



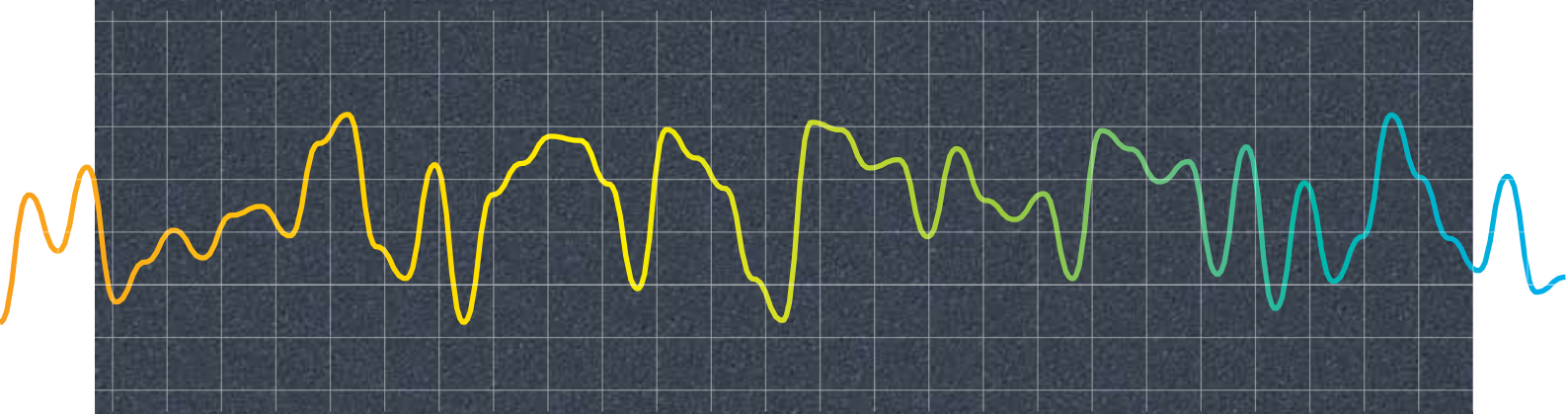
A Leading Scientific Equipment  
Integrated Solutions Provider



TECHCOMP (HOLDINGS) LIMITED  
ANNUAL REPORT 2007

 **38.2%**

**increase in net profit  
in FY2007**



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# Corporate Profile

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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"
- 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 facility in Shanghai
- Various technological partnerships and alliances with well established manufacturers to develop scientific equipment
- Dedicated Research and Development ("R&D") team
- Contributed 16.9% of revenue and 43.1% of profit before tax in FY2007



## 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 and 14 liaison offices in the PRC and one liaison office in India. Product is also distributed via our distribution network to South East Asia, South Asia, Australia and Middle East region
- Able to provide integrated solutions and turnkey laboratories to customers due to its strong technical capabilities as well as extensive product range
- Contributed 83.1% of revenue and accounted for 56.9% of profit before tax in FY2007

# Message to Shareholders

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## DEAR SHAREHOLDERS,

On behalf of the Board of Directors of Techcomp (Holdings) Limited (the “Group”), I am pleased to present the Group’s annual report for the financial year ended December 31, 2007 (FY2007).

## OVERVIEW OF FY2007

The Year 2007 can be described as a year of milestones. Over the past 12 months, we achieved encouraging results through our efforts in enhancing our product offerings and diversifying our customer base in the People’s Republic of China (PRC). Our revenue rose by 20.0% to US\$65.8 million from US\$54.8 million in FY2006, with growths in our distribution and manufacturing divisions at 19.5% and 22.6% respectively.

The Group achieved a gross profit of US\$22.2 million, maintaining its gross margin at 33.7%. We maintained a lean internal cost structure by controlling our operating costs efficiently, as evidenced by the marginal increases in both distribution and administrative expenses relative to the revenue increase.

Additionally, our costs of borrowings were reduced and our payable income tax was also lower due to the tax exemptions enjoyed by a subsidiary in the PRC for its first two profitable years of operations as well as the Macau subsidiary whose offshore profits were tax exempted.

Consequently, our net profits improved by 38.2% to US\$6.0 million in FY2007 compared to US\$4.4 million in FY2006.

The theme for FY2006 Annual Report was “Enhancing the formula for success”. This year, it shall be “Adding the Catalyst” to further bolster our future growth plans.

## FORTIFYING A STRONG FOUNDATION

Our overall strategy has always been to develop the

Manufacturing and Distribution Divisions in tandem. We highlighted in last year’s annual report that both Divisions are complementary in many ways that allow us to enjoy economies of scale and synergies, yet they are also nicely dissimilar, presenting various opportunities for product development and manufacturing as well as growths into different customer bases and market segments.

This year, we shall further expand our manufacturing capabilities with the inclusion of more life science products and the addition of a range of laboratory consumables. This is a natural progression as the laboratory consumables are frequently used together with our equipment, and this further strengthens our relationships with our customers and reinforces our position as the preferred ‘one-stop’ solution provider. This expanded product offerings not only allow us to reach a wider customer base, but also different customers with diverse applications.

Both the laboratory consumables and life science products yield high margins of returns. We are confident that developments in these areas will further fuel growths in the Group’s revenue and margins in the coming years.

## REACHING FAR AND WIDE

Over the years, Techcomp has established an extensive and competent distribution network in the PRC and the Asia-Pacific region. We are optimistic that our PRC operations will continue to grow in view of the buoyant Chinese economy. Additionally, recent health concerns with food quality and environmental pollutants and contaminants have heightened testing requirements and these should further increase demands for testing equipment in most sectors and industries in the PRC.

Techcomp’s presence in the Asia-Pacific markets will continue to grow with the expansion of operations and partnerships in the Indonesian and Australian markets. The Group is also in the process of expanding its business into Europe and we hope that this market will see revenue contributions in FY2008.



Total Revenue increased by

20.0%

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## NEW PARTNERS, NEW OPPORTUNITIES FOR GROWTH

Last year, our cashflow from operations posted in excess of US\$1.6 million. We strengthened this further by placements of new shares and our cash balance stood at US\$8.3 million as at December 31, 2007. This has given us the added ammunition to pursue partnerships, merger and acquisition ("M&A") activities in addition to organic growths of the Group.

The team is currently exploring and evaluating several possible targets for both manufacturing and commercial partnerships, which should lead to further enhancements to our manufacturing capabilities and activities and capitalizing on the distribution channels of our partners.

We believe there are more synergistic partnerships and acquisitions out there. There are many companies with good technologies and products, but for lack of opportunities or effective management, have not been able to take flight or make as great an impact; and we remain on a constant lookout for such M&A potentials. With careful targeting and execution of plans, we will be able to translate these opportunities into actual growth for the Group.

Just as Mr Warren Buffet, Chairman of Berkshire Hathaway would have put it – if you have a good investment proposition for Techcomp, we would love to hear it.

## GROWTH IN THE FACE OF CHALLENGES

The looming possibility of a recession in the US has cast a pall, and introduced many uncertainties, on the growth projections of the industry, with many players projecting only a modest year ahead.

The appreciating Renminbi has driven up the Group's costs in the PRC. Additionally, the weakened US dollar (the Group's primary currency in sales) has added further pressures on the

Group's profitability in our purchases with the Japanese and European suppliers.

Despite the lukewarm sentiments for growth in the industry and these cost pressures, there are strong indications for healthy growth and immense business opportunities that await Techcomp in the years ahead.

Techcomp is expanding comfortably. We want to build a business to last and that is why we are laying every brick and block carefully. With a stable foundation, we believe Techcomp can achieve sustainable quality growth for the next 3-5 years, if not longer.

## ACKNOWLEDGEMENTS

The success of Techcomp over the years would not have been possible without the contributions and support from various parties. Therefore we would like to take this opportunity to express my sincere appreciation to our shareholders, customers, financial advisors, professionals and bankers for their unwavering support through the years.

As usual, we think that it is very important to reward the shareholders who have been supporting us all these while. Our loyal and faithful shareholders will receive a first and final dividend of Singapore 1.2 cents per ordinary share for FY2007.

Lastly, we would also like to thank the management team and staff for their hard work and the Board of Directors for their wise counsel and guidance provided to the Group.

## Mr Lo Yat Keung

President

## Financial Highlights

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### Group Revenue(US\$ million)

