A Leading Scientific Instruments Supplier

Annual Report 2010

TECHCOMP 天美

TECHCOMP (HOLDINGS) LIMITED

Your leading scientific equipment integrated solutions provider.

Contents

Corporate Profile

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 spectrophotometers, chromatographs, balances, deep freezers, ovens, incubators and centrifuges for a broad range of chemical analysis and life science applications
- Develops and manufactures various instruments marketed under brands “Techcomp”, “Sanco”, “Dynamica” “Froilabo” and “Precisa” etc.
- Develops and manufactures analytical and life science instruments for other companies on original design manufacture (“ODM”), original equipment manufacture (“OEM”) and private label basis
- Manufacturing facilities in Shanghai & Europe
- Dedicated Research and Development (“R&D”) team
- Contributed 31.3% of revenue in FY2010

DISTRIBUTION

- Distributes and services analytical instruments, life science equipment and laboratory instruments
- Exclusive distributorship agreements with leading scientific instrument companies
- Strong distribution presence through Hong Kong, Singapore, India, and 15 branch offices in the PRC. Product is also distributed via our distribution network to South East Asia, South Asia, Australia, Middle East region and Europe
- Able to provide integrated solutions and turnkey laboratories to customers due to its strong technical capabilities as well as extensive product range
- Contributed 68.7% of revenue in FY2010

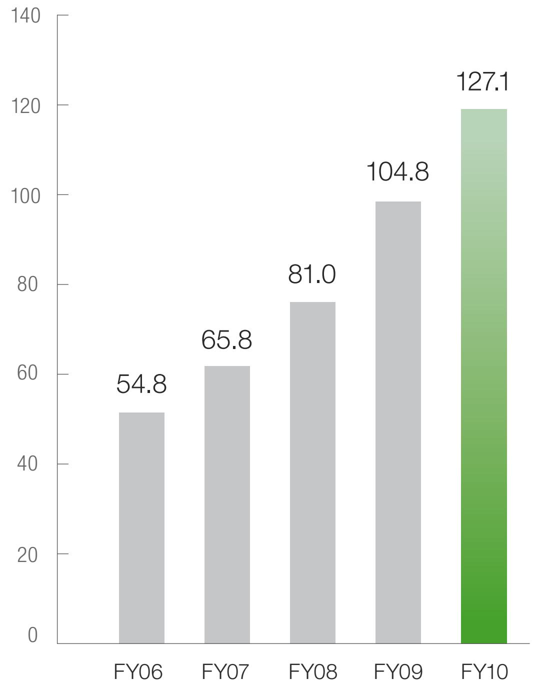
Riding ahead with Manufacturing

Financial Highlights

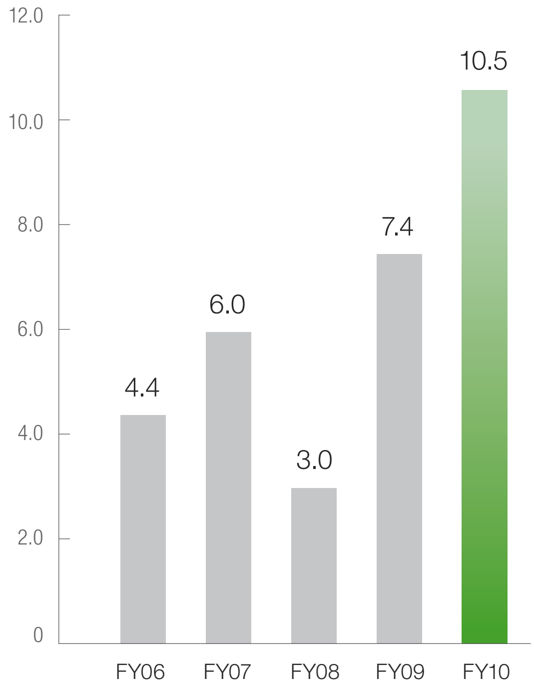
Summarised Profit & Loss Statement

	FY2010 US$ ('000)	FY2009 US$ ('000)	FY2008 US$ ('000)	FY2007 US$ ('000)	FY2006 US$ ('000)
Revenue	**127,090**	104,781	81,029	65,819	54,842
Gross Profit	**41,328**	29,863	24,182	22,154	18,846
Profit before tax	**10,800**	7,829	2,961	6,383	4,928
Net profit attributable to Owners of the Company	**10,504**	7,370	3,079	6,011	4,350
Basic Earnings per share (US cents)*	**4.52**	3.17	1.33	2.87	2.15

Revenue (US$ million)



Net Profit (US$ million)



** Adjusted to reflect Bonus Shares issued on 17 May 2010*

Message to Shareholders

Dear Shareholders,

FY2010 was another record year for Techcomp and the Group results for the year clearly demonstrated the resilience of our business model and the scientific equipment industry. Our revenue for FY2010 increased 21.3% from US$104.8 million in FY2009 to US$127.1 million in FY2010. Net profit attributable to shareholders increased 42.5% to US$10.5 million.

Riding Ahead With Manufacturing

We strive to maintain a healthy balance in our distribution and manufacturing businesses, as management believes that these two segments are synergistic. In recent years, we have grown the manufacturing segment at a faster rate than the distribution segment and such, contribution from the manufacturing segment to total revenue has increased significantly from 19.0% in FY2009 to 31.3% in FY2010.

Record breaking of USD 10 million net profit

With sales to the manufacturing segment growing 99.8% to US$39.8 million in FY2010, gross margins from the Group improved from 28.5% in FY2009 to 32.5% in FY2010.

The leap in manufacturing revenue was driven mainly by our continued expansion of our manufacturing business in China and Asia; and by our European acquisitions. HCC Group (France) started to contribute to revenue in 2H2009 and Precisa (Switzerland) in 1H2010.

China Continues To Grow

Our China revenue continues to grow organically, both in the distribution and manufacturing segments. Our effort to expand the range of manufacturing products in China has yielded positive result for the Group. Such expansion was made possible by our comprehensive research and development program and initiatives.

In FY2010 Techcomp entered into a strategic equity partnership with Shanghai Precision & Scientific Instrument Co., Ltd ("SPSIC") an established domestic manufacturer, to strengthen its market position in China. The strategic alliance with SPSIC will further expand the Group's product offering and customer base in China.

Accelerated growth

Whilst China is an exciting and developing market that will provide us with very healthy growth in the coming decade, management believes that the Group needs also to address the global market.

We are constantly seeking opportunities to expand our geographic coverage. We are therefore delighted that we have completed the second acquisition in Europe (Precisa), expanding our footprint in Europe and thus giving us a sound foundation for further growth in the region.

The acquisitions not only brought in great and historic companies; but also key technologies that would have required time and investment to develop internally.

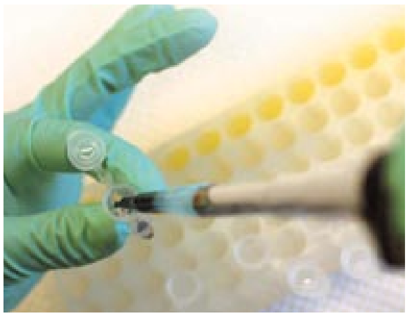
Synergistic Effect

To maximize the synergistic effect of our European acquisitions, we have been leveraging on our effective distribution network in Asia to increase the sales of the European subsidiaries.

We have also begun the process of reducing the production cost of the European subsidiaries by centralising their sourcing of components and parts to achieve greater economies of scale. In combining the sourcing needs of the European subsidiaries with our own needs in China, such economies of scale will also help us to contain our production cost in China. We have also shifted certain labour intensive processes to China, where we can achieve greater cost savings.

for a company that delivers good fundamentals. The Board of Directors are of the view that it is desirable and beneficial for the Company to begin the process of seeking a dual primary listing status in Hong Kong in addition to its current listing in Singapore so that the Company can have ready access to a broader equity markets in the Asia Pacific region when the opportunity arises. In addition, the two markets also attract different investor profiles thereby widening the investor base of the Company and increasing the liquidity of the Shares.

We have appointed the relevant professional parties to commence preparatory work for the Proposed Dual Listing in Hong Kong and will keep you updated on the progress as and when appropriate.



Currently, we have no plans to relocate the manufacturing site of these products to China as we want to sustain the brand name and value of the products.

Looking ahead, we intend to leverage on their excellent brand name and broaden their product range by utilizing our research and development and sourcing program.

I am confident that, with increased sales and lower costs, these newly-acquired companies will narrow their losses progressively and return to profitability in 2011. As such, I believe that our European acquisitions will provide a boost to our normal organic growth in 2011.

