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TECHCOMP (HOLDINGS) LIMITED

天美（控股）有限公司*

(Incorporated in Bermuda with limited liability)

Hong Kong Stock Code: 1298

Singapore Stock Code: T43

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

The board of directors (the “Board”) of Techcomp (Holdings) Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the quarter ended 31 December 2014 and the full year ended 31 December 2014 together with the comparative figures for the quarter and the full year ended 31 December 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	3 months ended 31 December			12 months ended 31 December		
		<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>2014</u>	<u>2013</u>	<u>Change</u>
		US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	3	59,692	54,692	9.1	162,695	166,441	(2.3)
Cost of sales		<u>(42,405)</u>	<u>(39,726)</u>	6.7	<u>(112,008)</u>	<u>(116,233)</u>	(3.6)
Gross profit		17,287	14,966	15.5	50,687	50,208	1.0
Other operating income and expenses		(1,573)	532	NM	(554)	1,619	NM
Distribution costs		(3,136)	(3,129)	0.2	(16,479)	(16,461)	0.1
Administrative expenses		(9,737)	(9,918)	(1.8)	(28,911)	(30,217)	(4.3)
Share of results of an associate		-	(111)	NM	-	(226)	NM
Finance costs	4	<u>(422)</u>	<u>(377)</u>	11.9	<u>(1,520)</u>	<u>(1,657)</u>	(8.3)
Profit before income tax		2,419	1,963	23.2	3,223	3,266	(1.3)
Income tax expense	5	<u>(270)</u>	<u>(430)</u>	(37.2)	<u>(387)</u>	<u>(496)</u>	(22.0)
Profit for the period / year	6	<u>2,149</u>	<u>1,533</u>	40.2	<u>2,836</u>	<u>2,770</u>	2.4

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		3 months ended 31 December			12 months ended 31 December		
		<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>2014</u>	<u>2013</u>	<u>Change</u>
	Note	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Other comprehensive income							
- Recognition of actuarial loss on defined benefit plan		(522)	-	NM	(522)	-	NM
- exchange differences arising on translation of foreign operations		69	112	(38.4)	(327)	916	(135.7)
- share of exchange reserve of an associate		-	-	NM	-	3	NM
Other comprehensive income (expense) for the period / year, net of tax		<u>(453)</u>	<u>112</u>	<u>(504.5)</u>	<u>(849)</u>	<u>919</u>	<u>(192.4)</u>
Total comprehensive income for the period / year		<u>1,696</u>	<u>1,645</u>	<u>3.1</u>	<u>1,987</u>	<u>3,689</u>	<u>(46.1)</u>
Profit for the period / year attributable to:							
Owners of the Company		2,431	1,794	35.5	3,448	3,700	(6.8)
Non-controlling interests		<u>(282)</u>	<u>(261)</u>	<u>8.0</u>	<u>(612)</u>	<u>(930)</u>	<u>(34.2)</u>
		<u>2,149</u>	<u>1,533</u>	<u>40.2</u>	<u>2,836</u>	<u>2,770</u>	<u>2.4</u>
Total comprehensive income attributable to:							
Owners of the Company		1,934	1,891	2.3	2,601	4,506	(42.3)
Non-controlling interests		<u>(238)</u>	<u>(246)</u>	<u>(3.3)</u>	<u>(614)</u>	<u>(817)</u>	<u>(24.8)</u>
		<u>1,696</u>	<u>1,645</u>	<u>3.1</u>	<u>1,987</u>	<u>3,689</u>	<u>(46.1)</u>
Earnings per share (US cents)	8						
- Basic					<u>1.44</u>	<u>1.59</u>	
- Diluted					<u>1.41</u>	<u>1.55</u>	

NM: Not meaningful

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 December

	<i>Note</i>	<u>2014</u> <i>US\$'000</i>	<u>2013</u> <i>US\$'000</i>
Non-current assets			
Properties, plant and equipment	10	11,992	13,322
Goodwill		3,109	3,166
Other intangible assets		4,497	3,891
Available-for-sale investments		944	944
Deferred tax assets		20	67
Total non-current assets		<u>20,562</u>	<u>21,390</u>
Current assets			
Inventories		38,105	28,402
Trade and other receivables	11	83,908	78,600
Income tax recoverable		68	58
Amount due from an associate		-	2,033
Cash and bank balances		16,095	14,682
Total current assets		<u>138,176</u>	<u>123,775</u>
Current liabilities			
Trade and other payables	12	29,389	27,737
Liabilities for trade bills discounted with recourse		5,733	5,042
Income tax payable		1,679	1,320
Bank borrowings and overdrafts	13	33,284	31,272
Total current liabilities		<u>70,085</u>	<u>65,371</u>
NET CURRENT ASSETS		<u>68,091</u>	<u>58,404</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>88,653</u>	<u>79,794</u>
Non-current liabilities			
Bank borrowings	13	8,175	10,283
Retirement benefit plan liabilities		482	-
Deferred tax liabilities		237	290
Total non-current liabilities		<u>8,894</u>	<u>10,573</u>
		<u>79,759</u>	<u>69,221</u>
Capital and reserves			
Share capital	14	13,369	11,625
Reserves		66,632	55,554
Equity attributable to owners of the Company		80,001	67,179
Non-controlling interests		(242)	2,042
		<u>79,759</u>	<u>69,221</u>