**2007 65.8**

2006	54.8
2005	44.6
2004	41.9
2003	38.8

### Net Profit(US\$ million)

**2007 6.0**

2006	4.4
2005	3.7
2004	3.7
2003	3.0

### Segment Revenue(US\$'000)

**2007**      **Distribution**      **54,724**  
                  **Manufacturing**      **11,095**

2006	Distribution	45,793
	Manufacturing	9,049

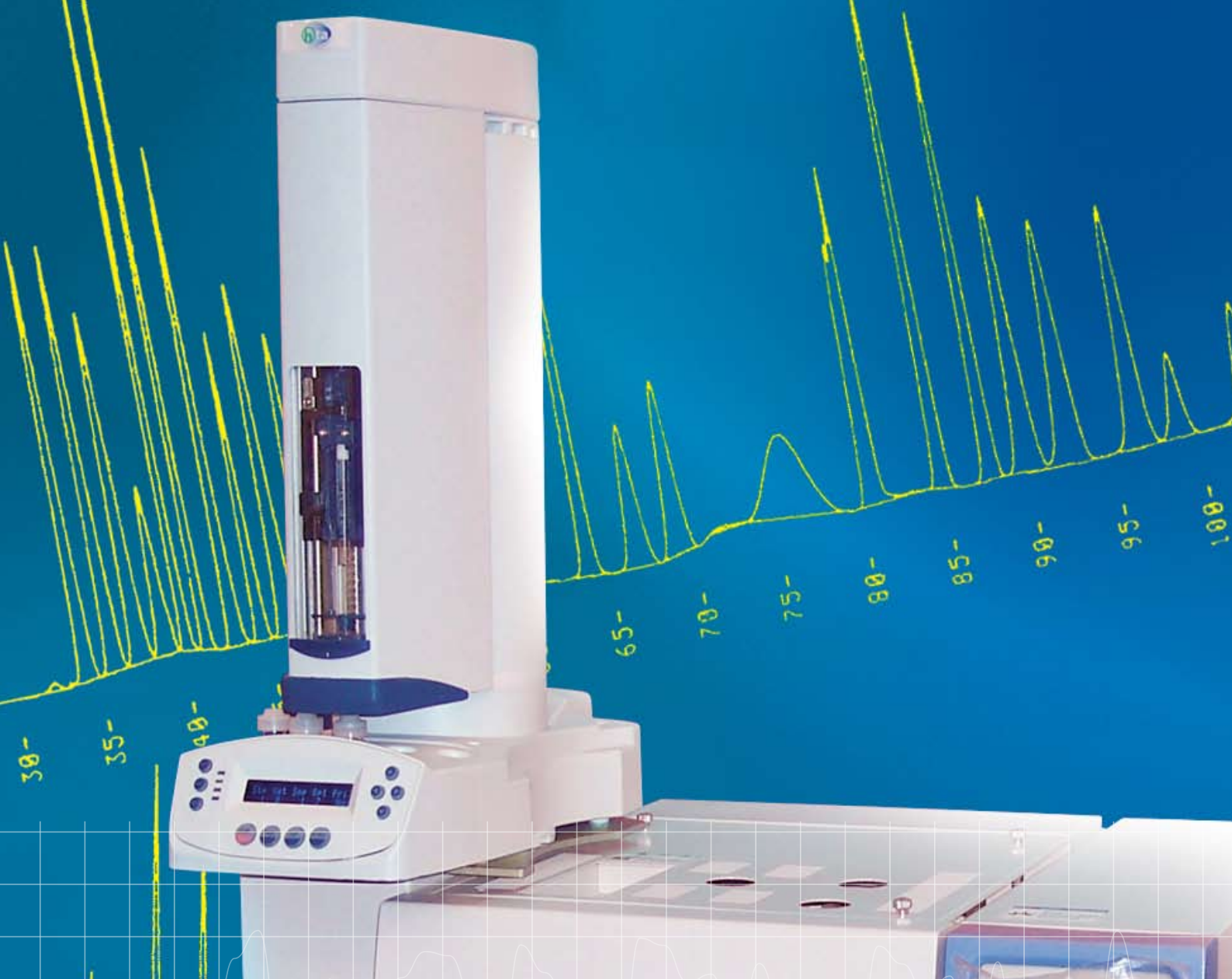
### Profit Before Tax By Business Segment

**2007**      **Distribution**      **56.9%**  
                  **Manufacturing**      **43.1%**

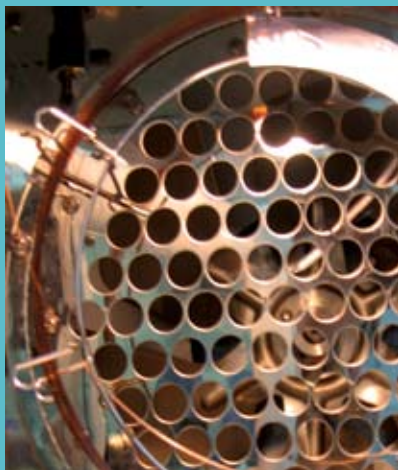
2006	Distribution	60.6%
	Manufacturing	39.4%

### Summarised Profit & Loss Statement

	FY2007 US\$('000)	FY2006 US\$('000)	FY2005 US\$('000)	FY2004 US\$('000)	FY2003 US\$('000)
<b>Revenue</b>	<b>65,819</b>	54,842	44,617	41,917	38,752
<b>Gross Profit</b>	<b>22,154</b>	18,486	14,949	13,007	11,119
<b>Profit before tax</b>	<b>6,383</b>	4,928	4,066	4,081	3,569
<b>Profit after tax</b>	<b>6,011</b>	4,350	3,687	3,667	2,991
<b>Earnings per share (US cents)</b>	<b>4.30</b>	3.22	2.73	3.15	2.99

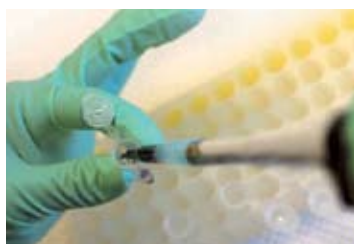


## RIISING MARKET DEMAND FOR SCIENTIFIC EQUIPMENT



## Financial and Operations Review

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Revenue grew 20.0% to **US\$65.8 million** with PRC sales leading the growth. FY2007 net profit up 38.2% to **US\$6.0 million**

The Group's revenue for the financial year ended December 31, 2007 expanded by 20.0% to US\$65.8 million. This was mainly attributed to impressive growth from our PRC market. Revenue for our PRC unit posted impressive gains of approximately US\$9.6 million to reach US\$54.1 million in FY2007. In addition we made strong headway in the Indonesian market which saw out sales double to US\$1.1 million in FY2007. We also posted moderate revenue improvements across our various areas of operations to make it an all round good year for Techcomp.

Gross profit increased by 19.8% to US\$22.2 million in FY2007 from US\$18.5 million in FY2006 in line with the increase in revenue. Gross profit margin remained at a similar level for both years. Other operating income also grew by 105.3% as the Group recognised a gain on the disposal of properties, plant and equipment during the year amounting to US\$0.7 million in FY2007.

Distribution expenses increased by 17.3% to US\$7.3 million in FY2007 on the back of the more vigorous sales activities. Administrative expenses increased by 22.2% to US\$8.9 million in FY2007 on higher staff costs and general office expenses to



Distribution Revenue increased by  
**19.5%**

support the expansion of our operations and manufacturing facilities. As the Group's financial position has been enhanced resulting from the issue of new shares in October 2007 and the cash generated from operations in the current year, finance expenses decreased by 5.2% to US\$0.5 million. In addition, taxation decreased by 35.6% to US\$0.4 million in FY2007 reflecting the drop in the Group's effective tax rate to 5.8%. This was mainly due to the tax exemptions enjoyed by a subsidiary in the PRC for its first two profitable years of operations as well as the Macau subsidiary whose offshore profit is exempted from tax.

Plant, property and equipment rose by 35.9% to US\$7.7 million as at December 31, 2007 as the Group purchased additional manufacturing facilities and equipment to increase production capacity. The increase was partially offset by depreciation charges and disposals amounting to US\$0.7 million and US\$0.5 million respectively during the year.

Trade and other receivables increased by 37.1% to US\$26.5 million as at December 31, 2007 resulting from our growth in revenue particularly in the last quarter of the year. Inventories

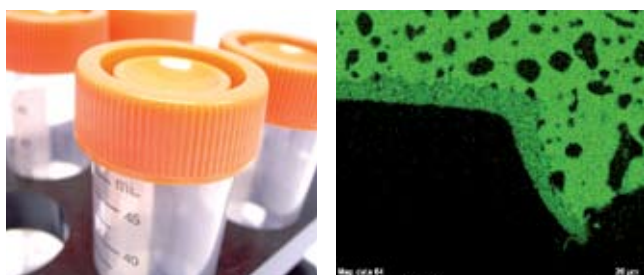
rose by 36.1% to US\$10.6 million in order to meet delivery requirements from increased orders for our products and services.

Trade and other payables increased by 42.6% to US\$13.2 million as at December 31, 2007. This resulted primarily from the growth in revenue and a significant portion of the purchases being made in the last quarter of the year.

Net cash from financing activities amounted to US\$5.3 million due to the net proceeds from the issue of new shares of US\$7.7 million, which was partially offset by net repayment of borrowings of US\$0.9 million and dividend payment of US\$1.1 million. Overall, there was a net increase in cash and cash equivalents of US\$4.0 million as at December 31, 2007.

## DISTRIBUTION BUSINESS

In order to serve the needs of our customers, it is essential to manage our distribution business in a manner which is sensitive to such needs. Our customers often seek to purchase a large variety of related products and we aim for Techcomp to be able



# Financial and Operations Review

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to provide such a comprehensive range so as to be a one-stop shop for them.

For FY2007, our distribution business contributed to 83.1% of the Group's total revenue. Revenue for this segment grew 19.5% to US\$54.7 million, while profit before taxation increased by 21.6% to US\$3.6 million. Much of this can be attributed to the expansion of our sales and service team in PRC as well as in other Asian countries. In turn this will also help boost of own brand name products and provide an improved distribution of revenue between third party and our own brand name products in the coming years.

Earlier in FY2007 the Group signed a series of exclusive distributorship agreements. These new distributorships provide products which complement our own product range and are expected to be the growth driver in our revenue in FY2008.

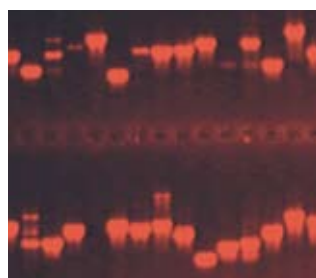
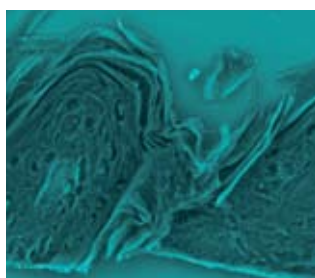
## MANUFACTURING BUSINESS

