is principally engaged in the business of sourcing, marketing and distributing industrial equipment mainly in China. With over 20 years of experience in the life science research and equipment industry, he has been instrumental in the growth of our Group. Mr. Lo graduated with a Bachelor of Science from The Chinese University of Hong Kong in 1981 and obtained a Masters in Business Administration from the same university in 1986.

MR. CHAN WAI SHING

is our Vice-President and Group Executive Director, responsible for the overall distribution operations of our Group. Prior to joining our Company, he worked as an executive officer with the Hong Kong Government from June 1990 to October 1990. He joined our Company in November 1990 as a product specialist. In 1992, he was promoted to sales manager before being appointed to his current position in July 1996. Mr. Chan obtained a Bachelor of Science from The Chinese University of Hong Kong in 1990.

MR. XU GUOPING

is our Group Executive Director and Managing Director of Techcomp (Shanghai) Manufacturing, responsible for the overall manufacturing business of our Group. Mr. Xu joined our Group in 1994. From 1968 to 1979, he worked as a supervisor in Shanghai Magnetic and Steel Ltd. He was promoted to head its publicity division in 1973. From 1979 to 1994 he held various posts in the publicity, production and business administration departments in Shanghai Analytical Instrument Factory. He obtained a Diploma in Chinese from the Shanghai Jing An District Vocational Industrial University in 1984 and a Diploma in Business Administration from the Central Television University in 1986. He also graduated from the Shanghai Economic Administrative Cadre Institute's Cadre Training Course in 1993.

MR. HO YEW YUEN

was appointed to the Board on 28 May 2004. He was a senior partner of an international accounting firm in Singapore until his retirement in 1999. Following to his retirement, Mr. Ho continued to serve as an associate of the firm for the subsequent 10 years. Mr. Ho is the managing director of his own business consultancy company in Singapore. Mr. Ho obtained his accountancy qualification from the Institute of Chartered Accountants In England And Wales in 1969 and the Association of Chartered Certified Accountants in 1966. He is a fellow member of both the English accountancy bodies and a member of the Singapore Institute of Directors.

MR. SEAH KOK KHONG, MANFRED

was appointed to the Board on 14 February 2007. Mr. Seah has more than 15 years of investment banking and direct investments experience in Asia. He is presently the Group Chief Operating Officer of WhiteRock Medical Company Pte Ltd, a regional medical devices group based in Singapore. From 1996 to 2000, he served as the CEO of a Philippines based corporate advisory and securities firm, which was funded by a major Singapore corporation. From 1992 to 1996, he held senior positions at PrimeEast Capital Asia and Morgan Grenfell Asia. Mr. Seah worked in a firm of Chartered Accountants in the City of London after his graduation in 1984, where he continued to serve as a management & systems consultant advising SMEs in the UK until 1990. Mr. Seah graduated with a Bachelor of Science degree (First Class Honours) in Mathematics from the University of London in 1984 and obtained his Master of Business Administration from London Business School in 1992. He is also a qualified Chartered Accountant associated with the Institute of Chartered Accountants in England and Wales.

MR. TENG CHEONG KWEE

was appointed to the Board in 28 May 2004. Mr. Teng started his career in the Singapore Administrative Service. From 1985 to 1989, he served as Assistant Director, and subsequently Deputy Director in the Monetary Authority of Singapore. During that period, he served concurrently as Secretary of the Securities Industry Council. From 1989 to 2000, he served as an Executive Vice President of the Stock Exchange of Singapore, and later as Executive Vice President and Head, Risk Management & Regulatory Division, of the Singapore Exchange. Mr. Teng currently also serves as an independent director in several SGX listed companies. Mr. Teng obtained a Bachelor of Engineering (Industrial) (First Class Honours) and a Bachelor of Commerce from the University of Newcastle, New South Wales, Australia in 1997.

KEY MANAGEMENT

MR. BIAN ZHENGYU

is the President of the Group's China distribution division responsible for management and day-to-day operations of our China distribution offices in China. Mr. Bian joined Techcomp in Shanghai in 1995 and served as technical support in Hong Kong for two years. In 1998, Mr. Bian served as service manager and as office sales manager subsequently. In 2005, Mr. Bian held the position as the General Manager of Techcomp (Shanghai) Ltd. From 2006-2007, he was our Vice President of China distribution division with regional management responsibility and in charge of customer service. He assumed his present position in 2008. Mr. Bian obtained a Bachelor of Micro-electronics Science from Shanghai Jiaotong University in 1993 and a Master degree for MBA course in Fudan University in 2002.

MR. LI HONG, DON

is the General Manager of Techcomp (Singapore) Pte Ltd and is in charge of business management and development for the region of South East Asia, and South Asia as well as the Middle East. After graduating from Tianjin University with a major in Precision Instruments, he started his career in China's Science Academia. He then joined Bio-rad, a global leader in life sciences, for more than ten years. With more than fifteen years of exposure to the distribution business for scientific instruments globally, he owns remarkable experience in the full spectrum of the various aspects in the business.

MR. SIN SHEUNG NAM GILBERT

is our Financial Controller and is responsible for the overall accounting function of the Group. He is also the Company Secretary of the Company. Prior to joining us in 2003, Mr. Sin worked in one of the big four international accounting firms for five years and was an audit manager when he left the firm. Mr. Sin obtained a Bachelor of Business Administration from the Chinese University of Hong Kong in 1995. He is an associate member of the Hong Kong Institute of Certified Public Accountants.

MR. TSE PO WAH

is our Director of Marketing and is responsible for the marketing of our products. Prior to joining us in 1998, Mr. Tse worked as a sales executive in American Express HK Ltd from 1985 to 1986, and as a sales representative in 3M Far East Ltd. from 1986 to 1987. He was with Beckman Instruments (Hong Kong) Ltd. from 1987 to 1998. He obtained a Bachelor of Science from the University of Hong Kong in 1985 and a Diploma of Business Management from The Chinese University of Hong Kong in 1990.

MR. XIA YISHENG

is the Vice President of China distribution division with regional management responsibility and is in charge of marketing. From 1988 to 1993, Mr. Xia was a lecturer with the Chongqing Normal University. Mr. Xia joined our Chong Qing liaison office in 1993 and held the position of sales manager before becoming the marketing manager of Techcomp (Hong Kong) Trading in 1997. He assumed his present position in 2006. Mr. Xia obtained a Bachelor of Science from Chongqing Teachers' University in 1982 and a Master in Science from the Biology Institute, Nankai University in 1988.

MS. ZHAO WEI

is the Vice President of China distribution division and is responsible for the sales of entire China and the management and day-to-day operations of Beijing, Tianjin, Shenyang, and Jinan offices. Prior to joining us in 2000, Ms. Zhao worked as manager trainee with Beckman-Coulter Instruments Ltd. from 1994 to 1997, and as Regional Manager with Co-Wealth Management & Consultation Corp. from 1997 to 1999. She obtained a Bachelor of Chemistry from the University of Science and Technology of China in 1991, a Master of Chemistry from Chinese Academy of Sciences in 1994, and full-time MBA from State University of New York, USA in 2003.

The Board of Directors ("Board") is committed to 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, with reference to the principles of the Code of Corporate Governance (the "Code"), as well as any deviation from any guidelines of the Code together with an explanation for such deviation.

Board Matters

Principle 1: Effective Board to Lead and Control the Company

The Board comprises six directors, three of whom are independent. Collectively, the directors possess the core competencies and diversity of experience to enable them to contribute effectively to the Group.

The Board approves the Group's key business and strategic plans, major investments and funding decisions, reviews financial performance including approval of the annual and interim results, approves the nomination of directors, reviews the adequacy and integrity of internal controls, and assumes responsibility for corporate governance. The Company's Bye-Laws provide for participation at meetings via telephone and other electronic means.

The Board has formed three committees namely, an Audit Committee, a Remuneration Committee and a Nominating Committee, to assist in the discharge of its responsibilities. All committees are chaired by an independent director and consist of members who are independent.

The meetings of the Board of directors and its respective committees in the financial year ended December 31, 2009 were as follows:-

	Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of meetings held	2	4	1	1
		No. of meetings attended		
Mr. Lo Yat Keung	2	–	–	–
Mr. Chan Wai Shing	2	–	–	–
Mr. Xu Guoping	2	–	–	–
Mr. Ho Yew Yuen	2	4	1	1
Mr. Seah Kok Khong, Manfred	2	4	1	1
Mr. Teng Cheong Kwee	2	4	1	1

Principle 2: Strong and independent Element on the Board

The independence of each director is reviewed annually by the Nominating Committee ("NC") based on the guidelines set out in the Code. With half of the Board members being independent, the Board is able to exercise independent judgment on matters brought before it for review and decision.

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 pages 11 to 12 of this Annual Report.

Principle 3: Role of Chairman and Chief Executive Officer

Mr. Lo Yat Keung, the controlling shareholder, is the Chairman and Chief Executive Officer. He plays a vital role in developing the business of the Group and provides leadership and vision to the Group. Given the size of the Company's current business operations and nature of its activities, the Board is of the view that it is not necessary to separate the roles of the Chairman and Chief Executive Officer. Given that three out of six directors are independent directors, and that each of the three Board Committees is chaired by an independent director and comprises members who are all independent directors, the Board is of the view that there is an appropriate balance of power within the Board, and that there is no undue concentration of power and authority in a single individual.

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

Nominating Committee
Principle 4: Formal and Transparent Process for Appointment of New Directors
Principle 5: Board Performance

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

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

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

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

For the financial year under review, the NC carried out an assessment of the Board performance, and the findings were discussed with participation from the executive directors.

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

Under the Company's Bye-Laws, at least one third of the Company's 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 present himself for re-election at the forthcoming Annual General Meeting after his appointment pursuant to Bye-Law 107 of the Bye-Laws of the Company.

The NC had recommended the re-nomination of Mr. Xu Guoping and Mr. Seah Kok Khong, Manfred for re-election at the forthcoming AGM. The Board had accepted the NC's recommendation.

Access to information
Principle 6: Board Members to have Complete, Adequate and Timely Information

The Board is provided with complete, adequate and timely information of the Group performance and is informed of all material events and transactions as and when they occurred. 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 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 Remunerating Committee ("RC") as at the date of this report comprises the following members, all of whom are independent directors:-

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

The RC is responsible for recommending to the Board a framework for the remuneration of directors and key executives. The review covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and other benefits. The RC also oversees the administration of the Company's Employee Share Option Scheme ("ESOS"). The RC's recommendations are made in consultation with the Chief Executive Officer and submitted for endorsement by the Board. During the year, the RC reviewed the compensation of the executive directors, including their basic salaries, variable bonus and awards of share options under the Company's ESOS. The RC also reviewed and made recommendations to the Board on the fees payable to independent directors. No director is involved in any decision making, in respect of any compensation to be offered or granted to him.

The independent directors are paid directors' fees. Each independent director is paid a basic retainer fee, plus additional fees for serving as Chairman or member of a Board Committee.

A breakdown, showing the level and mix of each director's remuneration for the financial year ended December 31, 2009 is as follows:-

Remuneration band	Salary %	Fees %	Bonus %	Other Benefits %	Total %
Less than S$250,000					
Mr. Lo Yat Keung	100	–	–	–	100
Mr. Chan Wai Shing	100	–	–	–	100
Mr. Xu Guoping	100	–	–	–	100
Mr. Ho Yew Yuen	–	100	–	–	100
Mr. Teng Cheong Kwee	–	100	–	–	100
Mr. Seah Koh Kong, Manfred	–	100	–	–	100

The Company does not have any employees who are immediate family members of a director or the Chief Executive Officer whose remuneration exceeds S$150,000 in the financial year ended December 31, 2009.