Dual Listing in Hong Kong – Unlocking Our Value

I am pleased that since 2002 to the present time, our Group has shown strong growth. During this period, Techcomp's revenue has grown at a Compound Annual Growth Rate ("CAGR") of 23.9% and our net profit also increased by a CAGR of 25.8%.

Nevertheless we need to maximize our value for shareholders, many of whom demand higher valuations

Rewarding our Shareholders

In view of our positive results the Board of Directors has recommended a final dividend of 1.0 Singapore Cent per share. Whilst this is less than FY2009's 1.2 Singapore Cents per share, the actual payout has increased due to our 1-for-2 bonus share issue in 2010.

Appreciation

I would like to express my utmost gratitude to our Directors, Management and Staff for delivering a record year. My heartfelt thanks also go out to our shareholders, customers and business partners for their continuous support. Thank you for believing in us and I hope you will stay with us as we continue our quest for excellence.

Mr Lo Yat Keung
President

Continuous Expansion

Corporate Information

Board of Directors
Lo Yat Keung
(President & Executive Director)

Chan Wai Shing
(Vice President & Executive Director)

Xu Guoping
(Executive Director)

Ho Yew Yuen
(Independent Director)

Seah Kok Khong, Manfred
(Independent Director)

Teng Cheong Kwee
(Independent Director)

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

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

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

Company Secretaries
Chan C.P. Grace
Sin Sheung Nam Gilbert

Bermuda Resident Representative and Assistant Secretary
Appleby Corporate Services (Bermuda) Ltd
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Registered Office
Canon's Court 22 Victoria Street
Hamilton HM 12 Bermuda
Bermuda Company Registration Number
34778

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

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

Partner-in-charge
Mr Chua How Kiat
(Appointed with effect from the financial year ended December 31, 2010)

Financial and Operations Review

The Group's revenue for the financial year ended 31 December 2010 (FY2010) increased 21.3% to US$ 127.1 million with our distribution and manufacturing businesses recording growth of 2.9% and 99.8% respectively. The growth was primarily driven by the increased demand of our products in the People's Republic of China (PRC) and other Asian markets, as well as contributions from our European acquisition: HCC Group and Precisa in 2H2009 and in 1H2010 respectively.

Gross profit increased by 38.4% to US$ 41.3 in million in FY2010 from US$ 29.9 million in FY2009, attributable to the growth in revenue. Gross margin increased to 32.5% in FY2010 from 28.5% in FY2009 mainly resulting from a higher portion of manufacturing business which enjoyed a higher gross profit margin in FY2010.

The Group registered 15.3% increase in other operating income of US$ 1.7 million for FY2010 from US$ 1.5 million. The increase was partially resulted from the gain on disposal of a jointly controlled entity of US$ 0.7 million.

Expenses were largely kept in check during FY2010. Distribution expenses increased by only 12.4% to US$ 11.8 million. Finance expenses increased by 12.3% to US$ 0.6 million in FY2010 due to the higher bank borrowings during the year.

Administrative expenses increased by 58.4% to US$ 19.8 million in FY2010 from US$ 12.5 million in FY2009 as a result of the increase in business activities and the new two European operations which were acquired in 2H2009 and 1H2010.

Properties, plant and equipment increased by 77.5% to US$ 12.7 million as at end of FY2010 from US$ 7.1 million as at end of FY2009. The increase was primarily due to acquisition of a factory building in Switzerland and expansion of manufacturing facilities in Shanghai.

Intangible assets increased by 56.2% to US$ 6.0 million as at end of FY2010 from US$ 3.9 million as at end of FY2009 mainly resulting from the research and development capabilities and technical know-how of US$ 2.6 million arising from the acquisition of Precisa during the year and capitalization of development costs incurred for new manufactured products during the year.

Trade and other receivables increased by 26.5% to US$ 42.8 million as at end of FY2010 from US$ 33.8 million as at end of FY2009 resulting from our growth in revenue, particularly in the last quarter of the year.

Inventories increased by 31.4% to US$ 24.4 million as at end of FY2010 from US$ 18.6 million as at end of FY2009 resulting from our growth in revenue and the acquisition of Precisa and the expansion of our manufacturing facilities in Shanghai during the year.

Trade and other payables increased by 25.9% to US$ 23.9 million as at end of FY2010 from US$ 19.0 million as at end of FY2009 resulting from our growth in revenue.

Bank balance as at end of FY2010 increased by US$ 2.1 million or 14.4% when compared to the balance as at end of FY2009 mainly due to the net cash inflow in operating and financing activities of US$ 6.3 million and US$ 3.3 million respectively, which were partially offset by the cash used in investing activities of US$ 7.9 million.

DISTRIBUTION BUSINESS

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

For FY2010, our distribution business continued to contribute a significant share of the Group's revenue, making up 68.7% or US$ 87.3 million. The segment results from distribution increased by 67.5% to US$ 7.2 million in FY2010 from US$ 4.3 million in FY2009. The marked improvement in the segment result contribution was primarily attributable to stringent pricing and cost control.

Manufacturing business reach 31% of total revenue

MANUFACTURING BUSINESS

Over the years, our intention has been to grow the manufacturing business faster than the distribution business as manufacturing business provides the Group with better margins. As a result of newly expanded manufacturing businesses, the segment results from manufacturing division decreased by 3.9% to US$ 3.5 million in FY2010 from US$ 3.7 million in FY2009. The decrease was mainly due to the losses incurred in the new manufacturing businesses being established during the period. The Group will continue to scale up and reap synergistic benefits arising from the European business which will improve the profitability of such business.

Going forward, the Group will continue to maximize the cost savings synergy between our strong distribution network and the manufacturing segment's economies of scale; and explore business acquisition targets that will serve as key growth drivers for the Group's business.

Synergistic Effect

Board of Directors

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

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

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

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

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

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

Key Management

MR. BIAN ZHENGYU

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

MR. LI HONG, DON

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

MR. SIN SHEUNG NAM GILBERT

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

MR. TSE PO WAH

is our Director of Marketing and is responsible for the marketing of our products. Prior to joining us in 1998, Mr. Tse worked as a sales executive in American Express HK Ltd from 1985 to 1986, and as a sales representative in 3M Far East Ltd. from 1986 to 1987. He was with Beckman Instruments (Hong Kong) Ltd. from 1987 to 1998. He obtained a Bachelor of Science from the University of Hong Kong in 1985 and a Diploma of Business Management from The Chinese University of Hong Kong in 1992.

MR. XIA YISHENG

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

MS. ZHAO WEI

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

MR. JURG STRUB

is the Chief Executive Officer of Precisa Gravimetrics AG and a shareholder of Precisa Gravimetrics AG; he is responsible for the day-to-day operations of Precisa Gravimetrics AG. Prior to Precisa Gravimetrics AG, Mr. Strub was the Chief Executive Officer of Giroflex AG with primarily focusing on company's reorganization and strategic repositioning. Mr. Strub obtained a Bachelor of Electronic Engineering from the Technical University ETH in Zurich, Switzerland in 1975; and Master of Economics at University of Zurich in Switzerland in 1980. He is the Chairman of the Board of Micro Center Central Switzerland (MCCS) and the President of Technologieforum Zug.

MR. JOEL CINIER

is the General Manager of HCC and Chief Executive Officer of Froilabo SA France since 2009; he is responsible for management and daily operations of Froilabo SA. Mr. Cinier acquired Froilabo in 1998 and he was appointed to the position of Chief Executive Officer of Froilabo after he sold his share in Froilabo to Techcomp. Prior to Froilabo, Mr. Cinier had worked in SPECTRAL DYNAMICS as sales manager for two years. Mr. Cinier obtained a Bachelor Degree from University of Grenoble, Graduation University of Technology in France in 1980.

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

Board Matters

Principle 1: Effective Board to Lead and Control the Company

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

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

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

The meetings of the directors in the financial year ended December 31, 2010 were as follows:-

	Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of meetings held	3	4	1	1
		No. of meetings attended		
Mr. Lo Yat Keung	3	–	–	–
Mr. Chan Wai Shing	3	–	–	–
Mr. Xu Guoping	3	–	–	–
Mr. Ho Yew Yuen	3	4	1	1
Mr. Seah Koh Khong, Manfred	3	4	1	1
Mr. Teng Cheong Kwee	3	4	1	1

Principle 2: Strong and independent Element on the Board

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

The NC is of the view that the current board size and composition is appropriate, taking into account the nature and scope of the business and operations of the Group. The profile of the directors is set out on page 11 of this Annual Report.