STATEMENTS OF FINANCIAL POSITION

As at 31 December

Company

	Note	<u>2014</u> US\$'000	<u>2013</u> US\$'000
Non-current asset			
Subsidiaries		<u>38,630</u>	<u>26,288</u>
Current assets			
Cash and bank balances		<u>4</u>	<u>47</u>
Current liability			
Other payables		<u>14</u>	<u>12</u>
NET CURRENT (LIABILITY) ASSET		<u>(10)</u>	<u>35</u>
		<u>38,620</u>	<u>26,323</u>
Capital and reserves			
Share capital	14	13,369	11,625
Reserves		<u>25,251</u>	<u>14,698</u>
		<u>38,620</u>	<u>26,323</u>

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December

	<u>2014</u> US\$'000	<u>2013</u> US\$'000
Operating activities		
Profit before income tax	3,223	3,266
Adjustments for:		
Depreciation of properties, plant and equipment	1,801	1,597
Interest income	(25)	(17)
Finance costs	1,520	1,657
Net gain on disposal of properties, plant and equipment	(85)	(8)
Allowance for doubtful debts	863	1,110
Amortisation of intangible assets	1,951	1,828
Share of results of an associate	-	226
Share-based payment expenses	3	243
Impairment loss recognised in respect of goodwill	485	297
Gain on deemed disposal of an associate arising from further acquisition	(11)	-
Operating cash flows before movements in working capital	<u>9,725</u>	<u>10,199</u>
Inventories	(10,359)	6,850
Trade and other receivables	(6,102)	(7,985)
Amount due from an associate	2,033	821
Trade and other payables	328	1,474
Trade bills discounted with recourse	691	27
Cash (used in) generated from operations	(3,684)	11,386
PRC Enterprises income tax paid	(37)	(22)
Tax paid in other jurisdictions	(2)	(2)
Net cash (used in) generated from operating activities	<u>(3,723)</u>	<u>11,362</u>
Investing activities		
Product development costs paid	(2,896)	(589)
Purchase of properties, plant and equipment	(1,299)	(1,256)
Proceeds on disposal of properties, plant and equipment	226	95
Net cash inflow (outflow) from further acquisition of a subsidiary	34	(4,409)
Interest received	25	17
Acquisition of available-for-sale investments	-	(410)
Net cash used in investing activities	<u>(3,910)</u>	<u>(6,552)</u>
Financing activities		
Repayment of bank borrowings	(91,009)	(94,691)
Interest paid	(1,520)	(1,657)
Acquisition of non-controlling interests in a subsidiary	(623)	-
Proceeds from bank borrowings	91,214	88,069
Proceed from issue of new shares	10,671	-
Proceeds from placement of warrants	-	26
Net cash from (used in) financing activities	<u>8,733</u>	<u>(8,253)</u>
Net increase (decrease) in cash and cash equivalents	1,100	(3,443)
Cash and cash equivalents at beginning of the year	12,635	15,930
Effect of foreign exchange rate changes	192	148
Cash and cash equivalents at end of the year	<u>13,927</u>	<u>12,635</u>
Cash and cash equivalents comprised:		
Cash and bank balances	16,095	14,682
Bank overdrafts	(2,168)	(2,047)
	<u>13,927</u>	<u>12,635</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Group

	Share capital	Share premium	Contributed surplus	Merger reserve ^(a)	Currency translation reserve	Legal reserves ^(b)	Capital reserve ^(c)	Warrants reserve	Share option reserve	Equity reserve ^(d)	Retained Earnings	Attributable to owners of the Company	Non- controlling Interests	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2013	11,625	8,099	394	(4,112)	3,269	488	3,003	-	1,759	(2,037)	39,916	62,404	2,859	65,263
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	3,700	3,700	(930)	2,770
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive expenses	-	-	-	-	806	-	-	-	-	-	-	806	113	919
	-	-	-	-	806	-	-	-	-	-	3,700	4,506	(817)	3,689
Transactions with owners, recognised directly in equity:														
Share-based payments expenses	-	-	-	-	-	-	-	-	243	-	-	243	-	243
Placement of warrants	-	-	-	-	-	-	-	26	-	-	-	26	-	26
Transfer	-	-	-	-	-	47	-	-	-	-	(47)	-	-	-
At 31 December 2013	11,625	8,099	394	(4,112)	4,075	535	3,003	26	2,002	(2,037)	43,569	67,179	2,042	69,221
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	3,448	3,448	(612)	2,836
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive expenses	-	-	-	-	(325)	-	-	-	-	-	(522)	(847)	(2)	(849)
	-	-	-	-	(325)	-	-	-	-	-	2,926	2,601	(614)	1,987
Transactions with owners, recognised directly in equity:														
Issue of shares	1,744	8,927	-	-	-	-	-	-	-	-	-	10,671	-	10,671
Effect of acquiring non-controlling interests in a subsidiary	-	-	-	-	-	-	-	-	-	(453)	-	(453)	(1,670)	(2,123)
Share-based payments expenses	-	-	-	-	-	-	-	-	3	-	-	3	-	3
Expiry of warrants	-	-	-	-	-	-	-	(26)	-	-	26	-	-	-
At 31 December 2014	13,369	17,026	394	(4,112)	3,750	535	3,003	-	2,005	(2,490)	46,521	80,001	(242)	79,759