The summary of 5 highest-paid employees' remuneration for the financial year ended December 31, 2009 is as follows:-

Remuneration band	Salary %	Fees %	Bonus %	Other Benefits %	Total %
Less than S$250,000					
Mr. Li Hong, Don	87	–	13	–	100
Mr. Tse Po Wah	84	–	13	3	100
Mr. Wang Meng	76	–	18	6	100
Mr. Xia Yisheng	74	–	21	5	100
Ms. Zhaowei	69	–	21	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.

Accountability and Audit
Principle 10: Accountability and Audit

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 Company's and the Group's performance, position and prospects.

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

Audit Committee
Principle 11: Audit Committee

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

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

The AC has reviewed the following matters with the executive directors and the external auditors of the Company:-

i) the Group's financial and operating results and accounting policies;

ii) the financial statements of the Company, the consolidated financial statements of the Group and the external auditors' report on those financial statements before their submission to the directors of the Company;

iii) the announcements as well as the related press releases on the results of the Group and financial position of the Company and of the Group;

iv) the co-operation and assistance given by the management to the external auditors;

v) the review of the external auditors' independence, and recommendation on their re-appointment as the external auditors of the Company;

The AC has also undertaken a review of all the non-audit services provided by Deloitte & Touche LLP during the financial year ended December 31, 2009, and is satisfied that such services would not, in the AC's opinion, affect the independence of Deloitte & Touche LLP as the Company's external auditors. The AC has recommended to the Board that Deloitte & Touche LLP be nominated for reappointment as external auditors of the Company at the forthcoming Annual General Meeting.

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 during the year.

The Company has put in place a procedure for whistle-blowing whereby staff of the Company can have access to the AC members to raise concerns about improprieties.

Internal Controls
Principle 12: Internal Controls

The Board acknowledges its overall responsibility for maintaining a sound system of internal controls and effective risk management policies to safeguard the shareholders' investment and the Company's assets.

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.

Internal audit
Principle 13: Internal audit

The Company has set up an internal audit function, staffed by persons with relevant experience drawn from existing staff. The internal audit staff report functionally to the AC. Considering the scale and nature of the Company's operations, the Board is satisfied that such an arrangement is adequate and in the best interest of the Company. The internal audit staffing is currently undergoing a reorganization and will be strengthened as is deemed necessary.

Communication with Shareholders
Principle 14: Communication with Shareholders
Principle 15: Greater Participation by Shareholders

The Company engages in regular, effective and fair communication with 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 and half-year results are released through SGXNET.

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

Dealing in Company's Securities

In compliance with the SGX Listing Manual, the Group prohibits the directors and relevant officers to trade in the Company's securities, during the period beginning one month before the date of the announcement of the full year or half-year results 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.

Interested person transactions

During the financial year ended December 31, 2009, there were no interested party 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 are no material contracts of the Company or its subsidiaries involving the interest of any director or controlling shareholder subsisting at the end of the financial year ended December 31, 2009.

Risk Management

The Company does not have a Risk Management Committee. However, the 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 financial risk management objectives and policies are outlined in the financial statements.

The directors present their report together with the audited consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2009.

1 DIRECTORS

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

Lo Yat Keung
Chan Wai Shing
Xu Guoping
Ho Yew Yuen
Teng Cheong Kwee
Seah Kok Khong, Manfred

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

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company except as follows:

Name of directors and company in which interests are held	Shareholdings registered in name of director and immediate family	
	At beginning of year	At end of year
Techcomp (Holdings) Limited	Ordinary shares of US$0.05 each	
Lo Yat Keung		
- direct	69,171,000	69,171,000
- deemed	5,000,000	5,000,000
Chan Wai Shing - direct	6,480,000	6,480,000
Xu Guoping - direct	6,580,000	6,580,000
Ho Yew Yuen - direct	200,000	200,000

The directors' interests in the shares of the Company at January 21, 2010 were the same at December 31, 2009.

On January 11, 2010, share options were granted to 2 directors under the Techcomp share option scheme. Details of the share options granted to the directors are disclosed in Note 5 to the Report of the Directors.

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for remuneration and fees as disclosed in the financial statements.

5 SHARE OPTIONS

(a) Options to take up unissued shares

On May 28, 2004, the Company adopted the Techcomp Employee Share Option Scheme ("the Scheme"). The purpose of the Scheme is to provide eligible participants with an opportunity to participate in the equity of the company and to motivate them towards better performance through increased dedication and loyalty.

The Scheme is administered by the Remuneration Committee whose members are:

Teng Cheong Kwee
Ho Yew Yuen
Seah Kok Khong, Manfred

The size of the Scheme shall not exceed 15% of the issued ordinary share capital of the Company. The options that are granted under the Scheme may have exercise prices that are set at a price equal to the average of the last dealt prices for the shares determined by reference to the daily official list or other publication published by Singapore Exchange Securities Trading Limited for a period of five consecutive market days immediately preceding the relevant date of grant of such options or at a discount to the above-mentioned 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 Scheme. Controlling shareholders and their associates are not eligible to participate in the Scheme. Holders of options who are executive directors or employees of any company in the Group will have up to 10 years from the date of grant to exercise their options. Holders of options who are non-executive directors of such company within the Group will have up to 5 years from the relevant date of grant to exercise their options. Offers of options made to grantees, if not accepted within 30 days, will lapse.

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

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

(b) *Unissued shares under options exercised*

Share options granted during the financial year and the number of outstanding share options under the Scheme are as follows:

Date of grant	Balance at January 1, 2009	Granted	Exercised	Cancelled/ Lapsed	Balance at December 31, 2009	Exercise price per share	Exercisable period
April 15, 2008	550,000	–	–	–	550,000	S$0.37	April 15, 2009 to April 14, 2018
March 2, 2009	–	2,570,000	–	–	2,570,000	S$0.24	March 2, 2010 to March 1, 2019
May 22, 2009	–	100,000	–	–	100,000	S$0.23	May 22, 2010 to May 21, 2019
Total	550,000	2,670,000	–	–	3,220,000		

In respect of options granted to employees of related corporations, a total of 2,670,000 (2008 : 550,000) options were granted during the financial year, making it a total of 3,220,000 (2008 : 550,000) options granted to employees of related corporations from the commencement of the Scheme to the end of the financial year.

Holders of the above 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 under the Scheme.

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

Subsequent to the financial year end, on January 11, 2010, a total of 7,000,000 share options were granted under the Scheme at an exercise price of S$0.34 per share, out of which 1,200,000 share options were granted to each of the executive directors, Chan Wai Shing and Xu Guoping.

6 AUDIT COMMITTEE

The Audit Committee of the Company is chaired by Ho Yew Yuen, an independent director, and includes Teng Cheong Kwee and Seah Kok Khong, Manfred who are also independent 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) the audit plan of the external auditors;

b) the Group's system of internal accounting controls;

c) the Group's financial and operating results and accounting policies;

d) the consolidated financial statements of the Group and the financial statements of the Company before their submission to the directors of the Company and the external auditors' report on those financial statements;

e) the half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;

f) the co-operation and assistance given by the management to the Group's external auditors; and

g) the re-appointment of the external auditors of the Group.

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

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

7 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Lo Yat Keung

Chan Wai Shing

March 26, 2010

To the members of Techcomp (Holdings) Limited

We have audited the accompanying financial statements of Techcomp (Holdings) Limited (the Company) and its subsidiaries (the Group) which comprise the statements of financial position of the Group and the Company as at December 31, 2009, the statement of comprehensive income, statement of changes in equity and cash flow statement of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 24 to 78.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards. This responsibility includes: devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 and fair presentation of the financial statements 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 so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2009 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Deloitte & Touche LLP
Public Accountants and
Certified Public Accountants
Singapore

Kenny Horlley Young
Partner
Appointed with effect from the financial year ended December 31, 2009

March 26, 2010

December 31, 2009

		Group		Company	
	Note	2009 US$'000	2008 US$'000	2009 US$'000	2008 US$'000
ASSETS					
Current assets					
Cash and bank balances	6	14,937	17,215	–	–
Trade and other receivables	7	33,807	30,061	5,000	–
Inventories	8	18,580	14,410	–	–
Income tax recoverable		18	14	–	–
Investments carried at fair value through profit or loss	10	648	668	–	–
Derivative financial instruments	17	83	–	–	–
Amount due from a jointly controlled entity	11	1,280	252	783	–
Total current assets		69,353	62,620	5,783	–
Non-current assets					
Properties, plant and equipment	12	7,135	7,301	–	–
Subsidiaries	13	–	–	20,638	21,605
Goodwill	14	512	512	–	–
Intangible assets	15	3,869	1,673	–	–
Available-for-sale investments	16	534	40	–	–
Derivative financial instruments	17	285	221	285	221
Interest in a jointly controlled entity	11	130	196	257	257
Total non-current assets		12,465	9,943	21,180	22,083
Total assets		81,818	72,563	26,963	22,083
LIABILITIES AND EQUITY					
Current liabilities					
Bank borrowings	18	12,995	13,663	–	–
Liabilities for trade bills discounted with recourse	19	113	1,132	–	–
Trade and other payables	20	19,003	16,103	–	–
Derivative financial instruments	17	30	5	–	–
Income tax payable		672	201	–	–
Amounts due to subsidiaries		–	–	–	110
Amount due to a jointly controlled entity	11	–	152	–	152
Total current liabilities		32,813	31,256	–	262
Non-current liabilities					
Bank borrowings	18	2,902	2,848	–	–
Deferred tax liabilities	21	171	64	–	–
Derivative financial instruments	17	45	115	45	25
Total non-current liabilities		3,118	3,027	45	25
Capital, reserves and minority interests					
Share capital	23	7,750	7,750	7,750	7,750
Reserves		36,816	30,332	19,168	14,046
Equity attributable to owners of the Company		44,566	38,082	26,918	21,796
Minority interests		1,321	198	–	–
Total equity		45,887	38,280	26,918	21,796
Total liabilities and equity		81,818	72,563	26,963	22,083

See accompanying notes to financial statements.