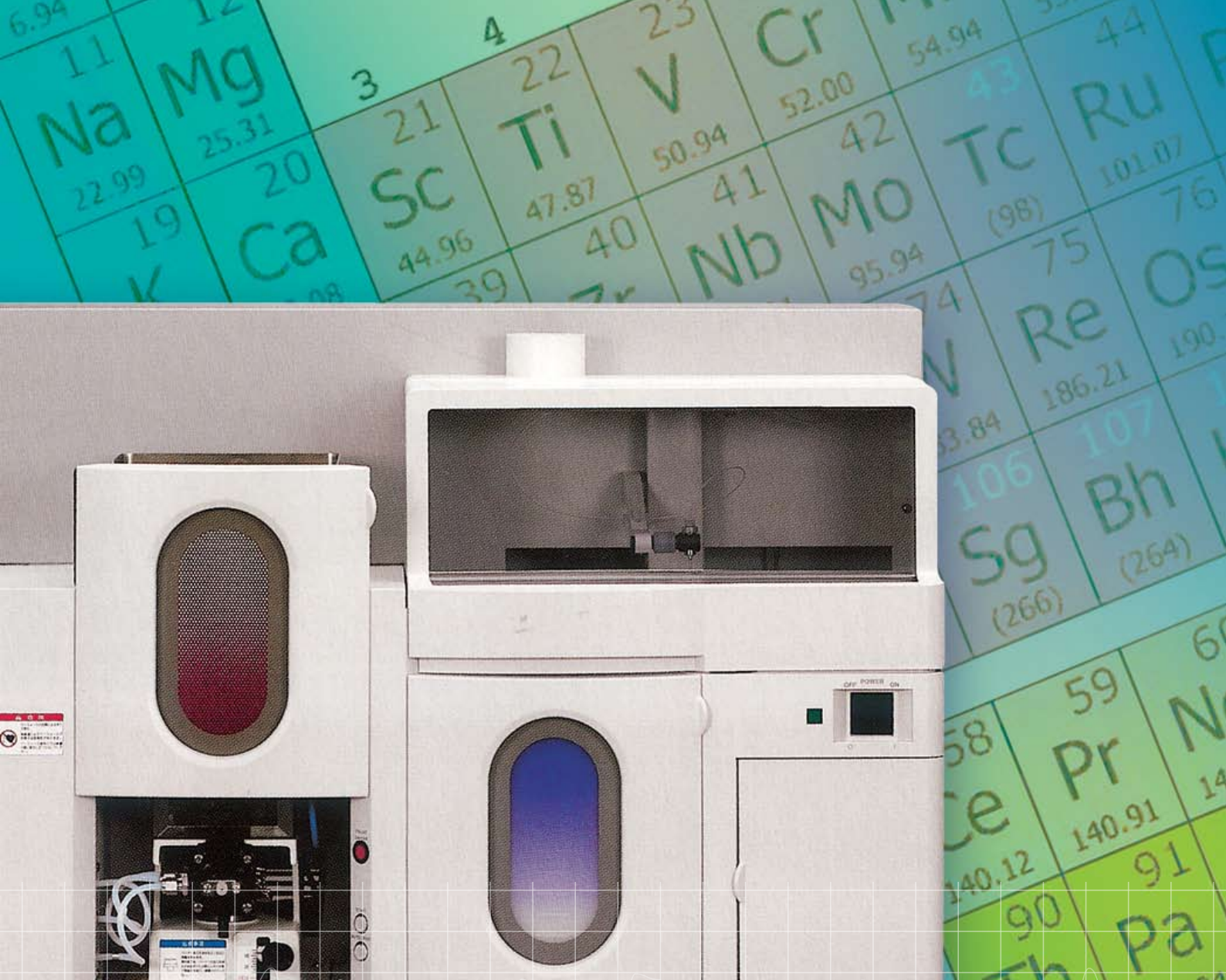
The manufacturing division outpaced our distribution division and grew 22.6% to US\$11.1 million in FY2007. Many industries in the PRC continue to increase their investment in scientific equipment to ensure quality control and safety standards are met. Arising from this, the sales of our manufactured products is expected to benefit from the increased demand in the PRC.

Profit before taxation grew 41.8% to US\$2.8 million in FY2007. This was mainly attributable to the increase in revenue as well as the recognition of gain on disposal of properties, plant and equipment amounting to US\$0.7 million in FY2007.

As we roll out our higher margin consumables and increase our product range, we expect our manufacturing business to continue to outgrow our distribution business.

Looking ahead, the Group expect to secure more ODM, OEM and private label contracts in FY2008. The Group also plan to invest more resources in introducing its manufactured products to other major global markets such as United States and Europe.





# TAPPING KEY MARKETS AROUND THE WORLD



# Board of Directors

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## 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 firm of public accountants in Singapore until his retirement in 1999. During his 39 years of service with the firm, Mr Ho had served as Audit and Client Services partner, Head of Audit Services, Head of Administration, and Technical partner.

He is currently an associate of the firm as well as a director of his own private consultancy company in Singapore. Mr Ho also serves as an independent director of another company listed on SGX and is a member of the National Parks Board, 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 Institute Of Certified Public Accountants Of Singapore and the Singapore Institute Of Directors.

Manufacturing Revenue increased by  
22.6%

#### MR. SEAH KOK KHONG, MANFRED

was appointed to the Board in 14 February 2007. Mr Seah has over 15 years of investment banking and direct investments experience in Asia. He is presently a General Partner at WhiteRock Partners, and concurrently serves as an Executive Director of WhiteRock Healthcare Pte Ltd.

From 1996 to 2000, he was CEO & Co-founder of a Philippines based corporate advisory and stock-broking firm, which was backed by direct corporate investments. From 1992 to 1996, he held senior positions at PrimeEast Capital Asia and Morgan Grenfell Asia. Prior to 1992, Mr Seah worked in a firm of Chartered Accountants in the City of London, where he served as a management & systems consultant advising SMEs in the UK.

Mr Seah graduated with a Bachelor of Science degree (First Class) 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. From 1979 to 1989, he was Assistant Secretary of the Singapore Securities Industry Council and subsequently assumed the post of Secretary. In 1985, Mr Teng was appointed Assistant Director of the Banking and Financial Institutions Department of the Monetary Authority of Singapore, and subsequently became Deputy Director in 1988.

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

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## Mr. BIAN ZHENGYU

is our vice president of manufacturing business of our Group. Mr. Bian joined Techcomp in Shanghai in 1995 and served as technical support in Hong Kong for two years. In 1998, he served as service manager and as office sales manager subsequently. In 2005, he 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 Society of 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 with 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. WANG MENG

is the President of the Group's China distribution division responsible for management and day-to-day operations of our China distribution offices in P.R. China. Prior to joining the Company's Xi'an liaison office in 1995 as its general manager, he held various positions in the Shaanxi province government from 1977 to 1995, and was the assistant chief officer of Shaanxi province Wei Tong Zhan Bu before he joined the Group. He was appointed to his present position in 2006. Mr. Wang specialized in Chinese literature at the Shaanxi Province Broadcast Television University from 1980 to 1982 and in Dang Zheng Management at the Shaanxi Province Wei Dang Xiao from 1983 to 1985.

## 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-China Distribution 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.

# Report on Corporate Governance

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 guideline of the Code together with an explanation for such deviation.

## Board Matters

### Principle 1: Effective Board to Lead and Control the Company

Currently, the Board comprises six directors, three of whom are non-executive and 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 control, 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 ("AC"), a Remuneration Committee ("RC") and a Nominating Committee ("NC"), to assist in the discharge of its responsibilities. All committees are chaired by an independent director and consist of members who are independent and non-executive.

The meetings of the directors in the financial year ended December 31, 2007 were as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of meetings held	2	3	1	1
		No. of meetings attended		
Lo Yat Keung	2	—	—	—
Chan Wai Shing	2	—	—	—
Xu Guoping	2	—	—	—
Ho Yew Yuen	2	3	1	1
Seah Kok Khong, Manfred <sup>(1)</sup>	2	3	1	1
Teng Cheong Kwee	2	3	1	1

(1) Mr. Seah Kok Khong, Manfred appointed as director on February 14, 2007

### Principle 2: Strong and independent Element on the Board

The independence of each director is reviewed annually by the 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 10 to 11 of this Annual Report.

# Report on Corporate Governance

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## Principle 3: Role of Chairman and Chief Executive Officer

Mr. Lo Yat Keung, the controlling shareholder, is the Chairman and Chief Executive Officer ("CEO"). He plays a vital role in developing the business of the group and has provided 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 meeting schedules of the Board, agendas for Board meetings and is advised of 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 submit 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 Lo Yat Keung and Mr Ho Yew Yuen 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

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.

# Report on Corporate Governance

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 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's recommendations are made in consultation with the CEO and submitted for endorsement by the entire Board. No director is involved in any decision making, in respect of any compensation to be offered or granted to him.

The service agreements with the executive directors are for a period of three years commencing January 26, 2007. The remuneration package, which may include fixed and variable components, long term incentives such as share option plans and retirement benefits, and benefits in kind, will be reviewed by the Board in consultation with the RC on an annual basis. The service agreements also provide for termination by either the respective executive director, or the company, upon giving not less than 6 months' notice in writing.

The independent and non-executive directors are paid directors' fees. Each independent and non-executive 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, 2007 is as follows:

Remuneration band	Salary %	Fees %	Bonus %	Other Benefits %	Total %
<b>Less than S\$250,000</b>					
Lo Yat Keung	77	—	23	—	100
Chan Wai Shing	82	—	18	—	100
Xu Guoping	78	—	22	—	100
Ho Yew Yuen	—	100	—	—	100
Teng Cheong Kwee	—	100	—	—	100
Seah Kok Khong, Manfred <sup>(1)</sup>	—	100	—	—	100

(1) Mr. Seah Kok Khong, Manfred appointed as director on February 14, 2007

# The salary percentage shown is inclusive of pension costs

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, 2007.

# Report on Corporate Governance

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The summary of 5 highest-paid employees' remuneration for the financial year ended December 31, 2007 is as follows:

Remuneration band	Salary %	Fees %	Bonus %	Other Benefits %	Total %
<b>Less than S\$250,000</b>					
Li Hong, Don	84	–	16	–	100
Sin Sheung Nam Gilbert	88	–	12	–	100
Tse Po Wah	88	–	12	–	100
Wang Meng	76	–	24	–	100
Xia Yisheng	73	–	27	–	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 currently 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 as at the date of this report comprises the following members, all of whom are independent directors:-

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

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

- the group's financial and operating results and accounting policies;
- 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;
- 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;
- the co-operation and assistance given by the management to the external auditors;
- the review of the external auditors' independence, and recommendation on their re-appointment as the external auditors of the company.

# Report on Corporate Governance

The AC has undertaken a review of all the non-audit services provided by Deloitte & Touche during the financial year ended December 31, 2007, and is satisfied that such services would not, in the AC's opinion, affect the independence of Deloitte & Touche as the company's external auditors. The AC has recommended to the Board that Deloitte & Touche 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 also met with the external auditors, without the presence of the management during the year.

In order to provide avenue for employees to raise concerns about misconducts in the company and at the same time assure them that they will be protected from victimization for whistle blowing in good faith, the company is considering to implement the whistle blowing policy in the current year. Details of the whistle blowing policies and contact details of the AC will be circulated to all employees once available.

## 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 will 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 will be strengthened as and when it 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.

# Report on Corporate Governance

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## 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 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, 2007, 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 will review all interested person transactions to be entered 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, 2007.