Notes:

- (a) Merger reserve represents the difference between the combined share capital of the entities in the merged group and the capital of the Company arising from a restructuring exercise undertaken in 2004.
- (b) The legal reserves is non-distributable and represents reserve fund and enterprise expansion fund of a subsidiary in the People's Republic of China ("PRC") that can be used to offset prior years' losses or convert into capital, provided such conversion is approved by a resolution at a shareholders' meeting.
- (c) Capital reserve represents a transfer of retained earnings by a PRC subsidiary in 2004.
- (d) Equity reserve represents effects of changes in ownership interests in subsidiaries when there is no change in control.

STATEMENTS OF CHANGES IN EQUITY

Company

	Share capital <i>US\$'000</i>	Share premium <i>US\$'000</i>	Contributed surplus <i>US\$'000</i>	Share option reserve <i>US\$'000</i>	Warrant reserve <i>US\$'000</i>	Retained earnings <i>US\$'000</i>	Total <i>US\$'000</i>
At 1 January 2013	11,625	8,099	394	1,759	-	1,679	23,556
Total comprehensive income for the year	-	-	-	-	-	2,498	2,498
Transactions with owners, recognised directly in equity:							
Share-based payment expense	-	-	-	243	-	-	243
Placement of warrants	-	-	-	-	26	-	26
At 31 December 2013	11,625	8,099	394	2,002	26	4,177	26,323
Total comprehensive income for the year	-	-	-	-	-	1,623	1,623
Transactions with owners, recognised directly in equity:							
Issue of shares	1,744	8,927	-	-	-	-	10,671
Share-based payment expense	-	-	-	3	-	-	3
Expired of warrants	-	-	-	-	(26)	26	-
At 31 December 2014	13,369	17,026	394	2,005	-	5,826	38,620

NOTES TO FINANCIAL STATEMENTS

1 General Information

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda on 26 January 2004. The Company's registered office is situated at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda. Its principal place of business in Hong Kong is located at 6th Floor, Mita Center, 552–566 Castle Peak Road, Kwai Chung, Kowloon, Hong Kong. The Company's shares (the "Shares") have been listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the Main Board of The Stock Exchange of Hong Kong Limited (the "SEHK") since 12 July 2004 and 21 December 2011 respectively.

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

2 Basis of preparation and principal accounting policies

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year compared with those of the audited financial statements for the year ended 31 December 2013.

In the current financial year, the Group has adopted all the new and revised International Accounting Standards ("IAS") and International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and the Interpretations thereof issued by the International Financial Reporting Standards Interpretations Committee ("IFRS IC") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2014. The adoption of these new/revised Standards and Interpretations does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below:

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

- | | |
|---|--|
| • IFRS 9 | Financial Instruments ¹ |
| • IFRS 15 | Revenue from Contracts with Customers ² |
| • Amendments to IFRS 11 | Accounting for Acquisitions of Interests in Joint Operations ⁴ |
| • Amendments to IAS 1 | Disclosure Initiative ⁴ |
| • Amendments to IAS 16 and IAS 38 | Clarification of Acceptable Methods of Depreciation and Amortisation ⁴ |
| • Amendments to IAS 19 | Defined Benefit Plans: Employee Contributions ³ |
| • Amendments to IFRSs | Annual Improvements to IFRSs 2010-2012 Cycle ⁵ |
| • Amendments to IFRSs | Annual Improvements to IFRSs 2011-2013 Cycle ³ |
| • Amendments to IFRSs | Annual Improvements to IFRSs 2012-2014 Cycle ⁴ |
| • Amendments to IAS 16 and IAS 41 | Agriculture: Bearer Plants ⁴ |
| • Amendments to IAS 27 | Equity Method in Separate Financial Statements ⁴ |
| • Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴ |
| • Amendments to IFRS 10, IFRS 12 and IAS 28 | Investment Entities: Applying the Consolidation Exception ⁴ |

1 Effective for annual periods beginning on or after 1 January 2018

2 Effective for annual periods beginning on or after 1 January 2017

3 Effective for annual periods beginning on or after 1 July 2014

4 Effective for annual periods beginning on or after 1 January 2016

5 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

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

IFRS 9 Financial Instruments

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

Key requirements of IFRS 9 are described as follows:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

In the opinion of the directors of the Company, based on the Group's financial instruments as at 31 December 2014, the application of IFRS 9 will affect the classification and measurement of the available-for-sale investment but do not expect the application of IFRS 9 will have a material effect on the financial liabilities and other financial assets of the Group. However, it is not practical to provide a reasonable estimate of the effect of IFRS 9 until a detailed review has been completed.