Year ended December 31, 2009

	Note	Group 2009 US$'000	Group 2008 US$'000
Revenue	25	104,781	81,029
Cost of sales		(74,918)	(56,847)
Gross profit		29,863	24,182
Other operating income (expenses)	26	1,483	(1,071)
Distribution costs		(10,466)	(9,501)
Administrative expenses		(12,479)	(10,142)
Share of results of a jointly controlled entity	11	(69)	(55)
Finance costs	27	(503)	(452)
Profit before income tax		7,829	2,961
Income tax (expense) credit	28	(345)	47
Profit for the year	29	7,484	3,008
Other comprehensive income:			
Exchange differences arising on translation of foreign operations		318	383
Share of exchange reserve of a jointly controlled entity		3	(6)
Other comprehensive income for the year, net of tax		321	377
Total comprehensive income for the year		7,805	3,385

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2009

	Note	Group 2009 US$'000	Group 2008 US$'000
Profit for the year attributable to:			
Owners of the Company		7,370	3,079
Minority interests		114	(71)
		7,484	3,008
Total comprehensive income attributable to:			
Owners of the Company		7,672	3,460
Minority interests		133	(75)
		7,805	3,385

Earnings per share (US cents)

	Note	Group 2009	Group 2008
Basic	31	4.75	1.99
Diluted	31	4.74	1.99

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2009

Group	Note	Share capital US$'000	Share premium US$'000	Contributed surplus US$'000	Merger reserve [(a)] US$'000	Currency translation reserve US$'000	Legal reserves [(b)] US$'000	Capital reserve [(c)] US$'000	Share option reserve US$'000	Retained earnings US$'000	Attributable to owners of the Company US$'000	Minority interests US$'000	Total US$'000
			Note 24(a)	Note 24(b)									
Balance at January 1, 2008		7,750	11,974	394	(4,112)	1,342	274	3,003	–	15,333	35,958	–	35,958
Total comprehensive income for the year		–	–	–	–	381	–	–	–	3,079	3,460	(75)	3,385
Dividends paid	30	–	–	–	–	–	–	–	–	(1,372)	(1,372)	–	(1,372)
Acquisition of non–wholly owned subsidiaries	32(B)	–	–	–	–	–	–	–	–	–	–	184	184
Incorporation of a non–wholly owned subsidiary		–	–	–	–	–	–	–	–	–	–	89	89
Share–based payment expense	22	–	–	–	–	–	–	–	36	–	36	–	36
Balance at December 31, 2008		7,750	11,974	394	(4,112)	1,723	274	3,003	36	17,040	38,082	198	38,280
Total comprehensive income for the year		–	–	–	–	302	–	–	–	7,370	7,672	133	7,805
Dividends paid	30	–	–	–	–	–	–	–	–	(1,283)	(1,283)	(11)	(1,294)
Acquisition of non–wholly owned subsidiaries	32(A)	–	–	–	–	–	–	–	–	–	–	1,001	1,001
Share–based payment expense	22	–	–	–	–	–	–	–	95	–	95	–	95
Balance at December 31, 2009		7,750	11,974	394	(4,112)	2,025	274	3,003	131	23,127	44,566	1,321	45,887

(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.

See accompany notes to financial statements.

Year ended December 31, 2009

Company	Note	Share capital US$'000	Share premium US$'000 Note 24(a)	Contributed surplus US$'000 Note 24(b)	Share option reserve US$'000	Retained earnings US$'000	Total US$'000
Balance at January 1, 2008		7,750	11,974	394	–	2,021	22,139
Total comprehensive income for the year		–	–	–	–	993	993
Dividends paid	30	–	–	–	–	(1,372)	(1,372)
Share–based payment expense	22	–	–	–	36	–	36
Balance at December 31, 2008		7,750	11,974	394	36	1,642	21,796
Total comprehensive income for the year		–	–	–	–	6,310	6,310
Dividends paid	30	–	–	–	–	(1,283)	(1,283)
Share–based payment expense	22	–	–	–	95	–	95
Balance at December 31, 2009		7,750	11,974	394	131	6,669	26,918

See accompanying notes to financial statements.

Year ended December 31, 2009

	Group	
	2009	2008
	US$'000	US$'000
Operating activities		
Profit before income tax	7,829	2,961
Adjustments for:		
Depreciation of properties, plant and equipment	878	829
Interest income	(117)	(98)
Finance costs	503	452
Loss on disposal of properties, plant and equipment	2	10
Allowance for doubtful debts	425	74
Amortisation of intangible assets	623	348
Changes in fair value of derivative financial instruments	(192)	(333)
Changes in fair value of investments carried at fair value through profit or loss	(122)	282
Share of results of a jointly controlled entity	69	55
Share-based payment expense	95	36
Operating cash flows before movements in working capital	9,993	4,616
Trade and other receivables	(2,201)	(3,434)
Inventories	(1,241)	(3,536)
Trade and other payables	522	2,807
Trade bills discounted with recourse	(1,019)	697
Cash generated from operations	6,054	1,150
Income taxes refunded	175	242
Net cash from operating activities	6,229	1,392
Investing activities		
Purchase of properties, plant and equipment	(199)	(275)
Proceeds on disposal of properties, plant and equipment	25	28
Proceeds on disposal of property held for sale (Note 9)	–	168
Proceeds from sale of investments carried at fair value through profit or loss	142	–
Purchase of available-for-sale investment	(494)	–
Purchase of investments carried at fair value through profit or loss	–	(950)
Interest received	117	98
Product development costs paid	(576)	(660)
Acquisition of subsidiaries (Note 32)	(2,648)	(231)
Investment in a jointly controlled entity	–	(257)
Advances to a jointly controlled entity	(1,180)	(100)
Capital contribution by minority shareholders	–	89
Net cash used in investing activities	(4,813)	(2,090)

Year ended December 31, 2009

	Group	
	2009	2008
	US$'000	US$'000
Financing activities		
(Repayment of) Proceeds from bank borrowings	(2,279)	11,270
Dividends paid	(1,283)	(1,372)
Dividends paid to minority interests	(11)	–
Interest paid	(503)	(452)
Net cash (used in) from financing activities	(4,076)	9,446
Net (decrease) increase in cash and cash equivalents	(2,660)	8,748
Cash and cash equivalents at beginning of the year	17,181	8,341
Effect of foreign exchange rate changes	178	92
Cash and cash equivalents at end of the year	14,699	17,181
Cash and cash equivalents comprised:		
Cash and bank balances (Note 6)	14,937	17,215
Bank overdrafts (Note 18)	(238)	(34)
	14,699	17,181

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. The Company is listed on the main board of Singapore Exchange Securities Trading Limited. The financial statements are expressed in United States dollars ("US$").

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

The principal activities of the subsidiaries are disclosed in Note 13 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, 2009 were authorised for issue by the Board of Directors on March 26, 2010.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

ADOPTION OF NEW AND REVISED STANDARDS - In the current financial year, the Group has adopted all the new and revised International Accounting Standards ("IAS") and IFRS issued by the International Accounting Standards Board and the Interpretations thereof issued by the International Financial Reporting Interpretations Committee ("IFRIC") that are relevant to its operations and effective for annual periods beginning on or after January 1, 2009. The adoption of these new/revised Standards and Interpretations does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below:

IAS 1 (as revised in 2007) - *Presentation of Financial Statements*

IAS 1 (2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised standard has required the presentation of a third statement of financial position at the beginning of the earliest comparative period presented if the entity applies new accounting policies retrospectively or makes retrospective restatements or reclassifies items in the financial statements.

Amendments to IFRS 7 Financial Instruments : *Disclosures - Improving Disclosures about Financial Instruments*

The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Group has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

IFRS 8 - *Operating Segments*

The Group adopted IFRS 8 with effect from January 1, 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard (IAS 14 Segment Reporting) required an entity to identify two sets of segments (Business and Geographical), using a risks and rewards approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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:

- Amendment to IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items.
- Amendment to IAS 39 Financial Instruments: Recognition and Measurement and IFRIC 9 Reassessment of Embedded Derivatives – Amendments relating to Embedded Derivatives
- Amendments to IAS 7 Statement of Cash Flows
- IAS 27 (Revised) Consolidated and Separate Financial Statements; and IFRS 3 (Revised) Business Combinations
- IAS 28 (Revised) Investments in Associates
- Improvements to International Financial Reporting Standards (issued in April 2009)
- IFRS 9 Financial Instruments

Consequential amendments were also made to various standards as a result of these new/revised standards.

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

IAS 27 (Revised) Consolidated and Separate Financial Statements; and IFRS 3 (Revised) Business Combinations

IAS 27 (Revised) is effective for annual periods beginning on or after July 1, 2009. IFRS 3 (Revised) is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after July 1, 2009.

Apart from matters of presentation, the principal amendments to IAS 27 that will impact the Group concern the accounting treatment for transactions that result in changes in a parent's interest in a subsidiary. It is likely that these amendments will significantly affect the accounting for such transactions in future accounting periods, but the extent of such impact will depend on the detail of the transactions, which cannot be anticipated. The changes will be adopted prospectively for transactions after the date of adoption of the revised Standard and, therefore, no restatements will be required in respect of transactions prior to the date of adoption.

Similarly, IFRS 3 is concerned with accounting for business combination transactions. The changes to the standard are significant, but their impact can only be determined once the detail of future business combination transactions is known. The amendments to IFRS 3 will be adopted prospectively for transactions after the date of adoption of the revised standard and, therefore, no restatements will be required in respect of transactions prior to the date of adoption.

IAS 28 (Revised) Investments in Associates

In IAS 28 (Revised), the principle adopted under IAS 27 (Revised) (see above) that a loss of control is recognised as a disposal and re-acquisition of any retained interest at fair value is extended by consequential amendment to IAS 28 (Revised); therefore, when significant influence is lost, the investor measures any investment retained in the former associate at fair value, with any consequential gain or loss recognised in profit or loss.

IAS 28 (Revised) will be adopted for periods beginning on or after July 1, 2009 and will be applied prospectively in accordance with the relevant transitional provisions and, therefore, no restatements will be required in respect of transactions prior to the date of adoption.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Amendments to IAS 7 Statement of Cash Flows

The amendments (part of Improvements to IFRSs issued in April 2009) specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows. Consequently, cash flows in respect of development costs that do not meet the criteria in IAS 38 Intangible Assets for capitalisation as part of an internally generated intangible asset (and, therefore, are recognised in profit or loss as incurred) will be reclassified from investing to operating activities in the statement of cash flows. The amendments to IAS 7 will be adopted for periods beginning on or after January 1, 2010.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

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

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover its share of those losses.

In the Company's financial statements, investments in subsidiaries and jointly controlled entities 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 purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 "Business Combinations" are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Capitalised goodwill arising on an acquisition of a business is presented separately in the consolidated statement of financial position. For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generation units, that are expected to benefit from the synergies of the acquisition. A cash-generation unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss for goodwill is not reversed in subsequent periods.

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

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

JOINT VENTURES - Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

When a Group entity transacts with a jointly controlled entity of the Group, profit or losses are eliminated to the extent of the Group's interest in the jointly controlled entity.

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

Financial assets

The Group's financial assets are classified into investments carried at fair value through profit or loss ("FVTPL"), 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.

<u>Effective interest method</u>

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 through the expected life of the financial instrument, or, where appropriate, a shorter period. Income is recognised on an effective interest basis for debt instruments other than those financial instruments at FVTPL.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets at FVTPL

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated as at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 "Financial Instruments: Recognition and Measurement" permits the entire combined contract (asset or liability) to be designated as at FVTPL.

At the end of each reporting period subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables (including advance to subsidiaries and a jointly controlled entity, trade and other receivables and amounts due from subsidiaries) are carried at amortised cost using the effective interest method, less any identified impairment losses. Interest is recognised by applying the effective interest rate method, except for short-term receivables where interest is immaterial.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are not classified as loans and receivables. Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost less any identified impairment losses at the end of each reporting period subsequent to initial recognition.

Cash and cash equivalents

Cash and cash equivalents 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been adversely impacted.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

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

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into 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 are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities, including trade and other payables, advances from subsidiaries and a jointly controlled entity, liabilities for trade bills discounted with recourse and bank borrowings, are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis except for short term payables where interest is immaterial.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to fair values at the end of each reporting period. The resulting gain or loss is recognised to profit or loss immediately.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee contract liabilities are recognised initially at their fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the financial guarantee contract liabilities are measured at the higher of: (i) the amount determined in accordance with IAS 37 "*Provisions, Contingent Liabilities and Contingent Assets*", and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with IAS 18 "*Revenue*".