Principle 3: Role of Chairman and Chief Executive Officer

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

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

Report on Corporate Governance

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

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

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

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

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

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

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

Under the Company's Bye-Laws, at least one third of the Company's directors are required to retire from office by rotation and they are eligible for re-election at the Company's Annual General Meeting. Thus, each director must retire from office at least once every three years. In addition, a newly appointed director must retire and present himself for re-election at the forthcoming Annual General Meeting ("AGM") 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

The Board is provided with complete, adequate and timely information of the Group performance and is informed of all material events and transactions as and when they occurred. Directors have separate and independent access to the Company's senior management and the Company Secretaries at all times. The management updates the Board on the Company's performance and outlook at each board meeting. The directors, in consultation with the Chairman, have the right to seek, either individually or as a group, in the furtherance of their duties, independent professional advice, if necessary, at the Company's expense.

Mr. Sin Sheung Nam Gilbert, one of the Company Secretaries, attends all board meetings and is responsible for ensuring that Board procedures are followed. Mr. Sin, together with the management, is also responsible for ensuring the Group's compliance with the Bermuda Companies Act and all other rules and regulations that are applicable to the Group.

Remuneration Matters
Principle 7: Procedures for Developing Remuneration Policies
Principle 8: Level and Mix of Remuneration
Principle 9: Disclosure on Remuneration

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

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

Report on Corporate Governance

The RC is responsible for recommending to the Board a framework for the remuneration of directors and key executives. The review covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and other benefits. The RC also oversees the administration of the Company's Employee Share Option Scheme. The RC's recommendations are made in consultation with the Chief Executive Officer and submitted for endorsement by the Board. No director is involved in any decision making, in respect of any compensation to be offered or granted to him.

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

A breakdown, showing the level and mix of each director's remuneration for the financial year ended December 31, 2010 is as follows:-

Remuneration band	Salary %	Fees %	Bonus %	Other Benefits %	Total %
Less than S$250,000					
Mr. Ho Yew Yuen	–	100	–	–	100
Mr. Teng Cheong Kwee	–	100	–	–	100
Mr. Seah Koh Kong, Manfred	–	100	–	–	100
Between S$250,001– S$500,000					
Mr. Lo Yat Keung	77	–	23	–	100
Mr. Chan Wai Shing	52	–	14	34	100
Mr. Xu Guoping	49	–	15	36	100

The Company does not have any employees who are immediate family members of a director or the Chief Executive Officer whose remuneration exceeds S$150,000 in the financial year ended December 31, 2010.

The summary of 5 highest-paid employees' remuneration for the financial year ended December 31, 2010 is as follows:-

Remuneration band	Salary %	Fees %	Bonus %	Other Benefits %	Total %
Less than S$250,000					
Mr. Joel Cinier	100	–	–	–	100
Mr. Li Hong, Don	60	–	18	22	100
Mr. Sin Sheung Nam, Gilbert	57	–	8	35	100
Mr. Tse Po Wah	76	–	18	6	100
Between S$250,001– S$500,000					
Mr. Jurg Strub	100	–	–	–	100

The salary percentage shown is inclusive of pension costs.

The remuneration of the executive directors and the key executives comprise a basic salary component and a variable component, which is the performance bonus, based on the performance of the Group as a whole and their individual performance.

Accountability and Audit

Principle 10: Accountability and Audit

In presenting the annual financial statements and interim and annual announcements to shareholders, it is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Company's and the Group's performance, position and prospects.

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

Report on Corporate Governance

Audit Committee
Principle 11: Audit Committee

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

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

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

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

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

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

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

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

The AC has undertaken a review of all the non-audit services provided by Deloitte & Touche LLP during the financial year ended December 31, 2010, and is satisfied that such services would not, in the AC's opinion, affect the independence of Deloitte & Touche LLP as the Company's external auditors. The AC has recommended to the Board that Deloitte & Touche LLP be nominated for reappointment as external auditors of the Company at the forthcoming AGM.

The AC has full access to and co-operation of the management and has been given the resources required for it to discharge its functions properly. It has full discretion to invite any director and executive officer to attend its meetings. The AC has also met with the external auditors, without the presence of the Management during the year.

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

Internal Controls
Principle 12: Internal Controls

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

In the course of their statutory audit, the Company's external auditors carried out a review of the effectiveness of the Company's material internal controls. No material compliance issues or internal control weaknesses were noted by the external auditors.

Internal Audit
Principle 13: Internal audit

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

Report on Corporate Governance

Communication with Shareholders

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

The Company engages in regular, effective and fair communication with shareholders, and has appointed an investor relation firm to advise on and facilitate this process. The Company sees the merits of holding briefings for investors and analysts as a means to promote better understandings of the Company's business and operations. However, it does so without compromising the principles of fair and equitable disclosure. Price sensitive announcements including annual and half-year results are released through SGXNET.

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

Dealing in Company's Securities

In compliance with the SGX Listing Manual, the Group prohibits the directors and relevant officers to trade in the Company's securities, during the period beginning one month before the date of the announcement of the full year or half-year results and ending on the date of the announcement of the relevant results. Directors and employees are also advised against dealing in its securities at any time when they are in possession of any unpublished material price-sensitive information of the Group.

Interested Person Transactions

During the financial year ended December 31, 2010, there were no interested party transactions. When a potential conflict of interest arises, the director concerned does not participate in discussions and refrains from exercising any influence over other members of the Board.

The AC reviews all interested person transactions to be entered into to ensure that the relevant rules under Chapter 9 of the SGX-ST Listing Manual are complied with.

Material Contracts

There are no material contracts of the Company or its subsidiaries involving the interest of any director or controlling shareholder subsisting at the end of the financial year ended December 31, 2010.

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.

Report of the Directors

The directors present their report together with the audited consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2010.

1 DIRECTORS

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

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

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

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

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	Shareholdings registered in name of director and immediate family		
Name of directors and company in which interests are held	At beginning of year#	At end of year	At January 21, 2011
Techcomp (Holdings) Limited	Ordinary shares of US$0.05 each		
Lo Yat Keung			
- direct	103,756,500	104,956,500	104,956,500
- deemed	7,500,000	7,500,000	7,500,000
Chan Wai Shing - direct	9,720,000	9,720,000	9,720,000
Xu Guoping - direct	9,870,000	9,870,000	9,870,000
Ho Yew Yuen - direct	300,000	300,000	300,000
	Options to subscribe for ordinary shares of the Company		
Chan Wai Shing	–	1,800,000	2,500,000
Xu Guoping	–	1,800,000	2,500,000

Adjusted to reflect the Bonus Shares issued on the basis of one bonus share for every two existing ordinary shares on May 17, 2010 (Note 24 to financial statements).

Report of the Directors

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

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

5 SHARE OPTIONS

(a) *Options to take up unissued shares*

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

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

Teng Cheong Kwee
Ho Yew Yuen
Seah Kok Khong, Manfred

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

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

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

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

Report of the Directors

(b) *Unissued shares under options exercised*

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

Date of grant	Balance at January 1, 2010#	Granted#	Exercised	Cancelled/ Lapsed	Balance at December 31, 2010#	Exercise price per share#	Exercisable period
April 15, 2008	825,000	–	–	–	825,000	S$0.26	April 15, 2009 to April 14, 2018
March 2, 2009	3,855,000	–	–	–	3,855,000	S$0.16	March 2, 2010 to March 1, 2019
May 22, 2009	150,000	–	–	–	150,000	S$0.16	May 22, 2010 to May 21, 2019
January 11, 2010	–	10,500,000	–	–	10,500,000	S$0.23	January 11, 2011 to January 10, 2020
Total	4,830,000	10,500,000	–	–	15,330,000		

\# Adjusted to reflect the Bonus Shares issued on the basis of one bonus share for every two existing ordinary shares on May 17, 2010 (Note 24 to financial statements).

In respect of options granted to employees of related corporations, a total of 10,500,000 (2009 : 4,005,000) options after adjustment arising from the Bonus Shares issue were granted during the financial year, making it a total of 15,330,000 (2009 : 4,830,000) options granted to employees of related corporations from the commencement of the Scheme to the end of the financial year.

Holders of the above share options have no right to participate in any share issue of any other company. No employee or employee of related corporations has received 5% or more of the total options available under the Scheme except as disclosed below.