IFRS 15 Revenue from Contracts with Customers

In July 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

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

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The management anticipates that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

3 Revenue and segment information

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

Principal activities of each reportable operating segment are as follows:

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

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

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

Segment revenues and results

	<u>Distribution</u> US\$'000	<u>Manufacturing</u> US\$'000	<u>Total</u> US\$'000
<u>For the year ended 31 December 2014</u>			
REVENUE	<u>107,064</u>	<u>55,631</u>	<u>162,695</u>
RESULTS			
Segment result	2,871	341	3,212
Unallocated results			<u>11</u>
Profit before income tax			3,223
Income tax expense			<u>(387)</u>
Profit for the year			<u>2,836</u>
<u>For the year ended 31 December 2013</u>			
REVENUE	<u>111,900</u>	<u>54,541</u>	<u>166,441</u>
RESULTS			
Segment result	3,093	399	3,492
Unallocated results			<u>(226)</u>
Profit before income tax			3,266
Income tax expense			<u>(496)</u>
Profit for the year			<u>2,770</u>

Segment assets, liabilities and other information

<u>At 31 December 2014</u>			
ASSETS			
Segment assets	96,277	61,429	157,706
Unallocated assets			<u>1,032</u>
Consolidated assets			<u>158,738</u>
LIABILITIES			
Segment liabilities	61,000	16,085	77,085
Unallocated liabilities			<u>1,894</u>
Consolidated total liabilities			<u>78,979</u>
OTHER INFORMATION			
Capital expenditure	311	988	1,299
Depreciation and amortisation	1,451	2,301	3,752
Finance costs	1,471	49	1,520
Interest income	<u>(15)</u>	<u>(10)</u>	<u>(25)</u>

3 Revenue and segment information (continued)

	<u>Distribution</u> <i>US\$'000</i>	<u>Manufacturing</u> <i>US\$'000</i>	<u>Total</u> <i>US\$'000</i>
<u>At 31 December 2013</u>			
ASSETS			
Segment assets	89,640	52,423	142,063
Unallocated assets			<u>3,102</u>
Consolidated assets			<u>145,165</u>
LIABILITIES			
Segment liabilities	58,981	15,353	74,334
Unallocated liabilities			<u>1,610</u>
Consolidated total liabilities			<u>75,944</u>
OTHER INFORMATION			
Capital expenditure	136	1,921	2,057
Depreciation and amortisation	70	3,355	3,425
Finance costs	1,565	92	1,657
Interest income	<u>(8)</u>	<u>(9)</u>	<u>(17)</u>

Geographical information

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

(a) Revenue from external customers by region, based on location of customers is detailed below for the year ended 31 December

	<u>2014</u> <i>US\$'000</i>	<u>2013</u> <i>US\$'000</i>
PRC (including Hong Kong & Macau)	119,241	122,460
Asia (other than the PRC)	12,608	12,766
Europe	24,510	26,532
Others ⁽¹⁾	<u>6,336</u>	<u>4,683</u>
Total	<u>162,695</u>	<u>166,441</u>

(b) At 31 December, non-current assets (excluding available-for-sale investments and deferred tax assets) by geographic location, based on location of assets are detailed below:

	<u>2014</u> <i>US\$'000</i>	<u>2013</u> <i>US\$'000</i>
PRC (including Hong Kong & Macau)	9,140	9,890
Europe	7,202	9,103
The United States of America	3,240	1,346
Others ⁽²⁾	<u>16</u>	<u>40</u>
Total	<u>19,598</u>	<u>20,379</u>

Notes:

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

(2) "Others" include Singapore, India and Austria.

3 Revenue and segment information (continued)

Breakdown of turnover for the year ended 31 December

	<u>2014</u> US\$'000	<u>2013</u> US\$'000	<u>Change</u> %
Revenue reported for first half year	<u>67,641</u>	<u>68,834</u>	(1.7)
Operating profit after tax before deducting non-controlling interests reported for first half year	<u>734</u>	<u>1,207</u>	(39.2)
Revenue reported for second half year	<u>95,054</u>	<u>97,607</u>	(2.6)
Operating profit after tax before deducting non-controlling interests reported for second half year	<u>2,714</u>	<u>2,493</u>	8.9

4 Finance costs

	<u>2014</u> US\$'000	<u>2013</u> US\$'000
Interest on bank borrowings:		
- wholly repayable within 5 years	1,450	1,590
- not wholly repayable within 5 years	<u>70</u>	<u>67</u>
	<u>1,520</u>	<u>1,657</u>

5 Income tax expense

	<u>2014</u> US\$'000	<u>2013</u> US\$'000
Current tax:		
PRC Enterprise Income Tax	(66)	13
Others	<u>455</u>	<u>417</u>
	<u>389</u>	<u>430</u>
Under/ (over) provision of current tax in prior years:		
PRC Enterprise Income Tax	-	1
Others	<u>-</u>	<u>(8)</u>
	<u>-</u>	<u>(7)</u>
Deferred tax (credit) expense	<u>(2)</u>	<u>73</u>
Income tax expense for the year	<u>387</u>	<u>496</u>

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

Hong Kong and Singapore income taxes are calculated at 16.5% and 17% of the estimated assessable profit for the year respectively.