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, 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 directly in equity is recognised in profit or loss. If the Group retains substantially all the risks and rewards of ownership of a transferred asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

OPERATING LEASES - Rentals payable under operating leases are charged to profit or loss on a straight line basis over the term of the relevant.

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

The gain or loss arising on disposal or retirement of an item of properties, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

INTERNALLY GENERATED INTANGIBLE ASSETS – RESEARCH AND DEVELOPMENT EXPENDITURE - Expenditure on research activities is recognised as an expense in the period in which it is incurred. Costs incurred on development projects are recognised as intangible assets if, and only if, all of the following have been demonstrated:

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

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.

Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

INTANGIBLE ASSETS ACQUIRED IN A BUSINESS COMBINATION - Intangible assets acquired in a business combination are identified and 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 amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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.

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-transferrability, exercise restrictions and behavioural considerations.

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

Sale of goods

Revenue from the sale of goods is recognised when 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 entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from rendering of services that are of a short duration is recognised when the services are completed.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Interest income

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.

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

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

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the plans are held separately from those of the Group in funds under the control of the independent trustees.

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

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

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on 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, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

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

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on 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.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Critical judgements in applying the Group's accounting policies

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

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed below.

(a) Allowances for trade receivables

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

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 receivables that are unlikely to be collected. In this regard, management is satisfied that the allowance for doubtful debts made by the Group amounting to US$1,089,000 (2008 : US$669,000) is adequate. The carrying amount of trade receivables is disclosed in Note 7.

(b) Recoverable amounts of development costs

Management reconsidered the recoverability of internally-generated intangible asset arising from the Group's development costs incurred for the manufacture of analytical instruments and acquisition of subsidiaries. The carrying amount included in the Group's statement of financial position is US$3,869,000 (2008 : US$1,673,000) (Note 15). Impairment losses are made if recoverable amounts fall short of the carrying amounts. Recoverable amounts are estimated based on value in use. The estimated value in use is in turn based on cash flow forecasts consistent with the most up-to-date budgets and plans formally approved by the management and on reasonable and supportable assumptions, including the discount rates and useful lives. The estimation of the number of years that future economic benefits can be generated by the capitalised development costs takes into account the expected changes in market demand for the products and the expected actions of competitors and potential competitors. This situation will be closely monitored, and adjustments made in future periods, if future market activity indicates that such adjustments are appropriate.

(c) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Information relating to the estimates used in assessing the carrying amounts of goodwill is set out on Note 14.

(d) Allowances for inventories

In determining the net realisable value of the Group's inventories, management estimated the recoverable amount of inventories based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration the fluctuations in price, the balance on hand relative to sales prospects and the condition of the inventories. In this regard, management is satisfied that no allowance for inventories is required as at December 31, 2009 and 2008. 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	
	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000
Financial assets				
Fair value through profit or loss (FVTPL)	648	668	–	–
Loans and receivables (including cash and cash equivalents)	48,495	46,608	18,228	14,610
Available-for-sale financial assets	534	40	–	–
Derivative financial instruments	368	221	285	221
Financial liabilities				
Liabilities at amortised cost	29,990	31,000	–	262
Derivative financial instruments	75	120	45	25

(b) Financial risk management policies and objectives

The Group's major financial instruments include FVTPL and available-for-sale investments, trade and other receivables, trade and other payables, derivative instruments 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 and amounts due to subsidiaries. The management considers the risks associated with these financial instruments are minimal.

(c) Market risk

(i) *Foreign exchange risk*

Several subsidiaries of the Company have sales and purchases denominated in foreign currencies, which exposes the Group to foreign currency risk and could result in foreign exchange loss. The Group's sales are principally in United States dollars and Renminbi. Most of the Group's purchases are made in Japanese yen, Renminbi and United States dollars. Expenses incurred are generally denominated in Hong Kong dollars, 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 Renminbi and Euro respectively. As a result, the major foreign currency giving rise to this foreign exchange risk is primarily Japanese yen. The Group currently does not have a designated foreign currency hedging policy. However, the management closely monitors foreign exchange exposure and engages in certain hedging activities by using foreign currency derivatives from time to time (Note 17).

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) Market risk (cont'd)

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

The carrying amounts of major foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Group			
	Assets		Liabilities	
	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000
Japanese yen	4,329	4,145	14,121	19,296
United States dollars	28,667	33,338	7,707	8,569

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates.

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

	Note	2009	2008
		US$'000	US$'000
Japanese yen impact	(i)	490	758
United States dollars impact	(ii)	(1,048)	(1,238)

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

	Note	2009	2008
		US$'000	US$'000
Japanese yen impact	(i)	(490)	(758)
United States dollars impact	(ii)	1,048	1,238

Notes:

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

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

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) Market risk (cont'd)

(ii) *Interest rate risk management*

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings, which are substantially denominated in United States dollars and Japanese yen. Interests charged on the Group's borrowings are at variable rates and are pegged at various margins above the Hong Kong interbank offer rates or the prime lending rates of the banks. The Group currently does not have a policy on cash flow hedges of interest rate risk. However, the management monitors closely interest rate exposure and engages in certain hedging activities by using interest rate swap from time to time (Note 17).

Sensitivity analysis

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

If interest rates on bank borrowings had been 50 basis points higher/lower and all other variables were held constant, the Group's profit before income tax for the year ended December 31, 2009 would decrease/increase by US$79,000 (2008 : decrease/increase by US$83,000).

(d) Credit risk

At December 31, 2009, 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 as stated in the consolidated statement of financial position.

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

Management considers the credit risk on liquid funds is limited because the counterparties are banks including state-owned banks in the PRC with good reputation.

Other than concentration of credit risk on the Group's trade 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.

(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 cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

	←	Undiscounted cash flows		→	
	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	Adjustments	Total at amortised cost
	%	US$'000	US$'000	US$'000	US$'000
Group					
2009					
Trade and other payables					
- Non-interest bearing	–	13,980	–	–	13,980
Liabilities for trade bills discounted with recourse					
- Non-interest bearing	–	113	–	–	113
Bank borrowings					
- Variable interest rates	2.70	13,427	3,035	(565)	15,897
		27,520	3,035	(565)	29,990
Group					
2008					
Trade and other payables					
- Non-interest bearing	–	13,205	–	–	13,205
Amount due to a jointly controlled entity					
- Non-interest bearing	–	152	–	–	152
Liabilities for trade bills discounted with recourse					
- Non-interest bearing	–	1,132	–	–	1,132
Bank borrowings					
- Variable interest rates	3.70	14,264	2,978	(731)	16,511
		28,753	2,978	(731)	31,000

Company

The non-derivative financial liabilities are all payables on demand or within one year.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(e) Liquidity risk (cont'd)

Non-derivative financial assets

The non-derivative financial assets are all receivable on demand or within one year with the exception of the available-for-sale investment (Note 16) which is classified as non-current.

(f) Fair values of financial assets and financial liabilities

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- the fair value of financial assets and financial liabilities (excluding derivative financial instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input; and
- the fair value of derivative financial instruments (interest rate swap and forward foreign exchange contracts) are calculated using quoted prices. The fair value of derivative financial instruments of call and put options in a jointly controlled entity are determined on the basis of valuations carried by independent valuers (Note 17).

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

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(f) Fair values of financial assets and financial liabilities (cont'd)

Financial instruments measured at fair value

	Total US$'000	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000
Financial Assets				
2009				
Group				
Fair value through profit or loss (FVTPL)	648	–	648	–
Derivative financial instruments	368	–	83	285
Total	1,016	–	731	285
Company				
Derivative financial instruments	285	–	–	285
Financial Liabilities				
2009				
Group				
Derivative financial instruments	75	–	30	45
Company				
Derivative financial instruments	45	–	–	45

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial year.

Financial instruments measured at fair value based on level 3

Group and Company

	Derivative financial instruments	
	Financial assets US$'000	Financial liabilities US$'000
2009		
As at January 1, 2009	221	(25)
Total gain (loss) recognised in profit or loss	64	(20)
As at December 31, 2009	285	(45)

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(g) Capital risk management policies and objectives

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

The capital structure of the Group consists of debts comprising bank borrowings which are subjected to certain loan covenants and conditions as disclosed in Note 18, cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, retained earnings and other reserves as disclosed in the notes to financial statements.

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

5 RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

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	
	2009	2008
	US$'000	US$'000
Short-term benefits	1,073	1,211
Post-employment benefits	60	59
	1,133	1,270

6 CASH AND BANK BALANCES

	Group	
	2009	2008
	US$'000	US$'000
Cash at bank	14,881	17,188
Cash on hand	56	27
	14,937	17,215

The carrying amounts of these assets approximate their fair values.

Cash and bank balances earn interest at an average rate of 0.34% (2008 : 0.95%) per annum.

6 CASH AND BANK BALANCES (cont'd)

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

	Group	
	2009	2008
	US$'000	US$'000
Singapore dollars	284	5
United States dollars	7,426	9,193
Japanese yen	773	879
Macao pataca	1	1
Australian dollars	15	302
India rupees	–	8
Euro	128	–
British pound	5	–

7 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000
Trade receivables	31,095	26,819	–	–
Less: Allowance for doubtful debts	(1,089)	(669)	–	–
	30,006	26,150	–	–
Trade bills receivable discounted				
with recourse (Note 19)	113	1,132	–	–
Prepayments	1,529	920	–	–
Other receivables	2,159	1,859	–	–
Dividends receivable from a subsidiary	–	–	5,000	–
	33,807	30,061	5,000	–

The average credit period on sale of goods ranges from 30 to 90 days (2008 : 30 to 90 days). No interest is charged on outstanding trade receivables during the year.

Included in the Group's trade receivables balances are debtors with aggregate carrying amount of US$2,752,000 (2008 : US$3,172,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

7 TRADE AND OTHER RECEIVABLES (cont'd)

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

	Group	
	2009	2008
	US$'000	US$'000
Less than 90 days	751	786
91 to 120 days	489	454
121 to 365 days	439	506
1 to 2 years	451	1,135
Over 2 years	622	291
	2,752	3,172

The Group has not provided for trade receivables over 2 years of US$622,000 (2008 : US$291,000) because historical experience indicated that the balance of these receivables not provided for comprise substantially retention sums that are eventually recoverable.

Movement in the allowance for doubtful debts:

	Group	
	2009	2008
	US$'000	US$'000
Balance at beginning of the year	669	595
Written off against trade receivables	(5)	–
Increase in allowance recognised in profit or loss for the year (Note 29)	425	74
Balance at end of the year	1,089	669

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

	Group		Company	
	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000
United States dollars	20,593	23,477	–	–
Japanese yen	3,556	3,266	–	–
Australian dollars	73	57	–	–
Euro	33	4	–	–

8 INVENTORIES

	Group	
	2009	2008
	US$'000	US$'000
Raw materials	4,781	2,976
Work-in-progress	1,967	1,180
Finished goods	11,832	10,254
	18,580	14,410

9 PROPERTY HELD FOR SALE

In 2008, the Group sold the asset held for sale which was a property previously used as the Group's office at a consideration of US$168,000.

10 INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2009	2008
	US$'000	US$'000
Unquoted investment in an equity fund, at fair value	648	541
Unquoted equity-linked note, at fair value	–	127
	648	668

The unquoted investment in an equity fund offers the Group the opportunity for return through dividend income and fair value gains. The fair value of this investment is estimated by reference to current valuations provided by the issuing bank.