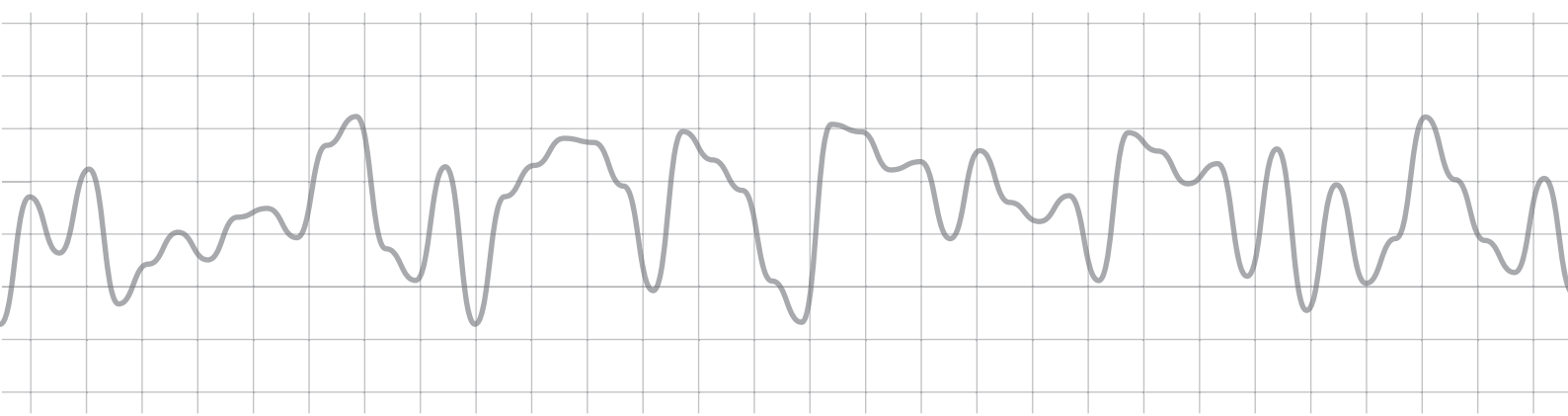
## Risk Management

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.

## Status report on use of proceeds from additional placement of shares

During the financial year ended December 31, 2007, the group successfully raised approximately US\$8 million from its additional placement of 20 million new ordinary shares at US\$0.4 (S\$0.6) per share. As at 25 March 2008, out of total net proceeds of US\$7.7 million (after deducting share issue expenses of US\$0.3 million), approximately US\$4 million were used for working capital purposes.

Management has confirmed that the above use of proceeds was in line with the company's planned utilisation of funds.



## Financial Contents

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# Report of the Directors

The directors present their report together with the audited consolidated financial statements of the group and the balance sheet and statement of changes in equity of the company for the financial year ended December 31, 2007.

## 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 (Appointed on February 14, 2007)

## 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	At January 21, 2008
<b>Techcomp (Holdings) Limited</b>	<b>Ordinary shares of US\$0.05 each</b>		
Lo Yat Keung - direct	70,339,000	67,431,000	67,631,000
- deemed	5,000,000	5,000,000	5,000,000
Chan Wai Shing - direct	6,480,000	6,480,000	6,480,000
Xu Guoping - direct	6,580,000	6,580,000	6,580,000
Ho Yew Yuen - direct	200,000	200,000	200,000

## 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 ("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 (Appointed on February 14, 2007)

The size of the Scheme shall not exceed 15% of the total number of issued shares in the 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 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.

During the financial year, no options were granted under the Scheme.

### (b) *Option exercised*

During the financial year, there were no shares of the company or any corporation in the group issued by virtue of the exercise of an option to take up unissued shares.

### (c) *Unissued shares under option*

At the end of the financial year, there were no unissued shares of the company or any corporation in the group under options.

# Report of the Directors

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## 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 three 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 group's financial and operating results and accounting policies;
- b) the consolidated financial statements of the group and the balance sheet and statement of changes in equity before their submission to the directors of the company and the external auditors' report on those financial statements;
- c) 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;
- d) the co-operation and assistance given by the management to the group's external auditors; and
- e) 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 for re-appointment as external auditors of the group at the forthcoming AGM of the company.

## 7 AUDITORS

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

ON BEHALF OF THE DIRECTORS

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Lo Yat Keung

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Chan Wai Shing

March 25, 2008

# Independent Auditors' Report

*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 balance sheets of the group and the company as at December 31, 2007, the profit and loss statement, 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 61.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of 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 balance sheet and statement of changes in equity of the company are properly drawn up in accordance with the provisions of 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, 2007 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  
Public Accountants and  
Certified Public Accountants  
Singapore

Wong-Yeo Siew Eng  
Partner  
Appointed on March 23, 2004

March 25, 2008

# Balance Sheets

December 31, 2007

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	Note	Group		Company	
		2007 US\$'000	2006 US\$'000	2007 US\$'000	2006 US\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances	6	8,341	4,367	–	–
Trade and other receivables	7	26,484	19,316	1,000	1,000
Prepaid lease payment	8	–	4	–	–
Inventories	9	10,558	7,760	–	–
Income tax recoverable		268	–	–	–
Property held for sale	10	168	–	–	–
Total current assets		45,819	31,447	1,000	1,000
<b>Non-current assets</b>					
Properties, plant and equipment	11	7,679	5,650	–	–
Subsidiaries	12	–	–	21,167	12,755
Prepaid lease payment	8	–	158	–	–
Intangible assets	13	1,309	949	–	–
Available-for-sale investment	14	40	40	–	–
Deferred tax assets	15	–	13	–	–
Total non-current assets		9,028	6,810	21,167	12,755
<b>Total assets</b>		<b>54,847</b>	<b>38,257</b>	<b>22,167</b>	<b>13,755</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Bank borrowings	16	3,760	5,115	–	–
Trade and other payables	17	13,161	9,230	–	–
Derivative financial instruments	18	232	112	–	–
Income tax payable		153	373	–	–
Amounts due to subsidiaries		–	–	28	–
Total current liabilities		17,306	14,830	28	–
<b>Non-current liabilities</b>					
Bank borrowings	16	1,420	1,102	–	–
Deferred tax liabilities	15	163	–	–	–
Total non-current liabilities		1,583	1,102	–	–
<b>Capital and reserves</b>					
Share capital	19	7,750	6,750	7,750	6,750
Reserves		28,208	15,575	14,389	7,005
Total equity		35,958	22,325	22,139	13,755
<b>Total liabilities and equity</b>		<b>54,847</b>	<b>38,257</b>	<b>22,167</b>	<b>13,755</b>

See accompanying notes to financial statements.

# Consolidated Profit and Loss Statement

Year Ended December 31, 2007

	Note	Group 2007 US\$'000	2006 US\$'000
<b>Revenue</b>	21	65,819	54,842
Cost of sales		(43,665)	(36,356)
<b>Gross profit</b>		22,154	18,486
Other operating income	22	883	430
Distribution costs		(7,268)	(6,196)
Administrative expenses		(8,908)	(7,288)
Finance costs	23	(478)	(504)
<b>Profit before income tax</b>		6,383	4,928
Income tax expense	24	(372)	(578)
<b>Profit for the year</b>	25	6,011	4,350
<b>Earnings per share (US cents)</b>			
Basic and diluted	26	4.30	3.22

See accompanying notes to financial statements.

# Statements of Changes in Equity

Year Ended December 31, 2007

Group	Note	Share capital US\$'000	Share premium US\$'000	Contributed surplus US\$'000	Merger reserve <sup>(a)</sup> US\$'000	Currency translation reserve US\$'000	Legal reserves <sup>(b)</sup> US\$'000	Capital reserve US\$'000	Retained earnings US\$'000	Total US\$'000
[Note 20(a)][Note 20(b)]										
<b>Balance at January 1, 2006</b>		6,750	5,264	394	(4,112)	147	274	3,003	6,890	18,610
Exchange differences arising on translation of foreign operations, representing income recognised directly in equity		-	-	-	-	213	-	-	-	213
Profit for the year		-	-	-	-	-	-	-	4,350	4,350
Total recognised income for the year		-	-	-	-	213	-	-	4,350	4,563
Dividends paid	27	-	-	-	-	-	-	-	(848)	(848)
<b>Balance at December 31, 2006</b>		6,750	5,264	394	(4,112)	360	274	3,003	10,392	22,325
Exchange differences arising on translation of foreign operations, representing income recognised directly in equity		-	-	-	-	982	-	-	-	982
Profit for the year		-	-	-	-	-	-	-	6,011	6,011
Total recognised income for the year		-	-	-	-	982	-	-	6,011	6,993
Issue of new shares, net of expenses*		1,000	6,710	-	-	-	-	-	-	7,710
Dividends paid	27	-	-	-	-	-	-	-	(1,070)	(1,070)
<b>Balance at December 31, 2007</b>		7,750	11,974	394	(4,112)	1,342	274	3,003	15,333	35,958

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

(b) In accordance with the People's Republic of China (the "PRC") laws on foreign enterprises, the PRC subsidiaries are required to set aside 10% of their profit after tax for the legal reserve until the reserve aggregates to 50% of their registered capital. The legal reserves have reached 50% of the registered capital of the PRC entities. The legal reserve can be used to offset prior years' losses or convert into capital, provided such conversion is approved by a resolution at a shareholders' meeting.

\* This is shown net of expenses amounting to US\$290,000.

See accompanying notes to financial statements.

# Statements of Changes in Equity

Year Ended December 31, 2007

Company	Note	Share capital US\$'000	Share premium US\$'000	Contributed surplus US\$'000	Retained earnings US\$'000	Total US\$'000
				[Note 20(a)]	[Note 20(b)]	
<b>Balance at January 1, 2006</b>		6,750	5,264	394	936	13,344
Profit for the year		–	–	–	1,259	1,259
Dividends paid	27	–	–	–	(848)	(848)
<b>Balance at December 31, 2006</b>		6,750	5,264	394	1,347	13,755
Issue of new shares, net of expenses*		1,000	6,710	–	–	7,710
Profit for the year		–	–	–	1,744	1,744
Dividends paid	27	–	–	–	(1,070)	(1,070)
<b>Balance at December 31, 2007</b>		7,750	11,974	394	2,021	22,139

\* This is shown net of expenses amounting to US\$290,000.

See accompanying notes to financial statements.