The following are participants who received 5% or more of the total number of ordinary share options available under the Scheme:

Name of participant	Options granted during the financial year#	Aggregate options granted since commencement of Scheme to end of the financial year#	Aggregate options exercised since commencement of Scheme to end of the financial year	Aggregate options cancelled/lapsed since commencement of Scheme to end of the financial year	Aggregate options outstanding as at end of the financial year#
Chan Wai Shing*	1,800,000	1,800,000	–	–	1,800,000
Xu Guoping*	1,800,000	1,800,000	–	–	1,800,000
Li Hong, Don	900,000	960,000	–	–	960,000
Sin Sheung Nam, Gilbert	1,200,000	1,320,000	–	–	1,320,000

* Chan Wai Shing and Xu Guoping are directors of the Company

\# Adjusted to reflect the Bonus Shares issued on the basis of one bonus share for every two existing ordinary shares on May 17, 2010 (Note 24 to financial statements).

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

Report of the Directors

Subsequent to the financial year end, on January 7, 2011, a total of 6,800,000 share options were granted under the Scheme at an exercise price of S$0.42 per share, out of which 700,000 share options were granted to each of the executive directors, Chan Wai Shing and Xu Guoping.

6 AUDIT COMMITTEE

The Audit Committee of the Company is chaired by Ho Yew Yuen, an independent director, and includes Teng Cheong Kwee and Seah Kok Khong, Manfred who are also independent directors. The Audit Committee met 4 times since the last Annual General Meeting ("AGM") and has reviewed the following with the executive directors and external auditors of the Company:

a) the audit plan of the external auditors;

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

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

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

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

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

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

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

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

Report of the Directors

7 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Lo Yat Keung

Chan Wai Shing

Date: March 28, 2011

Statement of Directors

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 25 to 85 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, 2010 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

ON BEHALF OF THE DIRECTORS

Lo Yat Keung

Chan Wai Shing

Date: March 28, 2011

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 statements of financial position of the Group and the Company as at December 31, 2010, and the statement of comprehensive income, statement of changes in equity and cash flow statement of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 25 to 85.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the International Financial Reporting Standards 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, 2010 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Deloitte & Touche LLP
Public Accountants and
Certified Public Accountants
Singapore

Chua How Kiat
Partner
Appointed with effect from the financial year ended December 31, 2010

Date: March 28, 2011

Statements of Financial Position

December 31, 2010

		Group			Company	
	Note	December 31, 2010	December 31, 2009	January 1, 2009	2010	2009
		US$'000	US$'000 (Restated)	US$'000 (Restated)	US$'000	US$'000
ASSETS						
Current assets						
Cash and bank balances	6	17,768	14,937	17,215	–	–
Trade and other receivables	7	42,762	33,807	30,061	48	5,000
Inventories	8	24,419	18,580	14,410	–	–
Income tax recoverable		17	18	14	–	–
Investments carried at fair value through profit or loss	9	675	648	668	–	–
Derivative financial instruments	18	–	83	–	–	–
Amount due from an associate	10	718	–	–	–	–
Amount due from non-controlling interests	11	640	–	–	–	–
Amount due from a jointly controlled entity	12	–	1,280	252	–	783
Total current assets		86,999	69,353	62,620	48	5,783
Non-current assets						
Properties, plant and equipment	13	12,666	7,135	7,301	–	–
Subsidiaries	14	–	–	–	26,866	20,638
Goodwill	15	512	512	512	–	–
Intangible assets	16	6,043	3,869	1,673	–	–
Available-for-sale investments	17	534	534	40	–	–
Derivative financial instruments	18	–	285	221	–	285
Interest in an associate	10	654	–	–	–	–
Interest in a jointly controlled entity	12	–	130	196	–	257
Total non-current assets		20,409	12,465	9,943	26,866	21,180
Total assets		107,408	81,818	72,563	26,914	26,963

Statements of Financial Position

December 31, 2010

		Group			Company	
	Note	December 31, 2010	December 31, 2009	January 1, 2009	2010	2009
		US$'000	US$'000 (Restated)	US$'000 (Restated)	US$'000	US$'000
LIABILITIES AND EQUITY						
Current liabilities						
Bank borrowings	19	18,579	15,246	16,095	–	–
Liabilities for trade bills discounted with recourse	20	807	113	1,132	–	–
Trade and other payables	21	23,919	19,003	16,103	–	–
Derivative financial instruments	18	–	30	5	–	–
Income tax payable		575	672	201	–	–
Amounts due to non-controlling interests	11	1,191	–	–	–	–
Amount due to a jointly controlled entity	12	–	–	152	–	–
Total current liabilities		45,071	35,064	33,688	–	–
Non-current liabilities						
Bank borrowings	19	4,487	651	416	–	–
Deferred tax liabilities	22	319	171	64	–	–
Derivative financial instruments	18	–	45	115	–	45
Total non-current liabilities		4,806	867	595	–	45
Capital, reserves and non-controlling interests						
Share capital	24	11,625	7,750	7,750	11,625	7,750
Reserves		42,954	36,816	30,332	15,289	19,168
Equity attributable to owners of the Company		54,579	44,566	38,082	26,914	26,918
Non-controlling interests		2,952	1,321	198	–	–
Total equity		57,531	45,887	38,280	26,914	26,918
Total liabilities and equity		107,408	81,818	72,563	26,914	26,963

See accompanying notes to financial statements.

Consolidated Statement of Comprehensive Income

Year ended December 31, 2010

	Note	Group 2010	Group 2009
		US$'000	US$'000
Revenue	26	127,090	104,781
Cost of sales		(85,762)	(74,918)
Gross profit		41,328	29,863
Other operating income	27	1,710	1,483
Distribution costs		(11,769)	(10,466)
Administrative expenses		(19,767)	(12,479)
Share of results of an associate	10	(144)	–
Share of results of a jointly controlled entity	12	7	(69)
Finance costs	28	(565)	(503)
Profit before income tax		10,800	7,829
Income tax expense	29	(585)	(345)
Profit for the year	30	10,215	7,484
Other comprehensive income:			
Exchange differences arising on translation of foreign operations		336	318
Exchange reserve released upon disposal of a jointly controlled entity		3	–
Share of exchange reserve of a jointly controlled entity		–	3
Share of exchange reserve of an associate		19	–
Other comprehensive income for the year, net of tax		358	321
Total comprehensive income for the year		10,573	7,805
Profit for the year attributable to:			
Owners of the Company		10,504	7,370
Non-controlling interests		(289)	114
		10,215	7,484
Total comprehensive income attributable to:			
Owners of the Company		10,963	7,672
Non-controlling interests		(390)	133
		10,573	7,805

Earnings per share (US cents)

	Note	Group 2010	Group 2009*
Basic	32	4.52	3.17
Diluted	32	4.39	3.16

* Adjusted to reflect the Bonus Share issued on the basis of one bonus share for every two exisiting ordinary shares on May 17, 2010 (Note 24).

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended December 31, 2010

	Note	Share capital	Share premium	Contributed surplus	Merger reserve [a]	Currency translation reserve	Legal reserves [b]	Capital reserve [c]	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
Group			[Note 25(a)]	[Note 25(b)]										
Balance at January 1, 2009		7,750	11,974	394	(4,112)	1,723	274	3,003	36	–	17,040	38,082	198	38,280
Total comprehensive income for the year		–	–	–	–	302	–	–	–	–	7,370	7,672	133	7,805
Dividends paid	31	–	–	–	–	–	–	–	–	–	(1,283)	(1,283)	(11)	(1,294)
Acquisition of non-wholly owned subsidiaries	33(B)	–	–	–	–	–	–	–	–	–	–	–	1,001	1,001
Share-based payment expense	23	–	–	–	–	–	–	–	95	–	–	95	–	95
Balance at December 31, 2009		7,750	11,974	394	(4,112)	2,025	274	3,003	131	–	23,127	44,566	1,321	45,887
Total comprehensive income for the year		–	–	–	–	459	–	–	–	–	10,504	10,963	(390)	10,573
Dividends paid	31	–	–	–	–	–	–	–	–	–	(1,371)	(1,371)	(49)	(1,420)
Acquisition of a non-wholly owned subsidiary	33(A)	–	–	–	–	–	–	–	–	–	–	–	1	1
Incorporation of a non-wholly owned subsidiary		–	–	–	–	–	–	–	–	–	–	–	2,923	2,923
Effect of acquiring non-controlling interests in subsidiaries		–	–	–	–	–	–	–	–	(37)	–	(37)	(854)	(891)
Bonus shares issued	24	3,875	(3,875)	–	–	–	–	–	–	–	–	–	–	–
Share-based payment expense	23	–	–	–	–	–	–	–	458	–	–	458	–	458
Balance at December 31, 2010		11,625	8,099	394	(4,112)	2,484	274	3,003	589	(37)	32,260	54,579	2,952	57,531

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

(b) The legal reserves is non-distributable and represents reserve fund and enterprise expansion fund of a subsidiary in the People's Republic of China ("PRC") that can be used to offset prior years' losses or convert into capital, provided such conversion is approved by a resolution at a shareholders' meeting.