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

6 Profit for period / year

Profit for the 3 months and 12 months ended 31 December 2014 has been arrived at after charging (crediting) the following:

	3 months ended 31 December			12 months ended 31 December		
	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>2014</u>	<u>2013</u>	<u>Change</u>
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Impairment loss recognised in respect of goodwill	485	297	63.3	485	297	63.3
Amortisation of intangible assets (included in administrative expenses)	650	474	37.1	1,951	1,828	6.7
Depreciation of properties, plant and equipment	1001	773	29.5	1,801	1,597	12.8
Net foreign exchange loss (gain)	1,289	(618)	(308.6)	566	(1,428)	(139.6)
Interest income	(9)	(5)	80.0	(25)	(17)	47.1
Finance costs	422	377	11.9	1,520	1,657	(8.3)
Allowance for doubtful debts	759	1,110	(31.6)	863	1,110	(22.3)
Gain on deemed disposal of an associate arising from further acquisition	<u>11</u>	<u>-</u>	NM	<u>11</u>	<u>-</u>	NM

7 Dividends

In respect of the years ended 31 December 2013 and 31 December 2014, no dividend is proposed by the directors of the Company.

8 Earnings per share

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

	2014	2013
	US\$'000	US\$'000
Profit for the year attributable to owners of the Company	<u>3,448</u>	<u>3,700</u>
	<u>Number of shares</u>	
	'000	
Number of ordinary shares for the purpose of calculating basic earnings per share	239,284	232,500
Add: Effect of dilutive potential ordinary shares relating to outstanding share options issued by the Company	<u>5,541</u>	<u>6,319</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>244,825</u>	<u>238,819</u>

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

The calculation of diluted earnings per share for the year ended 31 December 2013 and up to expiry date in Oct 2014 did not assume the exercise of the outstanding warrants of the Company because the exercise price of the warrants was higher than the average market price of the Company for the year ended 31 December 2013 and up to expiry date in Oct 2014.

9 Net asset value

	Group		Company	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<i>US cents</i>	<i>US cents</i>	<i>US cents</i>	<i>US cents</i>
Net asset value per ordinary share capital at the end of the financial year	29.9	28.9	14.4	11.3

The net asset value per share as at 31 December 2014 is computed using the number of Shares in issue of 267,375,000 Shares (31 December 2013: 232,500,000 Shares) as at that date.

10 Additions to properties, plant and equipment

During the year, the Group incurred US\$1,299,000 (31 December 2013: US\$1,256,000) on the acquisition of properties, plant and equipment.

11 Trade and other receivables

	<u>2014</u>	<u>2013</u>
	<i>US\$'000</i>	<i>US\$'000</i>
Trade receivables and bills receivables	72,192	70,424
Less: Allowance for doubtful debts	<u>(3,285)</u>	<u>(2,964)</u>
	68,907	67,460
Trade bills receivable discounted with recourse	5,733	5,042
Prepayments	6,066	3,250
Other receivables	<u>3,202</u>	<u>2,848</u>
	<u>83,908</u>	<u>78,600</u>

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

	<u>2014</u>	<u>2013</u>
	<i>US\$'000</i>	<i>US\$'000</i>
0 to 90 days	47,853	45,584
91 to 120 days	10,227	6,208
121 to 365 days	6,353	9,534
1 year to 2 years	3,654	4,877
Over 2 years	<u>820</u>	<u>1,257</u>
	<u>68,907</u>	<u>67,460</u>

12 Trade and other payables

	<u>2014</u>	<u>2013</u>
	<i>US\$'000</i>	<i>US\$'000</i>
Trade payables	14,324	16,092
Accruals	6,726	4,080
Customer deposits	4,581	4,741
Other payables	<u>3,758</u>	<u>2,824</u>
	<u>29,389</u>	<u>27,737</u>

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

	<u>2014</u>	<u>2013</u>
	<i>US\$'000</i>	<i>US\$'000</i>
0 to 60 days	11,338	12,225
61 to 180 days	1,552	2,359
181 to 365 days	710	688
Over 365 days	<u>724</u>	<u>820</u>
	<u>14,324</u>	<u>16,092</u>