# Consolidated Cash Flow Statement

Year Ended December 31, 2007

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	Group	
	2007 US\$'000	2006 US\$'000
<b>Operating activities</b>		
Profit before income tax	6,383	4,928
Adjustments for:		
Depreciation of properties, plant and equipment	737	441
Amortisation of prepaid lease payment	—	4
Interest income	(30)	(21)
Finance costs	478	504
Net (gain) loss on disposal of properties, plant and equipment and prepaid lease payment	(698)	9
Allowance for doubtful debts	142	191
Amortisation of intangible assets	259	226
Changes in fair value of derivative financial instruments	120	(22)
Gain on liquidation of a subsidiary (Note a)	—	(15)
Operating cash flows before movements in working capital	7,391	6,245
Trade and other receivables	(6,876)	(1,828)
Inventories	(2,470)	(265)
Trade and other payables	3,535	1,699
Cash generated from operations	1,580	5,851
Income taxes paid	(705)	(317)
Net cash from operating activities	875	5,534
<b>Investing activities</b>		
Purchase of properties, plant and equipment	(3,024)	(2,642)
Proceeds on disposal of properties, plant and equipment and prepaid lease payment	1,350	494
Interest received	30	21
Product development costs paid	(528)	(421)
Net cash used in investing activities	(2,172)	(2,548)
<b>Financing activities</b>		
Proceeds from issue of new shares, net of issue expenses	7,710	—
Net repayment of bank borrowings	(854)	(243)
Dividends paid	(1,070)	(848)
Interest paid	(478)	(504)
Net cash from (used in) financing activities	5,308	(1,595)
Net increase in cash and cash equivalents	4,011	1,391
Cash and cash equivalents at beginning of the year	4,184	2,655
Effect of foreign exchange rate changes	146	138
<b>Cash and cash equivalents at end of the year</b>	<b>8,341</b>	<b>4,184</b>
Cash and cash equivalents comprised:		
Cash and bank balances (Note 6)	8,341	4,367
Bank overdrafts (Note 16)	—	(183)
	<b>8,341</b>	<b>4,184</b>

## Note

(a) In 2006, Beijing Techcomp Analytical Instruments Co., Ltd., a subsidiary of the group, was liquidated.

	2006 US\$'000
Net liabilities of Beijing Techcomp Analytical Instruments Co., Ltd.	(528)
Add: Waiver of intercompany balance due to Techcomp Limited	513
Waiver of payable to outside parties recorded as a gain on liquidation of a subsidiary	(15)

See accompanying notes to financial statements.

# Notes to Financial Statements

Year Ended December 31, 2007

## 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 12 to the financial statements.

The consolidated financial statements of the group and balance sheet and statement of changes in equity of the company for the year ended December 31, 2007 were authorised for issue by the Board of Directors on March 25, 2008.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**BASIS OF ACCOUNTING** - The financial statements are prepared in accordance with the historical cost basis, except for certain financial instruments which are measured at fair values, and are drawn up in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (the "IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB.

In the current year, the group has adopted all the new IFRS, amendment of International Accounting Standard ("IAS") and Interpretations (hereafter collectively referred to as "new IFRSs") issued by the IASB and the IFRIC of the IASB that are relevant to its operations and effective for annual periods beginning on or after January 1, 2007. The adoption of the new IFRSs 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. Accordingly, no prior period adjustment is required.

The group has adopted the disclosure requirements under IFRS 7 "*Financial Instruments: Disclosures*" and amendments to IAS 1 "*Presentation of Financial Statements*" retrospectively. The adoption of IFRS 7 and the amendments to IAS 1 expands the disclosures provided in these financial statements regarding the group's financial instruments. The group has also presented information regarding its objectives, policies and process for managing capital (see Note 4) as required by the amendments to IAS 1 which are effective from annual periods beginning on or after January 1, 2007.

At the date of authorisation of these financial statements, the following new and revised Standards or Interpretations that have been issued but are not yet effective.

IAS 1 (Revised)	Presentation of Financial Statements
IAS 23 (Revised)	Borrowing Costs
IAS 27 (Revised)	Consolidated and Separate Financial Statements
IAS 32 & IAS 1	Puttable Instruments and Obligations Arising on Liquidation
IFRS 2 (Amendment)	Share-based payment (amendments relating to vesting conditions and cancellations)
IFRS 3 (Revised)	Business Combinations
IFRS 8	Operating Segments
IFRIC 11	IFRS 2: Group and Treasury Share Transactions
IFRIC 12	Service Concession Arrangements
IFRIC 13	Customer Loyalty Programmes
IFRIC 14	IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction

# Notes to Financial Statements

Year Ended December 31, 2007

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The directors are not in a position to reasonably ascertain how the application of these new or revised Standards or Interpretations may impact the results and the financial position of the group and the company, in the period of initial application.

**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 profit and loss statement 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.

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

**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 are aggregated and the difference between the aggregate share capital of the entities and the share capital of the holding company is 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.

**FINANCIAL INSTRUMENTS** - Financial assets and financial liabilities are recognised on the group's balance sheet 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 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.

### *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments 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 fair value through the profit and loss statement".

# Notes to Financial Statements

Year Ended December 31, 2007

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### Financial assets (cont'd)

#### *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 each balance sheet date subsequent to initial recognition, loans and receivables (including advances to subsidiaries, 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.

#### *Cash and cash equivalents*

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

#### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are not classified as loans and receivables. Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition.

#### *Impairment of financial assets*

Financial assets are assessed for indicators of impairment at each balance sheet date. 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 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 and loss statement 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 profit and loss statement. Changes in the carrying amount of the allowance account are recognised in profit and loss statement.

# Notes to Financial Statements

Year Ended December 31, 2007

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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 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 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.

#### *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 each balance sheet date. The resulting gain or loss is recognised in profit and loss statement 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 and loss statement. 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 expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit and loss statement.

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

# Notes to Financial Statements

Year Ended December 31, 2007

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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

**NON-CURRENT ASSETS HELD FOR SALE** - Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

A non-current asset classified as held for sale is measured at the lower of the asset's previous carrying amount and fair value less costs to sell.

**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 land and buildings	2% to 4.5%	Nil to 10%
Furniture and fixtures	18% to 20%	Nil to 10%
Machinery and equipment	9% to 20%	Nil to 10%
Motor vehicles	18% to 20%	Nil to 10%

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

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

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

**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.

# Notes to Financial Statements

Year Ended December 31, 2007

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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 the profit and loss statement 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.

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 - At each balance sheet date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

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

If the recoverable amount of an asset 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 in the profit and loss statement.

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 in the profit and loss statement.

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 balance sheet date, 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.

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.

# Notes to Financial Statements

Year Ended December 31, 2007

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### *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.

### *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 in the profit and loss statement 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. 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 balance sheet date.

**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 profit and loss statement 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 balance sheet date.

# Notes to Financial Statements

Year Ended December 31, 2007

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 balance sheet date 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 balance sheet date. Deferred tax is charged or credited to profit and loss statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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 and loss statement, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity.

**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 balance sheet 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 each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit and loss statement for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit and loss statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

# Notes to Financial Statements

Year Ended December 31, 2007

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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 on the balance sheet date. 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 classified as equity and transferred to the group's translation reserve. Such translation differences are recognised in the profit and loss in the period in which the foreign operation is disposed.

## 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, the directors of the company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### *Critical judgements in applying the group's accounting policies*

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

### *Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, 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 the profit and loss statement 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, the group takes into consideration the aging status and the likelihood of collection. Specific allowance is only 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\$595,000 (2006: US\$496,000) is adequate (Note 7).

# Notes to Financial Statements

Year Ended December 31, 2007

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

### (b) Recoverable amounts of development costs

The management reconsidered the recoverability of internally-generated intangible asset arising from the group's development costs incurred for the manufacture of analytical instruments. The carrying amount included in the group's balance sheet is US\$1,303,000 (2006: US\$923,000). Impairment losses are only made if recoverable amounts fall short of the carrying amounts. Recoverable amounts are estimated based on fair value in use. The estimated fair value in use are 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 the market demand for the products and the expected actions by 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.

## 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 balance sheet date:

	Group		Company	
	2007	2006	2007	2006
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Financial assets</b>				
Loans and receivables (including cash and cash equivalents)	33,863	22,898	16,323	8,311
Available-for-sale financial assets	40	40	–	–
<b>Financial liabilities</b>				
Derivative financial instruments	232	112	–	–
Liabilities at amortised cost	17,156	14,736	28	–

### (b) Financial risk management policies and objectives

The group's major financial instruments include trade and other receivables, trade and other payables and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate 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 directors consider the risks associated with these financial instruments are minimal.

# Notes to Financial Statements

Year Ended December 31, 2007

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

### (c) Market risk

#### (i) Foreign exchange risk

Several subsidiaries of the company have sales and purchases denominated in foreign currencies, which exposes the group to foreign currency risk and could result in foreign exchange loss. The group's sales are principally in United States dollars and Renminbi. Most of the group's purchases are made in Japanese yen and United States dollars. Expenses incurred are generally denominated in Hong Kong dollars, Renminbi and Singapore dollars, which are the functional currencies of the group entities operating in Hong Kong, PRC 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 and Hong Kong dollars is considered minimal. The PRC entities do not have significant mismatch between the sales and expenses in Renminbi. 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 18).

At December 31, 2007, approximately 55%, 6% and 12% (2006 : 55%, 7% and Nil%) of the group's financial assets are denominated in United States dollars, Japanese yen and Singapore dollars respectively, while approximately 16% and 54% (2006 : 19% and 53%) of the group's financial liabilities are denominated in United States dollars and Japanese yen respectively.

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

	Group			
	Assets		Liabilities	
	2007 US\$'000	2006 US\$'000	2007 US\$'000	2006 US\$'000
Japanese yen	1,977	1,663	9,361	7,816
Singapore dollars	4,074	3	—	—

#### *Sensitivity analysis*

The following table details the group's sensitivity to a 5% increase and decrease in the relevant foreign currencies against the United States dollars. 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 year end for a 5% change in foreign currency rates.

# Notes to Financial Statements

Year Ended December 31, 2007

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

### (c) Market risk (cont'd)

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

If the relevant foreign currency weakens by 5% against the United States dollars, profit before income tax will increase (decrease) by:

	Note	2007 US\$'000	2006 US\$'000
Japanese yen impact	(i)	369	308
Singapore dollars impact	(ii)	(204)	—

If the relevant foreign currency strengthens by 5% against the United States dollars, profit before income tax will increase (decrease) by:

	Note	2007 US\$'000	2006 US\$'000
Japanese yen impact	(i)	(369)	(308)
Singapore dollars impact	(ii)	204	—

#### Notes:

- (i) This is mainly attributable to the exposure on trade payables and bank borrowings denominated in Japanese yen as at the balance sheet date.
- (ii) This is mainly attributable to the exposure on bank balances as at year end.

#### (ii) Interest rate risk management

The group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings, which are substantially denominated in United States dollars and Japanese yen. Interest charged on the group's 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 interest rate exposure and will consider hedging significant interest rate risk should the need arise.

#### Sensitivity analysis

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

If interest rates on bank borrowings had been 50 basis points higher/lower and all other variables were held constant, the group's profit for the year ended December 31, 2007 would decrease/increase by US\$26,000 (2006 : decrease/increase by US\$31,000).

# Notes to Financial Statements

Year Ended December 31, 2007

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

### (d) Credit risk

At December 31, 2007, 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 balance sheet.