(c) Capital reserve represents a transfer of retained earnings by a PRC subsidiary in 2004.

(d) Equity reserve represents effects of changes in ownership interests in subsidiaries when there is no change in control.

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended December 31, 2010

	Note	Share capital	Share premium	Contributed surplus	Share option reserve	Retained earnings	Total
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Company			[Note 25(a)]	[Note 25(b)]			
Balance at January 1, 2009		7,750	11,974	394	36	1,642	21,796
Total comprehensive income for the year		–	–	–	–	6,310	6,310
Dividends paid	31	–	–	–	–	(1,283)	(1,283)
Share-based payment expense	23	–	–	–	95	–	95
Balance at December 31, 2009		7,750	11,974	394	131	6,669	26,918
Total comprehensive income for the year		–	–	–	–	909	909
Dividends paid	31	–	–	–	–	(1,371)	(1,371)
Share-based payment expense	23	–	–	–	458	–	458
Bonus shares issued	24	3,875	(3,875)	–	–	–	–
Balance at December 31, 2010		11,625	8,099	394	589	6,207	26,914

See accompanying notes to financial statements.

Consolidated Cash Flow Statement

Year ended December 31, 2010

	Group	
	2010	2009
	US$'000	US$'000
Operating activities		
Profit before income tax	10,800	7,829
Adjustments for:		
Depreciation of properties, plant and equipment	1,112	878
Interest income	(136)	(117)
Finance costs	565	503
Loss on disposal of properties, plant and equipment	2	2
Gain on disposal of a jointly controlled entity	(653)	–
Allowance for doubtful debts	486	425
Amortisation of intangible assets	1,356	623
Loss (Gain) in fair value changes of derivative financial instruments	53	(192)
Gain in fair value changes of investments carried at fair value through profit or loss	(27)	(122)
Share of results of a jointly controlled entity	(7)	69
Share of results of an associate	144	–
Share-based payment expense	458	95
Intangible assets written off	61	–
Operating cash flows before movements in working capital	14,214	9,993
Trade and other receivables	(8,475)	(2,201)
Inventories	(1,207)	(1,241)
Trade and other payables	2,613	522
Trade bills discounted with recourse	694	(1,019)
Amount due from an associate	(718)	–
Proceeds from sale of investments carried at fair value through profit or loss	–	142
Cash generated from operations	7,121	6,196
Income taxes (paid) refunded	(777)	175
Net cash from operating activities	6,344	6,371
Investing activities		
Purchase of properties, plant and equipment	(5,579)	(199)
Proceeds on disposal of properties, plant and equipment	3	25
Proceeds on disposal of jointly controlled entity	1,033	–
Purchase of available-for-sale investment	–	(494)
Interest received	136	117
Product development costs paid	(1,055)	(576)
Acquisition of subsidiaries (Note 33)	(2,944)	(2,648)
Investment in an associate	(779)	–
Repayment from (Advances to) a jointly controlled entity	1,280	(1,180)
Net cash used in investing activities	(7,905)	(4,955)

Consolidated Cash Flow Statement

Year ended December 31, 2010

	Group	
	2010	2009
	US$'000	US$'000
Financing activities		
Proceeds from bank borrowings	59,357	65,630
Repayment of bank borrowings	(53,440)	(67,909)
Dividends paid	(1,371)	(1,283)
Dividends paid to non-controlling interests	(49)	(11)
Acquisition of non-controlling interests in subsidiaries	(891)	–
Interest paid	(565)	(503)
Advances to non-controlling interest	(623)	–
Capital contribution by non-controlling interests	922	–
Net cash from (used in) financing activities	3,340	(4,076)
Net increase (decrease) in cash and cash equivalents	1,779	(2,660)
Cash and cash equivalents at beginning of the year	14,699	17,181
Effect of foreign exchange rate changes	335	178
Cash and cash equivalents at end of the year	16,813	14,699
Cash and cash equivalents comprised:		
Cash and bank balances (Note 6)	17,768	14,937
Bank overdrafts (Note 19)	(955)	(238)
	16,813	14,699

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 2010

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 14 to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2010 were authorised for issue by the Board of Directors on March 28, 2011.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Subsequent to the outcome of an International Financial Reporting Standards Interpretations Committee (IFRS IC) discussion in November 2010 regarding the classification of callable term loans, the Group has clarified the terms of certain loan facilities with the banks and considered that it would be more appropriate that one of those loans should classified as current. Accordingly, the outcome of the discussion does not result in changes to the Group's and Company's amounts reported for the current year or prior years except for the classification of bank borrowings as disclosed in Note 19.

ADOPTION OF NEW AND REVISED STANDARDS - In the current financial year, the Group has adopted all the new and revised International Accounting Standards ("IAS") and IFRS issued by the International Accounting Standards Board and the Interpretations thereof issued by the International Financial Reporting Standards Interpretations Committee ("IFRS IC") that are relevant to its operations and effective for annual periods beginning on or after January 1, 2010. 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.

IFRS 3 (Revised) Business Combinations

IFRS 3 (Revised) has been adopted in the current year and is applied prospectively to business combinations for which the acquisition date is on or after January 1, 2010. The main impact of the adoption of IFRS 3 (Revised) Business Combinations on the Group has been:

- to allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree. In the current period, when accounting for the acquisition of Precisa Gravimetrics AG ("Precisa"), the Group has elected to measure at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree. However, no goodwill was recognised in the acquisition as the fair values of the acquired net assets were equivalent to the purchase consideration.

- to change the recognition and subsequent accounting requirements for contingent consideration. Under the previous version of the Standard, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were recognised against goodwill. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from better information about the fair value at the acquisition date, and they occur within the 'measurement period' (a maximum of 12 months from the acquisition date). All other subsequent adjustments are recognised in profit or loss;

Notes to Financial Statements

December 31, 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

IFRS 3 (Revised) Business Combinations (cont'd)

- where the business combination in effect settles a pre-existing relationship between the Group and the acquiree, to require the recognition of a settlement gain or loss; and

- to require that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in consolidated profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

The change in accounting policy has no impact on the earnings per share as reported in the statement of comprehensive income.

IAS 27 (Revised) Consolidated and Separate Financial Statements

The application of IAS 27 (Revised) has resulted in changes in the Group's accounting policies for changes in ownership interests in subsidiaries. Specially, the revised Standard has affected the Group's accounting policies regarding changes in ownership interests in its subsidiaries that do not result in a change in control.

In prior years, in the absence of specific requirements in IFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the carrying amount of the share of net assets disposed of was recognised in profit or loss. Under IAS 27 (Revised), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

These changes in accounting policies have been applied prospectively from January 1, 2010 in accordance with the relevant transitional provisions. The adoption of the revised Standard has affected the accounting for the Group's acquisition of the remaining non-controlling interests in Dynamica GmbH and HCC SAS in the current year.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires that the Group derecognise all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost, with the gain or loss arising recognised in profit or loss.

In respect of the acquisition of the remaining non-controlling interests in Dynamica GmbH and HCC SAS during the year, the change in policy has resulted in the difference of US$37,000 between the consideration paid and the non-controlling interests derecognised being included in equity reserve. As there were no goodwill recognised in prior years acquisition, the change in accounting policy has no impact on the goodwill balance. The cash consideration paid in the current year of US$891,000 has been included in cash flows from financing activities.

The change in accounting policy has no impact on the earnings per share as reported in the consolidated statement of comprehensive income.

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:

- Improvements to IFRS issued in 2010
- IFRS 9 Financial Instruments
- IAS 24 (Revised) Related Party Disclosures
- Amendment to IAS 32 Classification of Rights Issues
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

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

Notes to Financial Statements

December 31, 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The management anticipates that the adoption of the above IFRSs, IFRICs, IASs 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 Financial Instruments issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

- IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 "Financial instruments: Recognition and measurement" to be 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 accounting periods.

- The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

IFRS 9 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

As the Group utilises financial instruments in the course of its business, the management anticipate that the adoption of IFRS 9 in the Group's consolidated financial statements for the annual period beginning January 1, 2013 will have an impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

IAS 24 (Revised) Related Party Disclosures

IAS 24 (Revised) Related Party Disclosures is effective for annual periods beginning on or after January 1, 2011. The revised Standard clarifies the definition of a related party and consequently additional parties may be identified as related to the reporting entity.