The unquoted investment in an equity-linked note was designated as a financial asset at fair value through profit or loss upon the initial recognition. At December 31, 2008, the fair value of this investment was estimated based on current valuations provided by the issuing bank.

During the year, the equity-linked note was settled in shares. The fair value of converted shares at the date of conversion amounted to US$132,000. The converted shares were subsequently disposed by the Group at a consideration of US$142,000.

The Group's investments carried at fair value through profit or loss that are not denominated in the functional currencies of the respective entities are as follows:

	Group	
	2009	2008
	US$'000	US$'000
United States dollars	648	668

11 JOINTLY CONTROLLED ENTITY

(A) Interest in a Jointly Controlled Entity

In 2008, the Company and Bibby Scientific Limited ("Bibby") established a 50% : 50% joint venture company, Bibby Scientific (Hong Kong) Company Limited in Hong Kong. The joint venture will leverage on the Group's existing manufacturing facilities in the PRC to produce scientific equipment products under Bibby's existing brands for the local and overseas market.

	Group		Company	
	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000
Cost of unquoted equity investment	257	257	257	257
Share of post-acquisition results	(124)	(55)	–	–
Share of exchange translation reserve	(3)	(6)	–	–
	130	196	257	257

11 JOINTLY CONTROLLED ENTITY (cont'd)

(A) Interest in a Jointly Controlled Entity (cont'd)

Summarised audited financial information in respect of the jointly controlled entity is set out below:

	Group	
	2009	2008
	US$'000	US$'000
Total assets	4,286	811
Total liabilities	(4,026)	(420)
Net assets	260	391
Group's share of jointly controlled entity's net assets	130	196
Revenue	2,590	547
Results for the year	(137)	(110)
Group's share of jointly controlled entity's results for the year	(69)	(55)

(B) Amounts due from/to a Jointly Controlled Entity

At December 31, 2009, except for an amount of US$783,000 which is interest-bearing at 5% per annum, the balances are unsecured, interest-free and expected to be repaid within one year.

At December 31, 2008, the amounts due from/to a jointly controlled entity were unsecured, interest-free and expected to be repaid within one year.

Significant related party transactions comprise the following transactions with a jointly controlled entity:

	Group	
	2009	2008
	US$'000	US$'000
Sales of goods	1,180	268
Purchase of goods	118	550
Interest income	24	–

12 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, 2008	5,988	1,731	1,375	650	9,744
Additions	–	106	169	–	275
Disposals	–	(19)	(40)	–	(59)
Acquisition of subsidiaries [Note 32(B)]	–	–	5	4	9
Currency translation difference	163	36	35	16	250
At December 31, 2008	6,151	1,854	1,544	670	10,219
Additions	–	98	60	41	199
Disposals	–	(65)	(11)	(28)	(104)
Acquisition of subsidiaries [Note 32(A)]	289	32	90	32	443
Currency translation difference	84	23	20	7	134
At December 31, 2009	6,524	1,942	1,703	722	10,891
Accumulated depreciation:					
At January 1, 2008	462	732	486	385	2,065
Depreciation	237	287	217	88	829
Eliminated on disposals	–	–	(21)	–	(21)
Currency translation difference	17	10	9	9	45
At December 31, 2008	716	1,029	691	482	2,918
Depreciation	256	361	192	69	878
Eliminated on disposals	–	(42)	(9)	(26)	(77)
Currency translation difference	12	11	8	6	37
At December 31, 2009	984	1,359	882	531	3,756
Carrying amount:					
At December 31, 2009	5,540	583	821	191	7,135
At December 31, 2008	5,435	825	853	188	7,301

The Group has pledged its leasehold buildings with an aggregate carrying amount of approximately US$1,185,000 (2008 : US$1,210,000) to a bank to secure the banking facilities granted to the Group (Note 18).

13 SUBSIDIARIES

	Company 2009	Company 2008
	US$'000	US$'000
Unquoted equity shares, at cost	6,131	6,131
Advances to subsidiaries	12,445	14,610
Deemed investment in subsidiaries arising from financial guarantees given to financial institutions who have granted credit facilities to the subsidiaries [Note 34(b)]	2,062	864
	20,638	21,605

13 SUBSIDIARIES (cont'd)

Advances to subsidiaries are unsecured and bear interest at 4.5% (2008 : 4.5%) per annum. The directors expect that these advances will not be repaid within one year, and accordingly, the advances are classified as non-current assets. Management is of the opinion that its carrying amount recorded approximates its fair value.

Details of the Company's subsidiaries at December 31, 2009 and 2008 are as follows:

Name of subsidiaries	Country of incorporation (or registration) and operation	Proportion of ownership interest and voting power held 2009	2008	Principal activity
		%	%	
Held by the Company				
Richwell Hightech Systems Inc. (1)	British Virgin Islands	68	68	Investment holding
Techcomp Scientific Limited (1)	British Virgin Islands	100	100	Investment holding
Techcomp Instrument Limited (1)	British Virgin Islands	100	100	Investment holding
Regent Lite Pte Ltd (5)(9)	Singapore	100	–	Investment holding
Held by Techcomp Scientific Limited				
Bestwit Consultants Ltd (1)	British Virgin Islands	100	100	Distributor and insurer of the Group's analytical and laboratory instruments
Bibby Scientific (Asia) Limited (2)	Hong Kong	100	100	Trading of analytical and laboratory instruments
Techcomp Limited (2)	Hong Kong	100	100	Trading of analytical and laboratory instruments
Techcomp (China) Limited (3)	PRC	100	100	Trading of analytical and laboratory instruments
Techcomp (Guangzhou) Ltd. (4)	PRC	100	100	International entreport and commercial trade and exhibitions (within Free Trade Zone)
Techcomp (Macao Commercial Offshore) Limited (6)	Macau	100	100	Trading of analytical and laboratory instruments
Techcomp (Shanghai) Ltd. (3)	PRC	100	100	International and entreport trade and commercial consulting service (within Free Trade Zone)
Techcomp (Singapore) Pte Ltd (5)	Singapore	100	100	Trading of analytical and laboratory instruments

13 SUBSIDIARIES (cont'd)

Name of subsidiaries	Country of incorporation (or registration) and operation	Proportion of ownership interest and voting power held 2009 %	2008 %	Principal activity
Held by Techcomp Scientific Limited				
Techcomp (Tianjin) Ltd [3]	PRC	100	100	International trade, consultancy and sales of clinical analytical instruments and basic medical testing equipment
Tiande (Tianjin) Ltd [4]	PRC	100	100	Trading of analytical and laboratory instruments
Well All Consultants Ltd [1]	British Virgin Islands/ PRC	100	100	Provision of installation and maintenance services
Techcomp India Pvt Ltd [8][9]	India	100	–	Trading of analytical and laboratory instruments
Held by Techcomp Instrument Limited				
Dynamica GmbH [7]	Austria	70	70	Trading of analytical and laboratory instruments
Shanghai Techcomp Bio-equipment Limited [3]	PRC	100	100	Manufacturing of analytical and laboratory instruments
Shanghai Techcomp Instrument Ltd. [3]	PRC	100	100	Manufacturing of analytical and laboratory instruments
Held by Richwell Hightech Systems Inc.				
Shanghai Sanco Instrument Co. Ltd [3]	PRC	55	55	Manufacturing and trading of analytical and laboratory instruments
Held by Regent Lite Pte Ltd				
HCC SAS [7][10]	France	75	–	Investment holding
Held by HCC SAS				
Frilabor SRL [7][10]	Romania	75	–	Manufacturing and trading of analytical and laboratory instruments
Froilabo SAS [7][10]	France	75	–	Manufacturing and trading of analytical and laboratory instruments
Held by Froilabo SAS				
Craponne Tolerie SARL [7][10]	France	75	–	Manufacturing of industrial metallurgy

13 SUBSIDIARIES (cont'd)

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

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

(3) Audited by Deloitte Touche Tohmatsu CPA Ltd., PRC*.

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

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

(6) Audited by Deloitte Touche Tohmatsu, Macau.

(7) Audited by other auditors.

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

(9) Incorporated during the year.

(10) Acquired during the year. Refer Note 32(A).

* 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 CPA Ltd., the PRC and Deloitte Touche Tohmatsu, Hong Kong.

14 GOODWILL

	Group US$'000
Cost:	
At January 1, 2008	–
Arising on acquisition of subsidiaries in 2008 [Note 32(B)]	512
At December 31, 2008 and December 31, 2009	512

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 is allocated to the subsidiary group, Richwell Hightech Systems Inc. (single CGU).

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the CGU is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period that cash flow forecasts are made. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past experience and expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next financial year and extrapolates cash flows for the following five years based on annual growth rates ranging from approximately 6.7% to 19.2% (2008 : 9.3% to 28%).

The rate used to discount the forecast cash flows to net present value is 9% (2008 : 9%) per annum.

As at the end of reporting period, any reasonably possible change to key assumptions applied are not likely to cause the recoverable amounts to be below the carrying amount of goodwill.

15 INTANGIBLE ASSETS

	Group		
	Development costs	Technical know-how	Total
	US$'000	US$'000	US$'000
Cost:			
At January 1, 2008	1,902	74	1,976
Additions	660	–	660
Currency translation difference	80	–	80
At December 31, 2008	2,642	74	2,716
Additions	576	–	576
Acquisition of subsidiaries [Note 32(A)]	2,194	–	2,194
Currency translation difference	75	–	75
At December 31, 2009	5,487	74	5,561
At January 1, 2008	599	68	667
Amortisation for the year	342	6	348
Currency translation difference	28	–	28
At December 31, 2008	969	74	1,043
Amortisation for the year	623	–	623
Currency translation difference	26	–	26
At December 31, 2009	1,618	74	1,692
Carrying amount:			
At December 31, 2009	3,869	–	3,869
At December 31, 2008	1,673	–	1,673

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

Amortisation of US$623,000 (2008 : US$348,000) has been included in administrative expenses in the consolidated statement of comprehensive income.

16 AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2009	2008
	US$'000	US$'000
Unquoted equity shares, at cost	40	40
Golf club membership, at cost	494	–
	534	40

The above unquoted investment represents an investment in unquoted equity shares issued by a private entity incorporated in Germany, that is engaged in manufacture and trading of high technology products. Management is of the opinion that its fair value cannot be measured reliably.

The golf club membership is transferrable with application period of 1 to 2 years. Management is of the opinion that its carrying amount recorded at cost approximates its fair value.

17 DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Company	
	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000
Asset (Current)				
Interest rate swap – fair value gain (Note B)	42	–	–	–
Forward foreign exchange contracts – fair value gain (Note C)	41	–	–	–
	83	–	–	–
Asset (Non–current)				
Put option in a jointly controlled entity (Note A)	285	221	285	221
Liability (Current)				
Interest rate swap – fair value loss (Note B)	30	–	–	–
Forward foreign exchange contracts – fair value loss (Note C)	–	5	–	–
	30	5	–	–
Liabilities (Non–current)				
Interest rate swap – fair value loss (Note B)	–	90	–	–
Call option in a jointly controlled entity (Note A)	45	25	45	25
	45	115	45	25

Notes:

(A) Put/Call options in a jointly controlled entity

Pursuant to a joint venture agreement dated May 28, 2008 made between the Company and Bibby, the Company granted a call option at nil consideration to Bibby to acquire its equity interest in the jointly controlled entity, Bibby Scientifc (Hong Kong) Company Limited ("Bibby HK") at a pre-determined consideration. Bibby also granted a put option at no consideration to the Company to dispose its equity interest in Bibby HK at a pre-determined consideration. The earliest exercise date of both options is on June 30, 2010 with no expiry date.