In order to minimise the credit risk, the management monitors follow-up actions to recover overdue debts. In addition, the group reviews the recoverable amount of each individual trade receivable regularly at each balance sheet date 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.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies and state-owned banks with good reputation in the PRC.

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.

#### *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 and company can be required to pay. The table includes both interest and principal cash flows.

Group	Undiscounted cash flows					Total at amortised cost US\$'000
	Weighted average effective interest rate %	On demand or within 1 year US\$'000	Within 2 to 5 years US\$'000	After 5 years US\$'000	Adjustments US\$'000	
<b>2007</b>						
Trade and other payables						
- non-interest bearing	—	11,976	—	—	—	11,976
Bank borrowings						
- variable interest rates	5.10	4,028	1,605	—	(453)	5,180
		16,004	1,605	—	(453)	17,156

# Notes to Financial Statements

Year Ended December 31, 2007

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

### (e) Liquidity risk (cont'd)

Group	Undiscounted cash flows					Total at amortised cost US\$'000
	Weighted average effective interest rate %	On demand or within 1 year US\$'000	Within 2 to 5 years US\$'000	After 5 years US\$'000	Adjustments US\$'000	
<b>2006</b>						
Trade and other payables						
- non-interest bearing	—	8,519	—	—	—	8,519
Bank borrowings						
- variable interest rates	5.95	5,487	1,180	93	(543)	6,217
		14,006	1,180	93	(543)	14,736

### (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 (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.
- the fair value of derivative financial instruments are calculated using quoted prices.

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

### (g) Capital risk management policies and objectives

The group manages its capital to ensure that entities in the group will be able to continue as a going concern 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, which include the bank borrowings as disclosed in Note 16, cash and cash equivalents and equity attributable to equity holders of the company, comprising issued share capital, retained earnings and other reserves as disclosed in the notes to financial statements.

The management reviews the capital structure on an on-going basis. As a part of this review, the 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.

# Notes to Financial Statements

Year Ended December 31, 2007

## 5 OTHER 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 company'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 are unsecured, interest-free and repayable on demand unless otherwise stated.

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

	Group	
	2007	2006
	US\$'000	US\$'000
Short-term benefits	1,039	834
Post-employment benefits	53	48
	1,092	882

## 6 CASH AND BANK BALANCES

	Group	
	2007	2006
	US\$'000	US\$'000
Cash at bank	8,231	4,262
Cash on hand	110	105
	8,341	4,367

The carrying amounts of these assets approximate their fair values.

Cash and bank balances earn interest at an average rate of 0.6% (2006 : 0.6%) per annum.

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

	Group	
	2007	2006
	US\$'000	US\$'000
Singapore dollars	4,074	3
United States dollars	1,128	1,431
Japanese yen	255	432
Macao pataca	9	8
Australian dollars	5	8
India rupees	3	2
Euro dollars	—	16

# Notes to Financial Statements

Year Ended December 31, 2007

## 7 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2007 US\$'000	2006 US\$'000	2007 US\$'000	2006 US\$'000
Trade receivables	24,554	16,992	–	–
Less: Allowance for doubtful debts	(595)	(496)	–	–
	23,959	16,496	–	–
Trade bills receivable discounted with recourse	435	1,135	–	–
Prepayments	962	785	–	–
Other receivables	1,128	900	–	–
Dividends receivable from a subsidiary	–	–	1,000	1,000
	26,484	19,316	1,000	1,000

The average credit period on sale of goods ranges from 30 to 90 days (2006 : 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\$3,746,000 (2006 : US\$2,991,000) which are past due at the reporting date for which the group has not provided for impairment loss. The group does not hold any collateral over these balances.

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

	Group	
	2007 US\$'000	2006 US\$'000
Less than 90 days	337	477
91 to 120 days	714	868
121 to 365 days	945	843
1 to 2 years	1,643	580
Over 2 years	107	223
	3,746	2,991

The group has not provided for some trade receivables over 2 years because historical experience indicated that the balance of these receivables not provided for comprising substantially retention sums that are eventually recoverable.

Movement in the allowance for doubtful debts:

	Group	
	2007 US\$'000	2006 US\$'000
Balance at beginning of the year	496	451
Written off against trade receivables	(43)	(146)
Increase in allowance recognised in profit and loss for the year (Note 25)	142	191
Balance at end of the year	595	496

# Notes to Financial Statements

Year Ended December 31, 2007

## 7 TRADE AND OTHER RECEIVABLES (cont'd)

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

	Group		Company	
	2007 US\$'000	2006 US\$'000	2007 US\$'000	2006 US\$'000
United States dollars	17,642	11,071	—	—
Japanese yen	1,722	1,231	—	—
Australian dollars	106	85	—	—
Euro dollars	—	3	—	—

## 8 PREPAID LEASE PAYMENT

	Group	
	2007 US\$'000	2006 US\$'000
The group's prepaid lease payment comprises:		
Leasehold land outside Hong Kong:		
Long lease	—	158
Short lease	—	4
	—	162

Analysed for reporting purposes as:

Current asset	—	4
Non-current asset	—	158
	—	162

The leasehold land was fully disposed of during the year.

## 9 INVENTORIES

	Group	
	2007 US\$'000	2006 US\$'000
Raw materials	1,750	1,334
Work-in-progress	1,021	673
Finished goods	7,787	5,753
	10,558	7,760

# Notes to Financial Statements

Year Ended December 31, 2007

## 10 PROPERTY HELD FOR SALE

At December 31, 2007, the asset held for sale represents a property previously used as the group's office. During the year, the group entered into a sale and purchase agreement with an independent third party to dispose of the property. The property is expected to be sold within the next twelve months and has been reclassified as an asset held for sale. This property was previously classified as property, plant and equipment (Note 11).

The proceeds from disposal of the property are expected to exceed the net carrying amount of the property less costs of disposal and accordingly, there is no impairment loss to be recognised on reclassification of the property as held for sale as at December 31, 2007.

## 11 PROPERTIES, PLANT AND EQUIPMENT

	Group				
	Leasehold land and buildings	Furniture and fixtures	Machinery and equipment	Motor vehicles	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Cost:					
At January 1, 2006	3,128	1,303	640	498	5,569
Additions	1,611	565	373	93	2,642
Disposals	(553)	(134)	(37)	(16)	(740)
Currency translation difference	50	26	14	9	99
At December 31, 2006	4,236	1,760	990	584	7,570
Additions	2,258	245	476	45	3,024
Disposals	(610)	(362)	(159)	(12)	(1,143)
Reclassified as property held for sale	(191)	—	—	—	(191)
Currency translation difference	295	88	68	33	484
At December 31, 2007	5,988	1,731	1,375	650	9,744
Accumulated depreciation:					
At January 1, 2006	415	635	409	228	1,687
Depreciation	102	188	80	71	441
Eliminated on disposals	(61)	(134)	(27)	(15)	(237)
Currency translation difference	10	10	6	3	29
At December 31, 2006	466	699	468	287	1,920
Depreciation	187	329	130	91	737
Eliminated on disposals	(199)	(319)	(128)	(7)	(653)
Reclassified as property held for sale	(23)	—	—	—	(23)
Currency translation difference	31	23	16	14	84
At December 31, 2007	462	732	486	385	2,065
Carrying amount:					
At December 31, 2007	5,526	999	889	265	7,679
At December 31, 2006	3,770	1,061	522	297	5,650

The group has pledged its leasehold land and buildings with carrying amounts of approximately US\$1,237,000 (2006 : US\$1,264,000) to a bank to secure the banking facilities granted to the group (Note 16).

# Notes to Financial Statements

Year Ended December 31, 2007

## 12 SUBSIDIARIES

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	Company	
	2007	2006
	US\$'000	US\$'000
Unquoted equity shares, at cost	5,394	5,394
Advances to subsidiaries	15,323	7,311
Deemed investment in subsidiaries arising from financial guarantees given to financial institutions who have granted credit facilities to the subsidiaries	450	50
	21,167	12,755

Advances to subsidiaries are unsecured and bear interest at 4.5% (2006 : 5.5%) per annum. In the opinion of the directors, the amounts will not be repaid within one year, and accordingly, the advances are classified as non-current assets.

Details of the company's subsidiaries at December 31, 2007 and 2006 are as follows:

Name of subsidiaries	Country of incorporation (or registration) and operation	Proportion of ownership interest and voting power held		Principal activity
		2007 %	2006 %	
Held by the Company				
Techcomp Scientific Limited <sup>(1)</sup>	British Virgin Islands	100	100	Investment holding
Techcomp Instrument Limited <sup>(1)</sup>	British Virgin Islands	100	100	Investment holding
Held by Techcomp Scientific Limited				
Bestwit Consultants Ltd <sup>(1)</sup>	British Virgin Islands	100	100	Distributor and insurer of the group's analytical and laboratory instruments
Techcomp Limited <sup>(2)</sup>	Hong Kong	100	100	Trading of analytical and laboratory instruments
Techcomp (Tianjin) Ltd. <sup>(3)</sup>	PRC	100	100	International trade, consultancy and sales of clinical analytical instruments and basic medical testing equipment
Techcomp (Guangzhou) Ltd. <sup>(4)</sup>	PRC	100	100	International entreport and commercial trade and exhibitions (within Free Trade Zone)
Techcomp (Shanghai) Ltd. <sup>(3)</sup>	PRC	100	100	International and entreport trade and commercial consulting service (within Free Trade Zone)
Techcomp (Singapore) Pte Ltd <sup>(5)</sup>	Singapore	100	100	Trading of analytical and laboratory instruments

# Notes to Financial Statements

Year Ended December 31, 2007

## 12 SUBSIDIARIES (cont'd)

Name of subsidiaries	Country of incorporation (or registration) and operation	Proportion of ownership interest and voting power held		Principal activity
		2007 %	2006 %	
Held by Techcomp Scientific Limited				
Tiande (Tianjin) Ltd <sup>(4)</sup>	PRC	100	100	Trading of analytical and laboratory instruments
Well All Consultants Ltd <sup>(1)</sup>	British Virgin Islands/ PRC	100	100	Provision of installation and maintenance services
Techcomp (Macao Commercial Offshore) Limited <sup>(6)</sup>	Macau	100	100	Trading of analytical and laboratory instruments
Held by Techcomp Instrument Limited				
Shanghai Techcomp Instrument Ltd. <sup>(3)</sup>	PRC	100	100	Manufacturing of analytical and laboratory instruments
Shanghai Techcomp Bio-equipment Limited <sup>(3)</sup>	PRC	100	100	Manufacturing of analytical and laboratory instruments

(1) Audited by Deloitte Touche Tohmatsu, Hong Kong\* (Not required to be audited in 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, Singapore.