In addition, the revised Standard provides partial exemption for government-related entities, in relation to the disclosure of transactions, outstanding balances and commitments. Where such exemptions apply, the reporting entity has to make additional disclosures, including the nature of the government's relationship with the reporting entity and information on significant transactions or company of transactions involved.

In the period of initial adoption, the changes to related party disclosures, if any, will be applied retrospectively with restatement of the comparative information.

IAS 32 Classification of Rights Issues

The amendments to IAS 32 address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Group has not entered into any arrangements that would fall within the scope of the amendments. However, if the Group does enter into any rights issues within the scope of the amendments in future accounting periods, the amendments to IAS 32 will have an impact on the classification of those rights issues

Notes to Financial Statements

December 31, 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. To date, the Group has not entered into transactions of this nature. However, if the Group does enter into any such transactions in the future, IFRIC 19 will affect the required accounting. In particular, under IFRIC 19, equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss.

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

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

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

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

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders may be initially measured (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

In the Company's financial statements, investments in subsidiaries, associates and jointly controlled entities are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS - The restructuring of the Group in 2004 involved the merger of companies under common control and has been accounted for using the pooling of interest method whereby all assets and liabilities of the merged entities were aggregated and the difference between the aggregate share capital of the entities and the share capital of the holding company was recorded as a merger reserve.

Subsequent to the restructuring, any acquisition of subsidiaries is accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values to assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. 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.

Notes to Financial Statements

December 31, 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Business combinations that took place prior to January 1, 2010 were accounted for in accordance with the previous version of IFRS 3.

Notes to Financial Statements

December 31, 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

GOODWILL - Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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

ASSOCIATES - An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

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

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's financial statements only to the extent of interests in the associate that are not related to the Group.

Notes to Financial Statements

December 31, 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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 and expense is recognised on an effective interest basis for debt instruments other than those financial instruments at "fair value through profit or loss".

Financial assets

The Group's financial assets are classified into investments carried at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

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

Notes to Financial Statements

December 31, 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets at FVTPL (cont'd)

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

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and IAS 39 "*Financial Instruments: Recognition and Measurement*" permits the entire combined contract (asset or liability) to be designated as at FVTPL.

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

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quote in an active market are classified as "loans and receivables". Loans and receivables (including advance to subsidiaries, an associate, non-controlling interests and a jointly controlled entity, trade and other receivables and amounts due from subsidiaries) are carried at amortised cost using the effective interest method, less any identified impairment losses. Interest is recognised by applying the effective interest rate method, except for short-term receivables where interest is immaterial.

Available-for-sale financial assets

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

Cash and cash equivalents in the statement of cash flows

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

Impairment of financial assets

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

For an available-for-sale equity instrument, 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.

Notes to Financial Statements

December 31, 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of financial assets (cont'd)

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

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

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of available-for-sale instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occuring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extend the carrying amont of the investment at the date the impairment is reserved does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of avialable-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Financial liabilities

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

Derivative financial instruments

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

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Over derivatives are presented as current assets or current liabilities.

Notes to Financial Statements

December 31, 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 other comprehensive income is recognised in profit or loss. If the Group retains substantially all the risks and rewards of ownership of a transferred asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds.

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

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

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

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

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

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

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

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

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

Notes to Financial Statements

December 31, 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

Development costs capitalised as intangible assets are amortised from the commencement of commercial production on a straight line basis over their estimated useful lives, which normally does not exceed five years.

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

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

INTANGIBLE ASSETS ACQUIRED IN A BUSINESS COMBINATION - Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

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

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

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

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

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

Notes to Financial Statements

December 31, 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

SHARE-BASED PAYMENTS - The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured using the Binomial Option Pricing Model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferrability, exercise restrictions and behavioural considerations.

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

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from rendering of services 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 - Borrowing costs directly attributable to acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Notes to Financial Statements

December 31, 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Notes to Financial Statements

December 31, 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity (currency translation reserve). On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation accumulated in a separate component of equity shall be reclassified from equity to profit or loss (as a reclassification adjustment) when the gain or loss on disposal is recognised.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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.

Notes to Financial Statements

December 31, 2010

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

Key sources of estimation uncertainty

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

(a) Allowances for trade receivables

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

In making the judgement, management considered the procedures that have been in place to monitor this risk as a significant proportion of the Group's working capital is devoted to trade receivables. In determining whether allowance for bad and doubtful debts is required, management takes into consideration the aging status and the likelihood of collection. Specific allowance is made for trade receivables that are unlikely to be collected. In this regard, management is satisfied that the allowance for doubtful debts made by the Group amounting to US$1,557,000 (2009 : US$1,089,000) is adequate. The carrying amount of trade receivables is disclosed in Note 7.

(b) Recoverable amounts of development costs

Management reconsidered the recoverability of internally-generated intangible asset arising from the Group's development costs incurred for the manufacture of analytical instruments and acquisition of subsidiaries. The carrying amount included in the Group's statement of financial position is US$6,043,000 (2009 : US$3,869,000) (Note 16). Impairment losses are made if recoverable amounts fall short of the carrying amounts. Recoverable amounts are estimated based on value in use. The estimated value in use is in turn based on cash flow forecasts consistent with the most up-to-date budgets and plans formally approved by the management and on reasonable and supportable assumptions, including the discount rates and useful lives. The estimation of the number of years that future economic benefits can be generated by the capitalised development costs takes into account the expected changes in market demand for the products and the expected actions of competitors and potential competitors. This situation will be closely monitored, and adjustments made in future periods, if future market activity indicates that such adjustments are appropriate.

(c) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash- generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Information relating to the estimates used in assessing the carrying amounts of goodwill is set out on Note 15.

(d) Allowances for inventories

In determining the net realisable value of the Group's inventories, management estimated the recoverable amount of inventories based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration the fluctuations in price, the balance on hand relative to sales prospects and the condition of the inventories. In this regard, management is satisfied that no allowance for inventories is required as at December 31, 2010 and 2009. The carrying amount of inventories is disclosed in Note 8.

Notes to Financial Statements

December 31, 2010

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2010	2009	2010	2009
	US$'000	US$'000	US$'000	US$'000
Financial assets				
Fair value through profit or loss ("FVTPL")	675	648	–	–
Loans and receivables (including cash and cash equivalents)	60,287	48,495	18,129	18,228
Available-for-sale financial assets	534	534	–	–
Derivative financial instruments	–	368	–	285
Financial liabilities				
Liabilities at amortised cost	43,257	29,990	–	–
Derivative financial instruments	–	75	–	45

(b) Financial risk management policies and objectives

The Group's major financial instruments include FVTPL and available-for-sale investments, trade and other receivables, trade and other payables, derivative instruments and bank borrowings. Details of these financial instruments are disclosed in the respective notes to the financial statements. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate risk management measures are implemented on a timely and effective manner.

The Company's major financial instruments are receivables from subsidiaries and amounts due to subsidiaries. The management considers the risks associated with these financial instruments are minimal.

(c) Market risk

(i) Foreign exchange risk

Several subsidiaries of the Company have sales and purchases denominated in foreign currencies, which exposes the Group to foreign currency risk and could result in foreign exchange loss. The Group's sales are principally in United States dollars and Renminbi. Most of the Group's purchases are made in Japanese yen, Renminbi and United States dollars. Expenses incurred are generally denominated in Hong Kong dollars, Renminbi, Euro and Singapore dollars, which are the functional currencies of the Group entities operating in Hong Kong, the PRC, Europe and Singapore respectively.

For the Hong Kong group entities, as Hong Kong dollars is pegged to the United States dollars, the currency risk associated with United States dollars is considered minimal. The PRC and Europe entities do not have significant mismatch between the sales and expenses in Renminbi and Euro respectively. As a result, the major foreign currency giving rise to this foreign exchange risk is primarily Japanese yen. The Group currently does not have a designated foreign currency hedging policy. However, the management closely monitors foreign exchange exposure and engages in certain hedging activities by using foreign currency derivatives from time to time (Note 18).