At the end of the reporting period, the fair value of the put option was determined to be US$285,000 (2008 : US$221,000) and recorded as a financial derivative asset. The fair value of the call option was determined to be US$45,000 (2008 : US$25,000) and recorded as a financial derivative liability at December 31, 2009.

The fair values of the put and call options at the end of the reporting period have been determined on the basis of valuations carried out at the year end date by independent valuers having an appropriate recognised professional qualification. The valuation was carried out using the Binomial Option Pricing Model for option valuation and with the following assumptions:

	2009	2008
Expected volatility	41.8%	37.5%
Expected life	2 years	2 years
Risk free rate	1.961%	0.526%
Expected dividend yield	Nil	Nil

The net of the fair value change of the above options amounting to US$44,000 (2008 : US$196,000) has been credited as income in profit or loss. This is included in other operating income (Note 26).

17 DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

(B) Interest rate swap

The Group utilises interest rate swap contract to manage its interest rate exposure. The interest rate swap contract has fixed interest payments at an average rate of 3.5% (2008 : 3.5%) per annum and has maturity date in September 2010.

The Group also utilises interest rate swap to manage its foreign exchange exposure. The Group will receive interest at US$-London Interbank Offered Rate ("LIBOR") + 1.73% based on the notional amount of US$4,000,000 when the RMB/US$ spot rate is below 8.0. When the RMB/US$ spot rate is above 8.0 at each scheduled dates on a monthly basis to July 2010, the bank has the right to buy on each of those scheduled dates, US$1,500,000 from the Group at an exchange rate of RMB8.0 to US$1.0.

At the end of the reporting period, the total notional amount of outstanding interest rate swap contract to which the Group was committed was as follows:

	Group	
	2009	2008
	US$'000	US$'000
Interest rate swap contract	5,875	4,375

Changes in fair value of the above outstanding contract amounting to US$102,000 (2008 : expense of US$90,000 charged) has been credited as an income in profit or loss.

(C) Forward foreign exchange contracts

The Group utilises foreign currency forward contracts to purchase Renminbi and Hong Kong dollars to manage its foreign exchange exposures. The foreign currency forward contracts have mature date in January 2010 (2008 : January 2009 to October 2009).

At the end of the reporting period, the total notional amount of outstanding forward foreign exchange contracts to which the Group was committed were as follows:

	Group	
	2009	2008
	US$'000	US$'000
Forward foreign exchange contracts	1,600	9,383

Changes in fair value of the above outstanding contracts amounting to US$46,000 (2008 : US$227,000) has been credited as an income in profit or loss.

18 BANK BORROWINGS

	Group 2009 US$'000	Group 2008 US$'000
Trust receipt loans	9,800	10,700
Other bank loans	4,410	5,425
Mortgage loan	1,449	352
Bank overdrafts	238	34
	15,897	16,511
Secured (Mortgage loan)	1,449	352
Unsecured	14,448	16,159
	15,897	16,511
The borrowings are repayable as follows:		
On demand or within one year (classified as current liabilities)	12,995	13,663
Within the second to fifth year (classified as non-current liabilities)	2,902	2,848
	15,897	16,511

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

	Group 2009 US$'000	Group 2008 US$'000
Japanese yen	5,828	10,299
United States dollars	6,211	5,348
Euro	60	–

The Group's variable-rate borrowings carry interest at various margins above the Hong Kong interbank offer rates or the prime lending rates of the banks. These interest rates are repriced every twelve months (2008 : twelve months). The average effective interest rates paid were as follows:

	Group 2009 US$'000	Group 2008 US$'000
Trust receipt loans	3.0	3.7
Other bank loans	2.0	3.6
Mortgage loan	2.7	3.8
Bank overdrafts	4.2	4.9

The Group has pledged its leasehold buildings with carrying value of US$1,185,000 (2008 : US$1,210,000) (Note 12) to a bank to secure the mortgage loan granted to the Group.

At the end of the reporting period, trust receipts loans and other bank loans are covered by corporate guarantees given by Techcomp (Holdings) Limited, Techcomp Instrument Limited and Techcomp Scientific Limited.

Bank overdrafts are unsecured and repayable on demand.

19 LIABILITIES FOR TRADE BILLS DISCOUNTED WITH RECOURSE

	Group	
	2009 US$'000	2008 US$'000
Liabilities for trade bills discounted with recourse (Note 7)	113	1,132

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	
	2009 US$'000	2008 US$'000
Japanese yen	27	137
United States dollars	85	519

20 TRADE AND OTHER PAYABLES

	Group	
	2009 US$'000	2008 US$'000
Trade payables	13,226	12,488
Accruals	1,011	403
Customer deposits	2,082	2,105
Other payables	2,684	1,107
	19,003	16,103

The average credit period on purchases of goods ranges from 30 to 60 days (2008 : 30 to 60 days). No interest is charged on outstanding trade payables during the year.

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	
	2009 US$'000	2008 US$'000
Japanese yen	8,266	8,860
United States dollars	1,411	2,702
Euro	128	98
British pound	51	16

21 DEFERRED TAX LIABILITIES

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

Group	Deferred development costs	Timing differences in tax depreciation	Tax losses	Total
	US$'000	US$'000	US$'000	US$'000
At January 1, 2008	(163)	–	–	(163)
Credit to profit or loss for the year (Note 28)	17	34	53	104
Currency translation difference	(5)	–	–	(5)
At December 31, 2008	(151)	34	53	(64)
Acquisition of subsidiaries [Note 32(A)]	(56)	–	–	(56)
(Charge) Credit to profit or loss for the year (Note 28)	(17)	20	(53)	(50)
Currency translation difference	(1)	–	–	(1)
At December 31, 2009	(225)	54	–	(171)

The following is the analysis of the deferred tax balances:

	Group	
	2009	2008
	US$'000	US$'000
Deferred tax liabilities	(171)	(64)

Under the New Law of the PRC, starting from January 1, 2008, all profits earned are subject to withholding tax upon the distribution of such profits to the shareholders. Deferred taxation has not been recognised in respect of the temporary differences attributable to the undistributable retained profits earned by the subsidiaries in Mainland China amounting to US$2,217,000 (2008 : US$972,000) as management is of the opinion that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

22 SHARE-BASED PAYMENT

Equity-settled share option scheme

The Company has a share option scheme for all employees of the Group. The scheme is administered by the Remuneration Committee. Options are exercisable at a price based on the average of the last dealt prices for the shares of the Company on the Singapore Exchange Securities Trading Limited for the five market days immediately preceding the date of grant. The Remuneration Committee may at its discretion fix the exercise price at a discount not exceeding 20% of the above price. The vesting period is one year from date of grant. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group before the options vest.

22 SHARE-BASED PAYMENT (cont'd)

Particulars on share-based payment arrangements are as follows:

Option series	Number ('000)	Grant date	Expiry date	Exercise price	Fair value at grant date
Issued on April 15, 2008	550	April 15, 2008	April 14, 2018	S$0.37	S$0.14[(1)] S$0.11[(2)]
Issued on March 2, 2009	2,570	March 2, 2009	March 1, 2019	S$0.24	S$0.11[(1)] S$0.10[(2)]
Issued on May 22, 2009	100	May 22, 2009	May 21, 2019	S$0.23	S$0.11[(1)] S$0.10[(2)]

(1) Senior management
(2) General management

The following provides information on the outstanding share options granted under the employee share option plan at the beginning and end of the financial year:

	Group and Company						
Date of grant	Balance at January 1, 2009	Granted	Exercised	Cancelled/ Lapsed	Balance at December 31, 2009	Exercise price per share	Exercisable period
April 15, 2008	550,000	–	–	–	550,000	S$0.37	April 15, 2009 to April 14, 2018
March 2, 2009	–	2,570,000	–	–	2,570,000	S$0.24	March 2, 2010 to March 1, 2019
May 22, 2009	–	100,000	–	–	100,000	S$0.23	May 22, 2010 to May 21, 2019
Total	550,000	2,670,000	–	–	3,220,000		

The number of share options exercisable at the end of the year amounted to 3,220,000.

The options outstanding at the end of the year have a weighted average remaining contractual life of approximately 9 years.

Subsequent to the financial year end, on January 11, 2010, a total of 7,000,000 share options were granted under the Scheme at an exercise price of S$0.34 per share, out of which 1,200,000 share options were granted to each of the executive directors, Chan Wai Shing and Xu Guoping.

22 SHARE-BASED PAYMENT (cont'd)

The fair value for share options granted during the year was calculated using the Binomial Option Pricing Model. The inputs into the model were as follows:

	2009		2008	
	Senior management	General management	Senior management	General management
Weighted average share price on date of grant (Singapore cents)	26	26	37	37
Weighted average exercise price (Singapore cents)	24	24	37	37
Expected volatility	54.00%	54.00%	47.77%	47.77%
Expected life	7.97	6.3	7.5	5.2
Risk free rate	2.06%	2.06%	2.32%	2.32%
Expected dividend yield	4.62%	4.62%	3.24%	3.24%

Expected volatility was determined by calculating the historical volatility of the Company's share price from May 2004. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

The Group recognised total expenses of US$95,000 (2008 : US$36,000) related to equity-settled share-based payment during the year.

23 SHARE CAPITAL

	Group and Company			
	2009	2008	2009 US$'000	2008 US$'000
	Number of ordinary shares of US$0.05 each			
Authorised	800,000,000	800,000,000	40,000	40,000
Issued and paid up:				
At beginning and end of the year	155,000,000	155,000,000	7,750	7,750

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

24 RESERVES

	Group and Company	
	2009 US$'000	2008 US$'000
(a) Share premium:		
At beginning and end of the year	11,974	11,974

24 RESERVES (cont'd)

The Bermuda Companies Act provides that where a company issues shares at a premium whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on those shares shall be transferred to an account, to be called "the share premium account" and the provisions of The Bermuda Companies Act relating to a reduction of share capital shall, except as provided in Section 40 of The Bermuda Companies Act, apply as if the share premium account were paid up share capital for the Company. The share premium account may be applied by the Company in paying for issue of bonus shares, paying for expenses on issue of shares or debentures of the Company and paying premium on redemption of shares and debentures of the Company.

	Group and Company
	US$'000
(b) Contributed surplus:	
Balances at December 31, 2008 and December 31, 2009	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.

25 REVENUE

	Group	
	2009	2008
	US$'000	US$'000
Sale of analytical instruments, life science equipment and laboratory instruments	104,781	81,029

26 OTHER OPERATING INCOME (EXPENSES)

	Group 2009 US$'000	Group 2008 US$'000
Other operating expenses		
Net loss on disposal of properties, plant and equipment	(2)	(10)
Foreign exchange loss, net	–	(1,611)
Changes in fair value of investments carried at fair value through profit or loss	–	(282)
	(2)	(1,903)
Other operating income		
Foreign exchange gain, net	566	–
Maintenance service income	62	68
Interest income on bank deposits	117	98
Sundry income	426	333
Changes in fair value of derivative financial instruments	192	333
Changes in fair value of investments carried at fair value through profit or loss	122	–
	1,485	832
Other operating income (expenses), net	1,483	(1,071)

27 FINANCE COSTS

	Group 2009 US$'000	Group 2008 US$'000
Interest on bank overdrafts and loans	503	452

28 INCOME TAX (EXPENSE) CREDIT

	Group 2009 US$'000	Group 2008 US$'000
Current tax	(351)	(117)
Deferred tax (Note 21)	(50)	104
Over provision in prior year:		
Current tax	56	60
Income tax (expense) credit for the year	(345)	47

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% (2008 : 16.5% and 18%) respectively of the estimated assessable profit for the year.