(6) Audited by Deloitte Touche Tohmatsu, Macau.

\* These are the auditors who conducted the audits for financial statements of the subsidiaries prepared under IFRS which are included in these financial statements.

# Notes to Financial Statements

Year Ended December 31, 2007

## 13 INTANGIBLE ASSETS

	Group		
	Development costs US\$'000	Technical know-how US\$'000	Total US\$'000
Cost:			
At January 1, 2006	823	74	897
Additions	421	–	421
At December 31, 2006	1,244	74	1,318
Additions	528	–	528
Currency translation difference	130	–	130
At December 31, 2007	1,902	74	1,976
Amortisation:			
At January 1, 2006	115	28	143
Amortisation for the year	206	20	226
At December 31, 2006	321	48	369
Amortisation for the year	239	20	259
Currency translation difference	39	–	39
At December 31, 2007	599	68	667
Carrying amount:			
At December 31, 2007	1,303	6	1,309
At December 31, 2006	923	26	949

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\$259,000 (2006 : US\$226,000) has been included in administrative expenses in the consolidated profit and loss statement.

## 14 AVAILABLE-FOR-SALE INVESTMENT

	Group	
	2007 US\$'000	2006 US\$'000
Unquoted equity shares, at cost	40	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. The directors of the company are of opinion that its fair value cannot be measured reliably.

# Notes to Financial Statements

Year Ended December 31, 2007

## 15 DEFERRED TAX ASSETS (LIABILITIES)

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

	Group			
	Deferred development costs US\$'000	Accelerated tax depreciation US\$'000	Tax losses US\$'000	Total US\$'000
At January 1, 2006	–	4	8	12
Currency translation difference	–	–	1	1
At December 31, 2006	–	4	9	13
Charge to profit and loss for the year (Note 24)	(156)	(4)	(9)	(169)
Currency translation difference	(7)	–	–	(7)
At December 31, 2007	(163)	–	–	(163)

The following is the analysis of the deferred tax balances for balance sheet purpose:

	Group	
	2007 US\$'000	2006 US\$'000
Deferred tax assets	–	13
Deferred tax liabilities	(163)	–
	(163)	13

## 16 BANK BORROWINGS

	Group	
	2007 US\$'000	2006 US\$'000
Trust receipt loans	3,326	4,659
Other bank loans	1,413	846
Mortgage loan	441	529
Bank overdrafts	–	183
	5,180	6,217
Secured	441	529
Unsecured	4,739	5,688
	5,180	6,217

# Notes to Financial Statements

Year Ended December 31, 2007

## 16 BANK BORROWINGS (cont'd)

The borrowings are repayable as follows:

	Group	
	2007 US\$'000	2006 US\$'000
On demand or within one year	3,760	5,115
Within the second to fifth year	1,420	1,014
After five years	–	88
	5,180	6,217
Less: Amount due for settlement within 12 months (shown under current liabilities)	(3,760)	(5,115)
Amount due for settlement after 12 months	1,420	1,102

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

	Group	
	2007 US\$'000	2006 US\$'000
<b>Trust receipt loans and other bank loan</b>		
Japanese yen	2,519	3,586
United States dollars	1,559	965
Euro dollars	–	74
British pound	–	34

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 (2006 : twelve months). The average effective interest rates paid were as follows:

	Group	
	2007	2006
Trust receipt loans	4.8%	6.0%
Other bank loans	5.8%	6.1%
Mortgage loan	5.9%	5.8%
Bank overdrafts	7.3%	5.8%

The group has pledged its leasehold land and buildings with carrying value of US\$1,237,000 (2006 : US\$1,264,000) (Note 11) to a bank to secure the mortgage loan granted to the group.

At the balance sheet date, trust receipts loans and other bank loans are covered by corporate guarantees given by Techcomp (Holdings) Limited, Techcomp Instrument Limited and Techcomp Scientific Limited.

# Notes to Financial Statements

Year Ended December 31, 2007

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## 17 TRADE AND OTHER PAYABLES

	Group	
	2007	2006
	US\$'000	US\$'000
Trade payables	10,642	6,609
Liabilities for trade bills discounted with recourse	435	1,135
Accruals	522	391
Other payables	1,562	1,095
	13,161	9,230

The average credit period on purchases of goods ranges from 30 to 60 days (2006 : 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	
	2007	2006
	US\$'000	US\$'000
Japanese yen	6,842	4,230
United States dollars	1,276	1,907
Euro dollars	196	165
British pound	50	106
India rupees	3	1
Swiss franc	—	3
Australian dollars	—	1

## 18 DERIVATIVE FINANCIAL INSTRUMENTS

	Group	
	2007	2006
	Liabilities	Liabilities
	US\$'000	US\$'000
Forward foreign exchange contracts – fair value loss	232	112

The group utilises foreign currency forward contracts to purchase Japanese yen and Hong Kong dollars to manage its foreign exchange exposures. The foreign currency forward contracts have maturity dates ranging from April 2008 to October 2009 (2006 : March 2007 to July 2007).

# Notes to Financial Statements

Year Ended December 31, 2007

## 18 DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

At the balance sheet date, the total notional amount of outstanding forward foreign exchange contracts to which the group was committed were as follows:

	Group	
	2007 US\$'000	2006 US\$'000
Forward foreign exchange contracts	5,017	1,269

Changes in fair value of the above outstanding contracts amounting to US\$120,000 have been charged as an expense in the profit and loss statement in 2007 (2006 : credited as an income of US\$22,000).

## 19 SHARE CAPITAL

	Group and Company			
	2007 Number of ordinary shares of US\$0.05	2006	2007 US\$'000	2006 US\$'000
Authorised	800,000,000	800,000,000	40,000	40,000
Issued and paid up:				
At beginning of the year	135,000,000	135,000,000	6,750	6,750
Issue of new shares	20,000,000	—	1,000	—
At end of the year	155,000,000	135,000,000	7,750	6,750

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

During the financial year, the company issued 20,000,000 new ordinary shares of US\$0.05 each at a placement price of S\$0.6 (US\$0.4) per share giving gross proceeds of US\$8 million.

The share placement resulted in an increase in issued share capital by US\$1,000,000 (being 20 million new shares at US\$0.05 each) and an increase in share premium of US\$6,710,000. US\$6,710,000 [Note 20(a)] is derived as follows:

- Share premium of US\$7,000,000 (20 million shares at US\$0.35 premium per share)
- Reduced by placement expenses of US\$290,000 deducted from the share premium account.

The new shares rank pari passu with existing shares in all respects.

# Notes to Financial Statements

Year Ended December 31, 2007

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## 20 RESERVES

	Company US\$'000
(a) Share premium:	
At beginning of the year	5,264
Issue of 20,000,000 new ordinary shares, net of expenses (Note 19)	6,710
At end of the year	11,974

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 premiums on redemption of shares and debentures of the company.

	Company US\$'000
(b) Contributed surplus:	
Balances at December 31, 2006 and December 31, 2007	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.

## 21 REVENUE

	Group	
	2007 US\$'000	2006 US\$'000
Sale of analytical instruments, life science equipment and laboratory instruments	65,819	54,842

# Notes to Financial Statements

Year Ended December 31, 2007

## 22 OTHER OPERATING INCOME

	Group	
	2007	2006
	US\$'000	US\$'000
Net gain (loss) on disposal of properties, plant and equipment and prepaid lease payment	698	(9)
Maintenance service income	36	224
Interest income on bank deposits	30	21
Gain on liquidation of a subsidiary	—	15
Sundry income	119	179
	883	430

## 23 FINANCE COSTS

	Group	
	2007	2006
	US\$'000	US\$'000
Interest on bank overdrafts and loans	478	504

## 24 INCOME TAX EXPENSE

	Group	
	2007	2006
	US\$'000	US\$'000
Current tax	256	576
Deferred tax (Note 15)	49	—
(Over) Under provision in prior year:		
Current tax	(53)	2
Deferred tax (Note 15)	120	—
Income tax expense for the year	372	578

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 17.5% and 18% respectively (2006 : 17.5% and 20% respectively) of the estimated assessable profit for the year.

PRC income tax is calculated at the applicable tax rates ranging from 15% to 33% (2006 : 15% to 33%) 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.

# Notes to Financial Statements

Year Ended December 31, 2007

## 24 INCOME TAX EXPENSE

On March 16, 2007, the PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. On December 6, 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change 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, on effect of the New Law.

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

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

	Group	
	2007 US\$'000	2006 US\$'000
Income tax expense at the statutory tax rates of relevant jurisdictions	214	493
Non-taxable items	(3)	(3)
Non-deductible items	56	63
Under provision in prior year	67	2
Utilisation of tax benefits previously not recognised	—	(4)
Deferred tax benefit not recognised	257	8
Tax exemption	(239)	—
Others	20	19
Total income tax expense	372	578

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

	Group	
	2007 US\$'000	2006 US\$'000
Amount at beginning of year	98	812
Amount in current year	1,009	20
Liquidation of a subsidiary	—	(734)
Amount at end of year	1,107	98
Deferred tax benefit on above not recognised	258	23

At the balance sheet date, the group has unutilised tax losses of US\$1,107,000 (2006 : US\$98,000) 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\$842,000 (2006 : US\$51,000) which will expire over the period from 2010 to 2012 (2006 : 2010 to 2011). Other losses can be carried forward indefinitely.

# Notes to Financial Statements

Year Ended December 31, 2007

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## 25 PROFIT FOR THE YEAR

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

	Group	
	2007	2006
	US\$'000	US\$'000
Directors' remuneration	405	306
Employee benefits expense (including directors' remuneration)	4,856	4,995
Cost of defined contribution plans included in staff costs	712	544
Costs of inventories recognised as expense	43,665	36,356
Amortisation of intangible assets <sup>(1)</sup>	259	226
Amortisation of prepaid lease payment	—	4
Depreciation of properties, plant and equipment	737	441
Directors' fee	90	63
Net foreign exchange loss	199	360
Net (gain) loss on disposal of properties, plant and equipment and prepaid lease payment	(698)	9
Audit fees paid to:		
- Auditors of the company	45	36
- Other auditors	183	156
Non-audit fees paid to:		
- Auditors of the company	2	—
- Other auditors	15	37
Research and development costs	165	104
Allowance for doubtful debts	142	191
Changes in fair value of derivative financial instruments	120	(22)

(1) This is included in administrative expenses in the consolidated profit and loss statement.