Notes to Financial Statements

December 31, 2010

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

(c) Market risk (cont'd)

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

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

	Group			
	Assets		Liabilities	
	2010	2009	2010	2009
	US$'000	US$'000	US$'000	US$'000
Japanese yen	4,022	4,329	18,263	14,121
United States dollars	28,395	28,667	6,137	7,707

Sensitivity analysis

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

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

	Note	2010	2009
		US$'000	US$'000
Japanese yen impact	(i)	595	409
United States dollars impact	(ii)	(929)	(875)

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

	Note	2010	2009
		US$'000	US$'000
Japanese yen impact	(i)	(595)	(409)
United States dollars impact	(ii)	929	875

Notes:

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

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

Notes to Financial Statements

December 31, 2010

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

(c) Market risk (cont'd)

(ii) *Interest rate risk management*

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings, which are substantially denominated in United States dollars and Japanese yen. Interests charged on the Group's borrowings are at variable rates and are pegged at various margins above the Hong Kong interbank offer rates or the prime lending rates of the banks. The Group currently does not have a policy on cash flow hedges of interest rate risk. However, the management monitors closely interest rate exposure and engages in certain hedging activities by using interest rate swap from time to time (Note 18).

Sensitivity analysis

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

If interest rates on bank borrowings had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended December 31, 2010 would decrease/increase by US$96,000 (2009 : decrease/increase by US$66,000).

(d) Credit risk

At December 31, 2010, the Group's maximum exposure to credit risk which will cause a financial loss to the Group if counterparties fail to discharge their obligations to the Group is the carrying amount of the respective recognised financial assets, grossed up for any allowances for impairment losses as stated in the consolidated statement of financial position.

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

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

Other than concentration of credit risk on the Group's trade receivables located in the PRC, trade receivables consist of a large number of customers spread across diverse industries. The management has considered the strong financial background and good credit standing of these customers, mainly universities, research institutions and government agencies and is of the view that there is no significant credit risk on these receivables in the PRC.

Notes to Financial Statements

December 31, 2010

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

(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 can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

		Undiscounted cash flows				
	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Carrying amount
	%	US$'000	US$'000	US$'000	US$'000	US$'000
Group						
2010						
Trade and other payables						
- Non-interest bearing	–	18,193	–	–	–	18,193
Liabilities for trade bills discounted with recourse						
- Non-interest bearing	–	807	–	–	–	807
Amount due to non-controlling interests						
- Non-interest bearing	–	1,191	–	–	–	1,191
Bank borrowings						
- Variable interest rates	3.40	19,407	1,770	3,244	(1,355)	23,066
		39,598	1,770	3,244	(1,355)	43,257
Group						
2009						
Trade and other payables						
- Non-interest bearing	–	13,980	–	–	–	13,980
Liabilities for trade bills discounted with recourse						
- Non-interest bearing	–	113	–	–	–	113
Bank borrowings						
- Variable interest rates	2.70	15,677	664	–	(444)	15,897
		29,770	664	–	(444)	29,990

Notes to Financial Statements

December 31, 2010

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

(e) Liquidity risk (cont'd)

Non-derivative financial liabilities (cont'd)

Company

The Company provided corporate guarantees of US$68,190,000 (2009: US$55,531,000) to certain banks as security for banking facilities granted to subsidiaries as at the end of the reporting period. The earliest period that the guarantees could be called is within 1 year (2009: 1 year) from the end of the reporting period. Based on the expectation of the Company, the Company considers that it is more likely that no amount will be payable under this financial guarantee arrangement. However, this estimate is subject to change depending on the probability of the counterparty which suffers credit losses on the financial receivables and claims under the guarantee.

Non-derivative financial assets

The non-derivative financial assets are all receivable on demand or within one year with the exception of the available-for-sale investment (Note 17) which is classified as non-current.

(f) Fair values of financial assets and financial liabilities

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

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- the fair value of financial assets and financial liabilities (excluding derivative financial instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input; and
- the fair value of derivative financial instruments (interest rate swap and forward foreign exchange contracts) are calculated using quoted prices. The fair value of derivative financial instruments of call and put options in a jointly controlled entity was determined on the basis of valuations carried by independent valuers (Note 18).

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

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

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

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

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

Notes to Financial Statements

December 31, 2010

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

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

Financial instruments measured at fair value

	Total	Level 1	Level 2	Level 3
	US$'000	US$'000	US$'000	US$'000
2010				
Financial Assets				
Group				
Fair value through profit or loss ("FVTPL")	675	–	675	–

The Group had no financial liabilities carried at fair value in 2010.

Company

The Company had no financial assets or liabilities carried at fair value in 2010.

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

There were no transfers between Level 1 and Level 2 of the fair value hierarchy in 2009 and 2010.

Notes to Financial Statements

December 31, 2010

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

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

Financial instruments measured at fair value based on level 3

Group and Company

	Derivative financial instruments	
	Financial assets	Financial liabilities
	US$'000	US$'000
2010		
As at January 1, 2010	285	(45)
Total gain (loss) recognised in profit or loss	(285)	45
As at December 31, 2010	–	–
2009		
As at January 1, 2009	221	(25)
Total gain (loss) recognised in profit or loss	64	(20)
As at December 31, 2009	285	(45)

(g) Capital risk management policies and objectives

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

The capital structure of the Group consists of debts comprising bank borrowings which are subjected to certain loan covenants and conditions as disclosed in Note 19, and equity attributable to owners of the Company, comprising issued share capital, retained earnings and other reserves as disclosed in the notes to financial statements.

Management reviews the capital structure on an on-going basis. As a part of this review, management considers the cost of capital and the risks associated with each class of capital, payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt. The Group is in compliance with the covenants from the relevant banks for 2010 and 2009.

5 RELATED PARTY TRANSACTIONS

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

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances arising from related party transactions are unsecured, interest-free and repayable on demand unless otherwise stated.

Notes to Financial Statements

December 31, 2010

5 RELATED PARTY TRANSACTIONS (cont'd)

Compensation of directors and key management personnel

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

	Group	
	2010	2009
	US$'000	US$'000
Short-term benefits	1,610	1,044
Post-employment benefits	112	60
Share-based payments	248	29
	1,970	1,133

6 CASH AND BANK BALANCES

	Group	
	2010	2009
	US$'000	US$'000
Cash at bank	17,683	14,881
Cash on hand	85	56
	17,768	14,937

The carrying amounts of these assets approximate their fair values.

Cash and bank balances earn interest at an average rate of 0.88% (2009 : 0.34%) 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	
	2010	2009
	US$'000	US$'000
Singapore dollars	5	284
United States dollars	5,945	7,426
Japanese yen	142	773
Macao pataca	6	1
Australian dollars	–	15
Euro	115	128
British pound	5	5
Swiss franc	155	–

Notes to Financial Statements

December 31, 2010

7 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010	2009	2010	2009
	US$'000	US$'000	US$'000	US$'000
Trade receivables	39,505	31,095	–	–
Less: Allowance for doubtful debts	(1,557)	(1,089)	–	–
	37,948	30,006	–	–
Trade bills receivable discounted with recourse (Note 20)	807	113	–	–
Prepayments	575	1,529	–	–
Other receivables	3,432	2,159	48	–
Dividends receivable from a subsidiary	–	–	–	5,000
	42,762	33,807	48	5,000

The average credit period on sale of goods ranges from 30 to 90 days (2009 : 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$3,797,000 (2009 : US$2,752,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

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

	Group	
	2010	2009
	US$'000	US$'000
Less than 90 days	540	751
91 to 120 days	1,094	489
121 to 365 days	800	439
1 to 2 years	1,255	451
Over 2 years	108	622
	3,797	2,752

Movement in the allowance for doubtful debts:

	Group	
	2010	2009
	US$'000	US$'000
Balance at beginning of the year	1,089	669
Written off against trade receivables	(18)	(5)
Increase in allowance recognised in profit or loss for the year (Note 30)	486	425
Balance at end of the year	1,557	1,089

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December 31, 2010

7 TRADE AND OTHER RECEIVABLES (cont'd)

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

	Group		Company	
	2010	2009	2010	2009
	US$'000	US$'000	US$'000	US$'000
United States dollars	21,775	20,593	–	–
Japanese yen	3,880	3,556	–	–
Australian dollars	28	73	–	–
Euro	252	33	–	–
Swiss franc	681	–	–	–
Indian rupees	125	–	–	–

8 INVENTORIES

	Group	
	2010	2009
	US$'000	US$'000
Raw materials	5,863	4,781
Work-in-progress	5,796	1,967
Finished goods	12,760	11,832
	24,419	18,580

In 2010, the Group established a non-wholly owned PRC subsidiary-Techcomp Jingke Scientific Instruments (Shanghai) Co. Ltd. The non-controlling interest contributed inventories amounted to US$2,001,000 in the initial capital injection to this subsidiary.