28 INCOME TAX (EXPENSE) CREDIT

PRC income tax is calculated at the applicable tax rates ranging from 12.5% to 25% (2008 : 15% to 25%) in accordance with the relevant laws and regulations in the PRC. Pursuant to the relevant laws and regulations in the PRC, a PRC subsidiary is entitled to exemption from PRC income tax for the two years commencing from its first profit making year of operation and thereafter, it will be entitled to a 50% relief from PRC income tax for the following three years.

On March 16, 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On December 6, 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations changes the tax rate from 33% to 25% for certain subsidiaries from January 1, 2008. PRC subsidiaries which are entitled to the tax reliefs, as mentioned above, will continue to enjoy the preferential tax treatment until expiration.

The profit from the Macao subsidiary is either exempted from tax or not subject to taxation in any jurisdiction.

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

	Group	
	2009	2008
	US$'000	US$'000
Profit before income tax	7,829	2,961
Income tax (expense) credit at the statutory tax rates of relevant jurisdictions	(356)	252
Non-taxable items	1	8
Non-deductible items	(97)	(68)
Overprovision in prior year	56	60
Utilisation of tax benefits previously not recognised	233	43
Deferred tax benefit not recognised	(163)	(461)
Tax exemption	–	233
Others	(19)	(20)
Total income tax (expense) credit	(345)	47

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

	Group	
	2009	2008
	US$'000	US$'000
Amount at beginning of the year	2,414	1,107
Amount in the current year	462	1,540
Amount utilised in the current year	(670)	(233)
Amount at end of the year	2,206	2,414
Deferred tax benefit on above not recognised	612	691

At the end of the reporting period, the Group has unutilised tax losses of US$2,206,000 (2008 : US$2,414,000) available for offsetting against future periods. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of US$2,006,000 (2008 : US$2,123,000) which will expire over the period from 2010 to 2014 (2008 : 2010 to 2013). Other losses can be carried forward indefinitely.

29 PROFIT FOR THE YEAR

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

	Group	
	2009	2008
	US$'000	US$'000
Directors' fee	117	104
Directors' remuneration	345	495
Employee benefits expense (including directors' remuneration)	9,118	7,853
Cost of defined contribution plans included in employee benefits expense	1,172	1,246
Costs of inventories recognised as expense	74,918	56,847
Amortisation of intangible assets (1)	623	348
Depreciation of properties, plant and equipment	878	829
Net foreign exchange (gain) loss	(566)	1,611
Net loss on disposal of properties, plant and equipment	2	10
Audit fees paid to:		
- Auditors of the Company	55	52
- Other auditors	322	249
Non-audit fees paid to:		
- Auditors of the Company	2	2
- Other auditors	26	38
Research costs	419	298
Allowance for doubtful debts	425	74
Changes in fair value of derivative financial instruments	(192)	(333)
Changes in fair value of investments carried at fair value through profit or loss	(122)	282

(1) This is included in administrative expenses in the consolidated statement of comprehensive income.

30 DIVIDENDS

In 2008, the Company declared and paid a final dividend of S$0.012 (US$0.0089) per ordinary share totalling US$1,372,000 out of accumulated profits in respect of the financial year ended December 31, 2007.

In 2009, the Company declared and paid a final dividend of S$0.012 (US$0.0083) per ordinary share totalling US$1,283,000 out of accumulated profits in respect of the financial year ended December 31, 2008.

In respect of the current financial year, the directors propose that a final dividend of S$0.012 (US$0.0086) 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, 2009, the total dividend to be paid is approximately US$1,328,000.

31 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:

	2009 US$'000	2008 US$'000
Profit for the year attributable to owners of the Company	7,370	3,079

	2009 US$'000	2008 US$'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	155,000	155,000

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

	2009 US$'000	2008 US$'000
Profit for the year attributable to owners of the Company	7,370	3,079

	2009 US$'000	2008 US$'000
Weighted average number of ordinary shares for the purpose of diluted earnings per share	155,393	155,000

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

32 ACQUISITION OF SUBSIDIARIES

Note A

On July 24, 2009, the Group entered into a Sale and Purchase agreement for the acquisition of a 75% of the issued capital of HCC SAS ("HCC"). HCC holds 100% equity interests in Froilabo SAS, Frilabor SRL and Craponne Tolerie SARL (collectively known as "HCC Group"). HCC Group is specialised in temperature control laboratory equipment; cryopreservation and blood-bank equipment. The consideration for the acquisition is approximately Euro 2.1 million (US$3,002,000). Upon completion of the acquisition, the Group is indirectly and effectively holding 75% interests in HCC Group.

32 ACQUISITION OF SUBSIDIARIES (cont'd)

The fair values of the assets and liabilities acquired were as follows:

	Acquiree's carrying amount before combination US$'000	Fair Value adjustments US$'000	Fair Value US$'000
Current assets			
Cash and bank balances	354	–	354
Trade and other receivables	2,011	–	2,011
Inventories	2,795	–	2,795
	5,160	–	5,160
Non-current assets			
Property, plant and equipment	443	–	443
Intangible assets	1,823	371	2,194
	2,266	371	2,637
Current liabilities			
Trade and other payables	2,289	–	2,289
Bank borrowings	536	–	536
	2,825	–	2,825
Non-current liabilities			
Bank borrowings	913	–	913
Deferred tax liabilities	-	56	56
	913	56	969
Net assets			4,003
Minority interests			(1,001)
			3,002

The cost of acquisition of HCC Group was paid in cash.

	US$'000
Net cash outflow on acquisition	
Cash consideration paid	(3,002)
Cash and bank balances acquired	354
Net cash outflow from acquisition of subsidiaries	(2,648)

No goodwill was recognised in the acquisition as the fair values of the acquired net assets were equivalent to the purchase consideration.

HCC Group contributed US$4,277,000 to revenue and US$471,000 to the Group's profit before tax for the period between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on January 1, 2009, total Group revenue for the year would have been US$109,041,000 and profit for the year would have been US$7,017,000.

Note B
On July 2, 2008, the Group entered into a Sale and Purchase agreement for the acquisition of a 68% of the issued capital of Richwell Hightech Systems Inc. ("Richwell"). Richwell holds a 81% equity interest in Shanghai Sanco Instrument Co., Ltd. ("Sanco"). Sanco's business comprises the production and sales of diagnostic and analytical instruments and ancillary products in Shanghai. The consideration for the acquisition is approximately RMB4.9 million (US$737,000). Upon completion of the acquisition, the Group is indirectly and effectively holding approximately 55% interests in Sanco.

32 ACQUISITION OF SUBSIDIARIES (cont'd)

The carrying amount of the assets and liabilities acquired approximates their fair values was as follows:

	Fair Value US$'000
Current assets	
Cash and bank balances	506
Trade and other receivables	122
Inventories	138
	766
Non-current assets	
Property, plant and equipment	9
Current liabilities	
Trade and other payables	364
Income tax payable	2
	366
Net assets	409
Minority interests	(184)
Goodwill on acquisition	512
	737

The cost of acquisition of Richwell Hightech Systems Inc. was paid in cash.

	US$'000
Net cash outflow on acquisition	
Cash consideration paid	(737)
Cash and bank balances acquired	506
Net cash outflow from acquisition of subsidiaries	(231)

The goodwill arising on the acquisition of Richwell is attributable to the anticipated profitability of the distribution of the Group's products in the new markets and the anticipated future operating synergies from the combination.

The Group also acquired the customer lists and customer relationships of Richwell as part of the acquisition. These assets could not be reliably measured and separately recognised from goodwill because they are not capable of being separated from the Group and sold, transferred, licensed, rented or exchanged, either individually or together with any related contracts.

In 2008, Richwell contributed US$697,000 to revenue and US$3,000 to the Group's profit before tax for the period between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on January 1, 2008, total Group revenue for the year ended December 31, 2008 would have been US$81,906,000 and profit for the year ended December 31, 2008 would have been US$3,066,000.

33 OPERATING LEASE ARRANGEMENTS

The Group as lessee

	Group	
	2009	2008
	US$'000	US$'000
Minimum lease payments under operating leases recognised as an expense in the year	634	449

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

	Group	
	2009	2008
	US$'000	US$'000
Within one year	646	359
In the second to fifth year inclusive	1,134	407
	1,780	766

Operating lease payments represent rentals payable by the Group for certain of its factories and office spaces. Leases are negotiated for and rentals are fixed for a term ranging from one to four years.

Company

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

34 CONTINGENT LIABILITIES

(a) Group

At December 31, 2009 and December 31, 2008, the Group has no contingent liabilities.

(b) Company

The Company provided corporate guarantees of US$55,531,000 (2008 : US$44,622,000) to certain banks as security for banking facilities granted to its subsidiaries as at year end. For the purpose of determining the deemed investment in subsidiaries relating to these corporate guarantees (Note 13) given without any fees charged by the Company to the subsidiaries, management has taken into account the fact that credit facilities covered by the corporate guarantees are substantially more than the amounts required by the Group and have therefore used an estimate of the maximum credit lines required by the Group as a basis for determining the deemed investment in subsidiaries arising from the corporate guarantees.

35 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.

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of receivables, inventories and properties, plant and equipment, net of allowances. Capital expenditure relate to costs incurred in the period to acquire segment assets that are expected to be used for more than one period and comprise cost incurred to acquire properties, plant and equipment and expenditure on product development and technical know-how. Segment liabilities include all operating liabilities except income tax payable and borrowings. They consist principally of accounts payables and accruals.

Products and services from which reportable segments derive their revenues

For management purposes, the Group is organised into two operating divisions – distribution and manufacturing. These are also the divisions that the Group's chief operating decision maker focused on for the purposes of resource allocation and assessment of segment performance. The Group's reportable segments under IFRS 8 are therefore remained unchanged from 2008.