13 Bank borrowings and overdrafts

	<u>2014</u> US\$'000	<u>2013</u> US\$'000
Trust receipt loans	12,322	14,812
Other bank loans	24,009	21,047
Mortgage loan	2,960	3,649
Bank overdrafts	<u>2,168</u>	<u>2,047</u>
	<u>41,459</u>	<u>41,555</u>
Secured (Mortgage loan)	2,960	3,649
Unsecured	<u>38,499</u>	<u>37,906</u>
	<u>41,459</u>	<u>41,555</u>
Carrying value repayable*:		
On demand or within one year	33,284	30,715
Between one to two years	3,240	6,602
Between two to five years	2,275	535
Over five years	<u>2,660</u>	<u>3,145</u>
	41,459	40,997
Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	—	558
	41,459	41,555
Less: Amount due within one year shown under current liabilities	<u>(33,284)</u>	<u>(31,272)</u>
	<u>8,175</u>	<u>10,283</u>

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

Amount repayable in one year or less, or on demand

As at 31 December 2014		As at 31 December 2013	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
160	33,124	348	30,924

Amount repayable after one year

As at 31 December 2014		As at 31 December 2013	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
2,800	5,375	3,301	6,982

Details of any collateral

The Group has pledged its leasehold land and buildings with a total net book value of US\$4,699,000 (31 December 2013: US\$5,206,000) to certain banks to secure bank facilities granted to the Group.

14 Share Capital

	<u>Group and Company</u>	
	Number of ordinary shares of US\$0.05 each	US\$'000
Authorised	<u>800,000,000</u>	<u>40,000</u>
Issued and paid up:		
At 1 January 2013 and 31 December 2013	232,500,000	11,625
Issue of share	<u>34,875,000</u>	<u>1,744</u>
At 31 December 2014	<u>267,375,000</u>	<u>13,369</u>

In order to finance the acquisition of the assets (details were disclosed in the announcement of the Company dated 9 October 2014), the Company issued 34,875,000 ordinary shares of US\$0.05 each, for consideration of US\$0.3077 per share, netting off the direct cost of approximately US\$60,000. The allocation was made on 22 October 2014 to two independent subscribers. The new shares rank pari passu with the then existing shares in all respects.

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

15 Warrant

No warrants were exercised up to the reporting date and all the warrants have expired on 1 October 2014.

16 Share option

The Company has two share option schemes, as follows:

Share Option Scheme I

On 28 May 2004, the Company adopted a share option scheme (the "2004 Share Option Scheme"). The purpose of the 2004 Share Option Scheme was a share incentive scheme and was established to recognize and acknowledge the contributions that the eligible participants have or may have made to the Company. The 2004 Share Option Scheme will provide the eligible participants with an opportunity to have a personal stake in the Company with a view to motivate the eligible participants to optimize their performance efficiency for the benefit of the Company. The 2004 Share Option Scheme is administered by the remuneration committee of the Company (the "Remuneration Committee").

The number of outstanding share options under the 2004 Share Option Scheme as at 31 December 2014 is 21,835,000 (31 December 2013: 21,835,000). No further option will be granted under the 2004 Share Option Scheme upon the listing of the Company on the Stock Exchange of Hong Kong Limited on 21 December 2011.

Share Option Scheme II

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

The 2011 Share Option Scheme is administered by the Remuneration Committee.

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

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

Where the options are granted to the controlling shareholders and their associates, (a) the aggregate number of Shares available to the controlling shareholders and their associates shall not exceed 25% of the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2011 Share Option Scheme; (b) the aggregate number of Shares available to each controlling shareholder or his associate shall

16 Share option (continued)

not exceed 10% of the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2011 Share Option Scheme; (c) separate approval of independent shareholders shall be obtained for each participant in respect of his participation and the number of Shares comprised in the options to be granted to him and the terms.

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

No options have been granted under the 2011 Share Option Scheme from its adoption date to 31 December 2014.

17 Contingent liabilities

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

18 Event after reporting

Subsequent to the reporting period, on 22 January 2015, the Company granted a total of 2,000,000 share options under the 2011 Share Option Scheme to the eligible persons, subject to acceptance of the grantees. The share options shall entitle the grantees to subscribe for a total of 2,000,000 new ordinary shares of US\$0.05 each in the capital of the Company. On 23 January 2015, the Board approved and the relevant grantees agreed that the grant of a total of 300,000 share options were cancelled with effect from that date in accordance with the terms of the 2011 Share Option Scheme.

BUSINESS REVIEW

For the year ended 31 December 2014 ("FY2014"), our revenue for the distribution business decreased by 4.3% to US\$107.1 million from US\$111.9 million for the year ended 31 December 2013 ("FY2013") mainly due to the decrease in revenue for the distribution business in the PRC. The decrease in revenue for the distribution business in FY2014 caused the decrease of the segment results from the distribution business by 7.2% to US\$2.9 million from US\$ 3.1 million in FY2013.

Our revenue for the manufacturing business increased by 2.0% to US\$55.6 million in FY2014 from US\$54.5 million in FY2013. The increase in revenue was mainly attributed to the new business in relation to the Gas Chromatograph and Gas Chromatography Mass Spectrometry Single-Quad in the United States of America (the "US") which commenced in the last quarter of the year. The segment results from the manufacturing business decreased by 11.8% to US\$0.34 million in FY2014 from US\$0.4 million in FY2013 mainly due to an increase in product development costs.