## 26 EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the group's profit for the year of US\$6,011,000 (2006: US\$4,350,000) divided by the weighted number of ordinary shares of 139,821,918 (2006 : 135,000,000) in issue during the year.

There is no dilution of earnings per share as the company did not grant any option over unissued shares in both years.

## 27 DIVIDENDS

In 2006, the company declared and paid a final dividend of S\$0.012 (US\$0.00628) per ordinary share totalling US\$848,000 out of accumulated profits in respect of the financial year ended December 31, 2005.

In 2007, the company declared and paid a final dividend of S\$0.012 (US\$0.0079) per ordinary share totalling US\$1,070,000 out of accumulated profits in respect of the financial year ended December 31, 2006.

In respect of the current financial year, the directors propose that a final dividend of S\$0.012 (US\$0.0085) 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, 2007, the total estimated dividend to be paid is US\$1,317,500.

# Notes to Financial Statements

Year Ended December 31, 2007

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## 28 OPERATING LEASE ARRANGEMENTS

The group as lessee

	Group	
	2007	2006
	US\$'000	US\$'000
Minimum lease payments under operating leases recognised as an expense in the year	404	522

At the balance sheet date, the group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group	
	2007	2006
	US\$'000	US\$'000
Within one year	264	267
In the second to fifth years inclusive	322	335

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 balance sheet date, the company has no lease commitments.

## 29 COMMITMENTS

(a) Capital commitments

	Group	
	2007	2006
	US\$'000	US\$'000
Commitments for acquisition of property, plant and equipment	–	16

(b) Contingent liabilities

At December 31, 2007 and December 31, 2006, the group has no contingent liabilities.

The company provided corporate guarantees of US\$46,675,000 (2006 : US\$30,551,000) 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 12), the 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 exposure required by the group as a basis for determining the deemed investment in subsidiaries arising from the corporate guarantees.

# Notes to Financial Statements

Year Ended December 31, 2007

## 30 BUSINESS AND GEOGRAPHICAL SEGMENTS

For management purposes, the group is organised into two business divisions – distribution and manufacturing. These divisions are the basis on which the group reports its primary segment information.

### Principal activities of business divisions:

These comprise:

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.

### Business segments

Segment revenue and expense: Segment revenue and expense are the operating revenue and expense reported in the group's profit and loss statement 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.

Inter-segment transfers: Segment revenue and expenses include transfers between business segments. Inter-segment sales are charged at cost plus a percentage mark-up. These transfers and inter-segment mark-up are eliminated on consolidation.

	Distribution US\$'000	Manufacturing US\$'000	Eliminations US\$'000	Total US\$'000
<b>2007</b>				
<b>REVENUE</b>	54,724	11,095	–	65,819
<b>RESULTS</b>				
Segment result	4,185	2,766	–	6,951
Changes in fair value of derivative financial instruments	(120)	–	–	(120)
Finance costs	(459)	(19)	–	(478)
Interest income	25	5	–	30
Profit before income tax	3,631	2,752	–	6,383
Income tax expense				(372)
Profit for the year				6,011
<b>ASSETS</b>				
Segment assets	39,267	15,104		54,371
Unallocated assets				476
Consolidated total assets				54,847

# Notes to Financial Statements

Year Ended December 31, 2007

## 30 BUSINESS AND GEOGRAPHICAL SEGMENTS (cont'd)

### Business segments (cont'd)

2007	Distribution US\$'000	Manufacturing US\$'000	Eliminations US\$'000	Total US\$'000
<b>LIABILITIES</b>				
Segment liabilities	10,153	3,008	–	13,161
Derivative financial instruments	232	–	–	232
Bank borrowings	4,428	752	–	5,180
	14,813	3,760	–	18,573
Unallocated liabilities				316
Consolidated total liabilities				18,889
<b>OTHER INFORMATION</b>				
Capital expenditure	179	3,373	–	3,552
Depreciation and amortisation	276	720	–	996
2006	Distribution US\$'000	Manufacturing US\$'000	Eliminations US\$'000	Total US\$'000
<b>REVENUE</b>				
	45,793	9,049	–	54,842
<b>RESULTS</b>				
Segment result	3,452	1,937	–	5,389
Changes in fair value of derivative financial instruments	22	–	–	22
Finance costs	(504)	–	–	(504)
Interest income	17	4	–	21
Profit before income tax	2,987	1,941	–	4,928
Income tax expense				(578)
Profit for the year				4,350
<b>ASSETS</b>				
Segment assets	27,311	10,893	–	38,204
Unallocated assets				53
Consolidated total assets				38,257
<b>LIABILITIES</b>				
Segment liabilities	6,869	2,361	–	9,230
Derivative financial instruments	112	–	–	112
Bank borrowings	6,217	–	–	6,217
	13,198	2,361	–	15,559
Unallocated liabilities				373
Consolidated total liabilities				15,932
<b>OTHER INFORMATION</b>				
Capital expenditure	142	2,921	–	3,063
Depreciation and amortisation	259	412	–	671

# Notes to Financial Statements

Year Ended December 31, 2007

## 30 BUSINESS AND GEOGRAPHICAL SEGMENTS (cont'd)

### Geographical segments

Segment revenue: Segment revenue is analysed based on the location of customers, regardless of where the goods are produced.

Segment assets and capital expenditure: Segment assets and capital expenditure are analysed based on the location of those assets. 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 costs incurred to acquire properties, plant and equipment and expenditure on product development and technical know-how.

The following table provides an analysis of the group's revenue by geographical market, irrespective of the origin of the goods/services:

	Group	
	2007 US\$'000	2006 US\$'000
<b>Revenue</b>		
PRC, excluding Hong Kong and Macau	54,078	44,435
Hong Kong	1,641	1,626
Indonesia	1,081	536
India	3,342	2,975
Others <sup>(1)</sup>	5,677	5,270
<b>Total</b>	<b>65,819</b>	<b>54,842</b>

The following is an analysis of the carrying amount of segment assets and capital expenditure analysed by the geographical area in which the assets are located:

	Group			
	Carrying amount of segment assets		Capital expenditure	
	2007 US\$'000	2006 US\$'000	2007 US\$'000	2006 US\$'000
PRC	21,387	16,421	3,486	2,994
Hong Kong	18,394	21,085	60	31
Macau	14,445	25	—	—
Others <sup>(1)</sup>	621	726	6	38
<b>Total</b>	<b>54,847</b>	<b>38,257</b>	<b>3,552</b>	<b>3,063</b>

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

# Statement of Directors

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In the opinion of the directors, the consolidated financial statements of the group and the balance sheet and statement of changes in equity of the company as set out on pages 24 to 61 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, 2007 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

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Lo Yat Keung

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Chan Wai Shing

March 25, 2008

# Statistics of Shareholdings

As at March 11, 2008

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	514	58.54	2,831,000	1.83
10,001 - 1,000,000	351	39.98	26,921,500	17.37
1,000,001 and above	13	1.48	125,247,500	80.80
	878	100.00	155,000,000	100.00

## TOP 20 SHAREHOLDERS

No.	Name	No. of Shares	%
1	Lo Yat Keung	66,639,000	42.99
2	Morgan Stanley Asia (S) Secs Pte Ltd	10,162,000	6.56
3	Citibank Nominees Singapore Pte Ltd	8,358,000	5.39
4	Xu Guoping	6,580,000	4.25
5	Chan Wai Shing	6,480,000	4.18
6	Yung Yat	5,000,000	3.23
7	Lim & Tan Securities Pte Ltd	4,857,000	3.13
8	DBS Nominees Pte Ltd	3,486,000	2.25
9	BNP Paribas Nominees S'pore Pte Ltd	3,200,000	2.06
10	DBS Vickers Securities (S) Pte Ltd	3,112,500	2.01
11	Raffles Nominees Pte Ltd	2,297,000	1.48
12	Wang Meng	2,000,000	1.29
13	OCBC Securities Private Ltd	1,936,000	1.25
14	Xia Yisheng	1,140,000	0.74
15	Beng Hui Holding (S) Pte Ltd	1,000,000	0.65
16	Dominic Richard Pemberton	1,000,000	0.65
17	Kwan Choon Ying or Loke Kwan Ying	1,000,000	0.65
18	Wee Piew	1,000,000	0.65
19	Kim Eng Securities Pte. Ltd.	963,000	0.62
20	DBS Nominees (S) Pte Ltd	720,000	0.46
		130,930,500	84.49

# Statistics of Shareholdings

As at March 11, 2008

## Shareholdings Held in Hands of Public

Based on information available to the Company as at March 11, 2008, 39.37% 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

Name of Shareholder	Direct Interest		Deemed Interest	
	No. of Shares	% of total issued shares	No. of Shares	% of total issued shares
Lo Yat Keung	67,631,000 <sup>[1]</sup>	43.63	5,000,000 <sup>[2]</sup>	3.23
Axix Asia Fund SPC	8,086,000 <sup>[3]</sup>	5.22	—	—

[1] Direct interest includes 500,000 shares and 492,000 shares held through BNP Paribas Nominees S'pore Pte Ltd and HSBC (Singapore) Noms 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] Direct interest held through Morgan Stanley Asia (S) Secs Pte Ltd.

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifth Annual General Meeting of the Company will be held at Suntec Singapore International Convention & Exhibition Centre, Room 313, Level 3, 1 Raffles Boulevard, Suntec City, Singapore 039593 on 25 April 2008 at 2.30 p.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 2007 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 2007.
3. To approve directors' fees of US\$90,000 for the financial year ended 31 December 2007 (2006: US\$63,000).
4. To re-elect Mr. Lo Yat Keung, a director retiring by rotation pursuant to Bye-Law 104 of the Bye-Laws of the Company.
5. To re-elect Mr. Ho Yew Yuen, 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 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);

# Notice of Annual General Meeting

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- (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,  
2 April 2008

# Notice of Annual General Meeting

## 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. Ho Yew Yuen, if re-elected as a director, will remain as Chairman 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 3 May 2008 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 2 May 2008 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 2 May 2008 will be entitled to the dividend.

The dividend, if approved at the Company's Annual General Meeting to be held on 25 April 2008, will be paid on 16 May 2008.

# Corporate Information

## BOARD OF DIRECTORS

**Lo Yat Keung** (President and Executive Director)  
**Chan Wai Shing** (Vice President and 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**  
**Certified Public Accountants**  
**6 Shenton Way**  
**#32-00 DBS Building Tower Two**  
**Singapore 068809**  
**Partner-in-charge**  
**Wong-Yeo Siew Eng**  
(Appointed since March 23, 2004)



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