Principal activities of each reportable segment are as follows:

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

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

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

35 SEGMENT INFORMATION (cont'd)

Segment revenues and results

	Distribution US$'000	Manufacturing US$'000	Total US$'000
2009			
Revenue	84,884	19,897	104,781
Results			
Segment result	4,317	3,653	7,970
Finance expenses	(477)	(26)	(503)
Interest income	105	12	117
	3,945	3,639	7,584
Unallocated results			245
Profit before income tax			7,829
Income tax expense			(345)
Profit for the year			7,484
2008			
Revenue	67,406	13,623	81,029
Results			
Segment result	1,214	2,105	3,319
Finance expenses	(418)	(34)	(452)
Interest income	91	7	98
	887	2,078	2,965
Unallocated results			(4)
Profit before income tax			2,961
Income tax credit			47
Profit for the year			3,008

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 profits of joint venture, fair value gain or loss on derivative financial instruments and investments carried at fair value through profit or loss and income tax expense. There are no reconciling items for revenue. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

35 SEGMENT INFORMATION (cont'd)

Segment assets, liabilities and other information

	Distribution US$'000	Manufacturing US$'000	Total US$'000
2009			
ASSETS			
Segment assets	52,548	26,292	78,840
Unallocated assets			2,978
Consolidated assets			81,818
LIABILITIES			
Segment liabilities	14,290	4,826	19,116
Bank borrowings	14,765	1,132	15,897
	29,055	5,958	35,013
Unallocated liabilities			918
Consolidated total liabilities			35,931
OTHER INFORMATION			
Capital expenditure	109	666	775
Depreciation and amortisation	283	1,218	1,501
2008			
ASSETS			
Segment assets	52,651	18,521	71,172
Unallocated assets			1,391
Consolidated total assets			72,563
LIABILITIES			
Segment liabilities	14,864	2,371	17,235
Bank borrowings	15,938	573	16,511
	30,802	2,944	33,746
Unallocated liabilities			537
Consolidated total liabilities			34,283
OTHER INFORMATION			
Capital expenditure	180	755	935
Depreciation and amortisation	368	809	1,177

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 investments carried at fair value through profit or loss (Note 10), investments in joint venture (Note 11), available-for-sale investments (Note 16), derivative financial instruments (Note 17) and income tax assets. Goodwill has been allocated to reportable segment based on the subsidiary's operating division which is the manufacturing division of Richwell Hightech Systems Inc. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

35 SEGMENT INFORMATION (cont'd)

Geographical information

The Group operates principally in PRC, Hong Kong, Macau, Indonesia, India and France.

The Group's revenue from external customers by country is detailed below:

	Group	
	2009	2008
Revenue	US$'000	US$'000
PRC, excluding Hong Kong and Macau	81,199	67,270
Hong Kong and Macau	2,433	2,443
Indonesia	2,007	1,337
India	4,971	3,752
France	4,277	–
Others [(1)]	9,894	6,227
Total	104,781	81,029

The Group's information about its segment assets (non-current assets excluding available-for-sale investments and "other" financial assets) by geographical location are detailed below:

	Group	
	Non-current assets	
	2009	2008
	US$'000	US$'000
PRC, excluding Hong Kong and Macau	7,043	7,350
Hong Kong	1,396	1,560
France	2,288	–
Others [(2)]	919	772
Total	11,646	9,682

(1) The geographic segment classified as "Others" include Europe (other than France), the United States of America, Japan, Pakistan, South Asia, Middle East and Australia.

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

36 EVENTS AFTER THE REPORTING PERIOD

(a) In February 2010, the Group entered into a sale and purchase agreement with Swiss Scale AG to acquire a 80% interest of Precisa Gravimetrics AG ("Precisa") total issued shares and a 80% of the shareholders' loans for a total purchase consideration of Swiss Franc 3,510,000 (approximately US$3,389,000).

Precisa is a Swiss incorporated company which manufactures analytical weighing and moisture analyzers. The Group is of the view that Precisa's technologies and products are considered complimentary to the Group's and the acquisition will allow the Group to have a more sophisticated product portfolio for its customers in Asia and Europe.

As at the date of this report, the Group is still in the progress of quantifying the financial effect including any goodwill arising from the acquisition.

(b) On February 26, 2010, the Company proposed a bonus issue of up to 77,500,000 new ordinary shares fully paid in the capital of the Company (Bonus Shares) at an issue price of US$0.05 each on the basis of one Bonus Shares for every two existing ordinary shares held in the Company (the Bonus Issue).

The proposed Bonus Issue is based on the existing issued and paid-up share capital of the Company comprising 155,000,000 shares.

Subject to certain conditions being complied with, the Company has obtained approval in-principle from the Singapore Exchange Securities Trading Limited for the proposed Bonus Issue.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 24 to 78 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2009 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

ON BEHALF OF THE DIRECTORS

Lo Yat Keung

Chan Wai Shing

March 26, 2010

Shareholdings Statistics as at 9 March 2010

Issued and fully paid-up	-	US$7,750,000
Class of shares	-	Ordinary shares of US$0.05 each
Voting rights	-	On a show of hands: 1 vote for each shareholder
	-	On a poll: 1 vote for each ordinary share

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	0	0.00	0	0.00
1,000 - 10,000	463	58.68	2,522,000	1.63
10,001 - 1,000,000	306	38.78	20,048,500	12.93
1,000,001 and above	20	2.54	132,429,500	85.44
	789	100.00	155,000,000	100.00

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	Lo Yat Keung	66,639,000	42.99
2	Raffles Nominees (Pte) Ltd	13,320,000	8.59
3	Xu Guoping	6,580,000	4.24
4	Chan Wai Shing	6,480,000	4.18
5	Yung Yat	5,000,000	3.22
6	BNP Paribas Nominees Singapore Pte Ltd	3,940,000	2.54
7	DBS Vickers Securities (S) Pte Ltd	3,839,500	2.48
8	Lim & Tan Securities Pte Ltd	3,754,000	2.42
9	DBS Nominees Pte Ltd	3,720,000	2.40
10	DMG & Partners Securities Pte Ltd	2,914,000	1.88
11	HSBC (Singapore) Nominees Pte Ltd	2,242,000	1.45
12	Kim Eng Securities Pte. Ltd.	2,228,000	1.44
13	Wang Meng	2,000,000	1.29
14	OCBC Securities Private Ltd	1,963,000	1.27
15	Citibank Nominees Singapore Pte Ltd	1,885,000	1.22
16	Morgan Stanley Asia (S) Securities Pte Ltd	1,350,000	0.87
17	Dominic Richard Pemberton	1,300,000	0.84
18	Xia Yisheng	1,140,000	0.74
19	DB Nominees (S) Pte Ltd	1,110,000	0.72
20	Kwan Choon Ying or Loke Kwan Ying	1,025,000	0.66
		132,429,500	85.44

Shareholdings Held in Hands of Public

Based on information available to the Company as at 9 March 2010, 34.52% 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.

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Name of Shareholder	No. of Shares	% of total issued shares	No. of Shares	% of total issued shares
Lo Yat Keung	69,971,000[1]	45.14	5,000,000[2]	3.23
Kabouter Management, LLC	–	–	13,256,000[3]	8.55

[1] Direct interest includes 1,240,000 shares and 2,092,000 shares held through BNP Paribas Nominees Singapore Pte Ltd and HSBC (Singapore) Nominees Pte Ltd respectively.

[2] Mr. Lo Yat Keung, our President, is deemed to be interested in the shares held by his spouse, Ms Yung Yat, who has an interest in 5,000,000 shares.

[3] Kabouter Management, LLC notified the Company that it is deemed interested in the shares, held through Citibank Nominees Singapore Pte Ltd, owned by Kabouter Fund II (managed by Kabouter Management, LLC) and Talon International select partners fund (co-managed by Kabouter Management, LLC).

TECHCOMP (HOLDINGS) LIMITED

(Incorporated in Bermuda)
Company Registration No. 34778

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting of the Company will be held at Meeting Room 207, Level 2, Suntec Singapore International Convention & Exhibition Centre on 30 April 2010 at 10.00 a.m. to transact the following business:-

Ordinary Business

1. To receive and adopt the directors' report and audited accounts for the financial year ended 31 December 2009 together with the auditors' report thereon.

2. To declare a first and final dividend of S$0.012 per share for the financial year ended 31 December 2009.

3. To approve directors' fees of US$117,000 for the financial year ended 31 December 2009 (2008: US$104,000/-).

4. To re-elect Mr. Xu Guoping, a director retiring by rotation pursuant to Bye-Law 104 of the Bye-Laws of the Company.

5. To re-elect Mr. Seah Kok Khong, Manfred, a director retiring by rotation pursuant to Bye-Law 104 of the Bye-Laws of the Company.

   See Explanatory Note (a)

6. To re-appoint Deloitte & Touche LLP as auditors of the Company and to authorise the directors to fix their remuneration.

Special Business

7. To consider and, if thought fit, to pass the following resolutions as ordinary resolutions, with or without any modifications:-

7.1 "That authority be and is hereby given to the directors of the Company to:

(A) (i) offer, allot and issue shares whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as our directors may in their absolute discretion deem fit; and

(B) (notwithstanding the authority conferred by this authority may have ceased to be in force) issue shares in pursuance of any instrument made or granted by the directors while this authority was in force, provided that:

(1) the aggregate number of shares to be issued pursuant to such authority (including shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this resolution, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or exercise of share options or vesting of share awards outstanding or subsisting at the time this authority is passed; and

(ii) any subsequent bonus issue, consolidation or sub-division of shares;

(3) in exercising the authority conferred by this authority, the Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Bye-Laws for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law or the Bye-Laws of the Company to be held, whichever is the earlier."

See Explanatory Note (b)

7.2 "That authority be and is hereby given to the directors of the Company to:

(A) offer and grant options in accordance with the provisions of the Techcomp Employee Share Option Scheme (the "Scheme") (including options at a subscription price per share set at a discount to the market price of a share) and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the Scheme, provided that the aggregate number of new shares to be issued pursuant to the Scheme shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time; and

(B) offer and grant options pursuant to and during the subsistence of the Scheme with subscription prices that are set at, or adjusted by, a discount to the market price of the shares (as determined with the provisions of the Scheme), provided that the subscription price of any share shall not be less than the nominal value of the share."

See Explanatory Note (c)

8. To transact any other business which may properly be transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

SIN SHEUNG NAM GILBERT
COMPANY SECRETARY

Singapore,
7 April 2010

Proxies:-

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

2. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

3. An instrument appointing a proxy must be deposited at the Company's Share Transfer Agent's office, M & C Services Private Limited at 138 Robinson Road #17-00, The Corporate Office, Singapore 068906 not less than forty-eight (48) hours before the time appointed for holding the meeting.

Explanatory Notes:-

(a) Mr Seah Kok Khong, Manfred, if re-elected as a director, will remain as a member of the Audit Committee and will be considered as an independent director.

(b) The ordinary resolution in item 7.1 above, if passed, will empower the directors from the date of the Annual General Meeting until the date of the next Annual General Meeting of the Company, to issue shares and convertible securities in the Company up to a number not exceeding in total 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, with a sub-limit of 20% for issues other than on a pro rata basis to shareholders, as more particularly set out in the resolution.

(c) The ordinary resolution in item 7.2 above, if passed, will authorise the directors of the Company to offer and grant options in accordance with the provisions of the Techcomp Employee Share Option Scheme and to allot and issue shares thereunder.

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATES

NOTICE IS ALSO HEREBY GIVEN that the transfer book and register of members of the Company will be closed on 7 May 2010 for the purpose of determining members' entitlements to the final dividend.

Duly completed transfers received by the Company's Share Transfer Agent, M & C Services Private Limited at 138 Robinson Road #17-00, The Corporate Office, Singapore 068906 up to 5.00 p.m. on 6 May 2010 will be registered before entitlements to the dividend are determined.

Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 6 May 2010 will be entitled to the dividend.

The dividend, if approved at the Company's Annual General Meeting to be held on 30 April 2010, will be paid on 17 May 2010.

TECHCOMP 天美

TECHCOMP (HOLDINGS) LIMITED

6/F., Mita Ctr.,
552-566 Castle Peak Road,
Kwai Chung, Kln., Hong Kong

Tel: 852-2751 9488
Fax: 852-2751 9477
Email: techcomp@techcomp.com.hk
Website: www.techcomp.com.hk