The profit attributable to the owners of the Company was US\$3.4 million for FY2014, representing a decrease of 6.8% as compared with that of US\$3.7 million in FY2013. The decrease was a result of the decrease in revenue of the distribution business.

MANAGEMENT DISCUSSION AND ANALYSIS

Statement of Comprehensive Income

Revenue

The revenue in FY2014 decreased by US\$3.7 million or 2.3% to US\$162.7million from US\$166.4 million in FY2013, whereas the revenue increased by 9.1% to US\$59.7 million in the last quarter of 2014 from US\$54.7 million in the last quarter of 2013. The decrease in revenue in FY2014 was mainly attributed to the decrease in the sales of distribution products, particularly in the PRC.

Cost of sales

In tandem with the revenue decrease, cost of sales in FY2014 decreased by US\$4.2 million or 3.6% to US\$112.0 million from US\$116.2 million in FY2013.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Gross profit and gross profit margin

Gross profit in FY2014 increased by US\$0.5 million or 1% to US\$50.7 million from US\$50.2 million in FY2013, whereas gross profit increased by 15.5% to US\$17.2 million in the last quarter of 2014 from US\$15.0 million in the last quarter of 2013. Gross profit margin increased by 1.0 percentage point to 31.2% in FY2014 compared with 30.2% in FY2013. The gross profit margin improvement was mainly attributed to the depreciation of the Japanese Yen, which is the currency in which the Group's purchase for the distribution business are primarily denominated in.

Other operating income (expenses)

The other operating income (expenses) decreased by US\$2.2million from US\$1.6 million income in FY2013 to US\$0.6 million expenses in FY2014. The decrease was mainly due to the increase in impairment loss recognised in respect of goodwill in FY2014 by US\$0.2 million, and the recognition of net exchange loss of US\$0.6 million in FY2014 compared to the net exchange gain of US\$1.4 million in FY2013. The exchange loss for the year was mainly attributed to the depreciation of Europe currencies such as Euro dollar, British Pounds and Swiss Franc at the end of 2014.

Distribution costs

Distribution costs in FY2014 increased by 0.1% to US\$16.5 million, whereas distribution costs increased by 0.2% to US\$3.1 million in the last quarter of 2014 from US\$3.1 million in the last quarter of 2013, due to an increase in transportation costs during the period.

Administrative expenses

Administrative expenses in FY2014 decreased by US\$1.3 million or 4.3% to US\$28.9 million from US\$30.2 million in FY2013, whereas administrative expenses decreased by 1.8% to US\$9.7 million in the last quarter of 2014 from US\$9.9 million in the last quarter of 2013 mainly due to the decrease of allowance for doubtful debts, and rationalisation and productivity measures adopted by the Company.

Finance costs

Finance costs in FY2014 decreased by 8.3% to US\$1.5 million and increased 11.9% to US\$0.4 million in the last quarter of 2014, as a result of the change in average balances of bank borrowings in the respective periods.

Profit for the year

In view of the above, the profit for the year attributable to owners of the Company decreased by 6.8% or US\$0.3 million from US\$3.7 million in FY2013 to US\$3.4 million in FY2014.

Statement of Financial Position

Properties, plant and equipment

Properties, plant and equipment decreased by US\$1.3 million from US\$13.3 million as at 31 December 2013 to US\$12.0 million as at 31 December 2014.

Intangible assets

Intangible assets increased by US\$0.6 million from US\$3.9 million as at 31 December 2013 to US\$4.5 million as at 31 December 2014 mainly due to the addition of US\$2.9 million during the year, partially off-set by the amortization of US\$2.0 million.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Inventories

Inventories increased by US\$9.7 million from US\$28.4 million as at 31 December 2013 to US\$38.1 million as at 31 December 2014 mainly due to the acquisition of inventories in relation to the new business of the Gas Chromatograph and Gas Chromatography Mass Spectrometry Single-Quad.

Trade and other receivables

Trade and other receivables increased by US\$5.3 million from US\$78.6 million as at 31 December 2013 to US\$83.9 million as at 31 December 2014 mainly due to the increase in sales towards the end of FY2014 and increase in prepayment to the suppliers arising from the new acquired business of Gas Chromatograph and Gas Chromatography Mass Spectrometry Single-Quad.

Trade and other payables

Trade and other payables increased by US\$1.7 million from US\$27.7 million as at 31 December 2013 to US\$29.4 million as at 31 December 2014 mainly due to the amount payable arising from the acquisition of remaining interests in a subsidiary and an associate at the end of the year.

Cash and bank balances

Cash and bank balances increased by US\$1.4 million from US\$14.7 million as at 31 December 2013 to US\$16.1 million as at 31 December 2014 mainly due to the net cash inflow in financing activities of US\$8.7 million, which was partially offset by the net cash outflow in investing activities and operating activities of US\$3.9 million and US\$3.2 million respectively.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2014, the Group's net current assets stood at US\$68.1 million (31 December 2013: US\$58.4 million), of which the cash and bank balances were US\$16.1 million (31 December 2013: US\$14.7 million). The Group's current ratio was 2.0 (31 December 2013: 1.9).

Total bank borrowings as at 31 December 2014 reached US\$41.5 million (31 December 2013: US\$41.6 million). About 77.4% of the Group's bank borrowings were denominated in Hong Kong or US dollars, 13.5% in Japanese Yen and the rest in other currencies such as Swiss Franc and British Pounds. The Group's gearing ratio stood at 52.0% as at 31 December 2014 (31 December 2013: 59.9%), which is calculated based on the Group's total interest-bearing debts over the total equity. The Group adopts centralized financing and treasury policies in order to ensure that group financing is managed efficiently. The Group also regularly monitors its liquidity requirements, its compliance with lending covenants and its relationship with bankers to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

PROSPECTS (A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months)

As a significant portion of the Group's distribution products are sourced in Japanese Yen, any significant fluctuations of Japanese Yen against US Dollar will have a material impact on the Group's gross margin in its distribution business.

Management believes that the scientific instrument market in the PRC in 2015 will grow faster than that in 2014, as more investments in the quality control system such as food safety, environment, health care and research and development, are expected.

The Group continue to believe the demand for its products in South Asia and South East Asia regions will remain stable in general.

The newly acquired Gas Chromatograph and Gas Chromatography Mass Spectrometry Single-Quad business is expected to be a new growth driver to the Group's manufacturing business.

PROSPECTS (A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months) (continued)

Management believes that the Europe market will remain challenging. Despite this, the Group will continue to optimize the research and development, sourcing and manufacturing operations of the Group in the US, Europe and the PRC in order to produce synergistic effect among the manufacturing facilities. The Group's Switzerland operation performance may be adversely affected if there is a significant appreciation of the Swiss Franc against Euro.

EMPLOYEES AND EMOLUMENT POLICY

As at 31 December 2014, there were 821 (31 December 2013: 886) employees in the Group. Staff remuneration packages are determined after considering the market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical and life insurance, and grants discretionary incentive bonuses and share options to eligible staff based on their performance and contributions to the Group.

CLOSURE OF REGISTER OF MEMBERS IN RESPECT OF SHAREHOLDERS' ENTITLEMENT TO ATTEND THE ANNUAL GENERAL MEETING AND TO FINAL DIVIDEND

The Company will make a separate announcement to confirm the date for the closure of register of members of the Company in respect of shareholders' entitlement to attend the forthcoming annual general meeting of the Company.

In respect of the year ended 31 December 2014, no dividend is proposed by the directors of the Company.

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

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

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has reviewed the unaudited financial statements of the Group for the financial year ended 31 December 2014, including the review of the accounting principles and practices adopted by the Group, and has also discussed the auditing, internal control and financial reporting matters. The Audit Committee has no disagreement with the accounting principles, treatments and practices adopted by the Group.

CORPORATE GOVERNANCE

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

In the opinion of the directors of the Company, the Company has complied with the applicable code provisions of the Hong Kong Code throughout the financial year ended 31 December 2014, except for a deviation from Code Provision A.2.1 of the Hong Kong Code which is explained below:

Accordingly to Code Provision A.2.1 of the Hong Kong Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Given the size of the Company's current business operations and 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 of the Company. In addition, three out of six directors are independent non-executive directors of the Company, and each of the three board committees of the Company is being chaired by an independent director of the Company and comprises members who are all independent directors of the Company. In view of these, the Board is of the opinion that there is an appropriate balance of power within the Board, and that there is no undue concentration of power and authority in a single individual. As such, the Company considers that sufficient measures have been taken to ensure the Company's corporate governance practices are in line with those in the Hong Kong Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Board confirms, having made specific enquiries with all directors of the Company, that during the financial year ended 31 December 2014, all members of the Board have complied with the required standards of the Model Code for Securities Transactions by Directors of Listed Issuer as set out in Appendix 10 of the Listing Rules.

AUDIT OR REVIEW OF THE FINANCIAL RESULTS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2014 have been compared by the Company's auditors, Deloitte & Touche LLP, Certified Public Accountants, to the amounts set out in the Group's draft financial statements for the year and the amounts were found to be in agreement. The work performed by Deloitte & Touche LLP in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors on this announcement.

FORECAST STATEMENT

No forecast statement has been previously disclosed to shareholders.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting of the shareholders of the Company will be held on a date to be fixed by the Board. Notice of annual general meeting will be published and dispatched to the shareholders of the Company in due course.

DISCLOSURE ON THE WEBSITE OF THE EXCHANGES

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

The annual report of the Company for the financial year ended 31 December 2014 will be dispatched to the Shareholders and published on the websites of the SGX, the SEHK and the Company in due course.

DISCLOSURE PURSUANT TO RULE 704(13) SGX LISTING MANUAL

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
XU Song Hua	36	Daughter of XU Guo Ping, Executive Director	Group Operation Manager since 2010	NIL

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

No mandate from shareholders has been obtained for IPTs.

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

Hong Kong, 27 February 2015

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

**For identification purpose only*