9 INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2010	2009
	US$'000	US$'000
Unquoted investment in an equity fund, at fair value	675	648

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

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

	Group	
	2010	2009
	US$'000	US$'000
United States dollars	675	648

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10 ASSOCIATE

(A) Interest in an associate

During the year, the Group has formed a strategic alliance with Shanghai Precision & Scientific Instrument Co. Ltd. ("SPSIC") for the manufacturing and distribution of analytical balance products in People's Republic of China ("PRC"). The Group and SPSIC incorporated Techcomp Jingke Trading (Shanghai) Co., Ltd which the Group and SPSIC owns 49% and 51% interest respectively.

	Group	
	2010	2009
	US$'000	US$'000
Cost of unquoted equity investment	779	–
Share of post-acquisition results	(144)	–
Share of exchange translation reserves	19	–
	654	–

Summarised audited financial information in respect of the associate is set out below:

	Group	
	2010	2009
	US$'000	US$'000
Total assets	3,172	–
Total liabilities	(1,837)	–
Net assets	1,335	–
Group's share of associate's net assets	654	–
Revenue	2,053	–
Results for the year	(294)	–
Group's share of associate's results for the year	(144)	–

Details of the Group's associate at December 31, 2010 are as follows:

Name of associate	Country of incorporation and operation	Proportion of ownership interest held		Principal activity
		2010	2009	
		%	%	
Techcomp Jingke Trading (Shanghai) Co., Ltd	PRC	49	–	Trading of analytical and laboratory instruments

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10 ASSOCIATE

(B) Amount due from an associate

At December 31, 2010, the amount due from an associate was trade in nature, unsecured, interest-free and repayable within 90 days.

Significant related party transactions comprise the following transactions with an associate:

	Group	
	2010	2009
	US$'000	US$'000
Sales of goods	1,414	–
Purchase of goods	73	–

11 NON-CONTROLLING INTERESTS

The amounts due from/to non-controlling interests are unsecured, interest-free and are repayable on demand.

12 JOINTLY CONTROLLED ENTITY

(A) Interest in a Jointly Controlled Entity

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

	Group		Company	
	2010	2009	2010	2009
	US$'000	US$'000	US$'000	US$'000
Cost of unquoted equity investment	257	257	257	257
Share of post-acquisition results	(117)	(124)	–	–
Share of exchange translation reserve	–	(3)	–	–
Exchange reserve released upon disposal of a jointly controlled entity	(3)	–	–	–
Disposal of interest in jointly controlled entity	(137)	–	(257)	–
	–	130	–	257

During the year, the call option was exercised by Bibby and the Group disposed its interest in the jointly controlled entity for a consideration of US$1,033,000 and a gain of US$653,000 was recognised on disposal (Note 18A).

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12 JOINTLY CONTROLLED ENTITY (cont'd)

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

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

	Group	
	2010	2009
	US$'000	US$'000
Total assets	–	4,286
Total liabilities	–	(4,026)
Net assets	–	260
Group's share of jointly controlled entity's net assets	–	130
Revenue	1,589	2,590
Profit (Loss) for the year	14	(137)
Group's share of jointly controlled entity's results for the year	7	(69)

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

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

The amounts due from/to a jointly controlled entity were unsecured, interest-free and expected to be repaid within one year.

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

	Group	
	2010	2009
	US$'000	US$'000
Sales of goods	49	1,180
Purchase of goods	25	118
Interest income	–	24

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13 PROPERTIES, PLANT AND EQUIPMENT

	Leasehold buildings	Furniture and fixtures	Machinery and equipment	Motor vehicles	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Group					
Cost:					
At January 1, 2009	6,151	1,854	1,544	670	10,219
Additions	–	98	60	41	199
Disposals	–	(65)	(11)	(28)	(104)
Acquisition of subsidiaries [Note 33(B)]	289	32	90	32	443
Currency translation difference	84	23	20	7	134
At December 31, 2009	6,524	1,942	1,703	722	10,891
Additions	4,068	459	960	92	5,579
Disposals	–	–	(12)	(15)	(27)
Acquisition of subsidiaries [Note 33(A)]	–	–	600	–	600
Currency translation difference	363	29	133	13	538
At December 31, 2010	10,955	2,430	3,384	812	17,581
Accumulated depreciation:					
At January 1, 2009	716	1,029	691	482	2,918
Depreciation	256	361	192	69	878
Eliminated on disposals	–	(42)	(9)	(26)	(77)
Currency translation difference	12	11	8	6	37
At December 31, 2009	984	1,359	882	531	3,756
Depreciation	276	272	466	98	1,112
Eliminated on disposals	–	–	(9)	(13)	(22)
Currency translation difference	33	8	18	10	69
At December 31, 2010	1,293	1,639	1,357	626	4,915
Carrying amount:					
At December 31, 2010	9,662	791	2,027	186	12,666
At December 31, 2009	5,540	583	821	191	7,135

The Group has pledged its leasehold buildings with an aggregate carrying amount of approximately US$5,220,000 (2009 : US$1,185,000) to a bank to secure the banking facilities granted to the Group (Note 19).

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December 31, 2010

14 SUBSIDIARIES

	Company 2010	Company 2009
	US$'000	US$'000
Unquoted equity shares, at cost	6,135	6,131
Advances to subsidiaries	18,081	12,445
Deemed investment in subsidiaries arising from financial guarantees given to financial institutions who have granted credit facilities to the subsidiaries [Note 35(b)]	2,650	2,062
	26,866	20,638

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

Details of the Company's subsidiaries at December 31, 2010 and 2009 are as follows:

Name of subsidiaries	Country of incorporation (or registration) and operation	Proportion of ownership interest and voting power held 2010 %	2009 %	Principal activity
Held by the Company				
Richwell Hightech Systems Inc. (1)	British Virgin Islands	68	68	Investment holding
Techcomp Scientific Limited (1)	British Virgin Islands	100	100	Investment holding
Techcomp Instrument Limited (1)	British Virgin Islands	100	100	Investment holding
Regent Lite Pte Ltd (5)	Singapore	100	100	Investment holding
Glory Union Investments Ltd (8) (9)	Hong Kong	100	–	Investment holding
Graceful Sky Investments Limited (8) (9)	Hong Kong	100	–	Investment holding
Sunny Time Investments Ltd (8) (9)	Hong Kong	100	–	Investment holding
Held by Techcomp Scientific Limited				
Bestwit Consultants Ltd (1)	British Virgin Islands	100	100	Distributor and insurer of the Group's analytical and laboratory instruments
Bibby Scientific (Asia) Limited (2)	Hong Kong	100	100	Trading of analytical and laboratory instruments
Techcomp Limited (2)	Hong Kong	100	100	Trading of analytical and laboratory instruments

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14 SUBSIDIARIES (cont'd)

Name of subsidiaries	Country of incorporation (or registration) and operation	Proportion of ownership interest and voting power held		Principal activity
		2010	2009	
		%	%	
Held by Techcomp Scientific Limited (cont'd)				
Techcomp (China) Limited [3]	PRC	100	100	Trading of analytical and laboratory instruments
Techcomp (Guangzhou) Ltd. [4]	PRC	100	100	International entreport and commercial trade and exhibitions (within Free Trade Zone)
Techcomp (Macao Commercial Offshore) Limited [6]	Macau	100	100	Trading of analytical and laboratory instruments
Techcomp (Shanghai) Ltd. [3]	PRC	100	100	International and entreport trade and commercial consulting service (within Free Trade Zone)
Techcomp (Singapore) Pte Ltd [5]	Singapore	100	100	Trading of analytical and laboratory instruments
Techcomp (Tianjin) Ltd [3]	PRC	100	100	International trade, consultancy and sales of clinical analytical instruments and basic medical testing equipment
Tiande (Tianjin) Ltd [3]	PRC	100	100	Trading of analytical and laboratory instruments
Well All Consultants Ltd [1]	British Virgin Islands/ PRC	100	100	Provision of installation and maintenance services
Techcomp India Pvt Ltd [8]	India	100	100	Trading of analytical and laboratory instruments
Aura Scientific Ltd [8] [9]	United Kingdom	100	–	Trading of analytical and laboratory instruments

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14 SUBSIDIARIES (cont'd)

Name of subsidiaries	Country of incorporation (or registration) and operation	Proportion of ownership interest and voting power held		Principal activity
		2010	2009	
		%	%	
Held by Techcomp Instrument Limited				
Dynamica GmbH [7]	Austria	100	70	Trading of analytical and laboratory instruments
Shanghai Techcomp Bio-equipment Limited [3]	PRC	100	100	Manufacturing of analytical and laboratory instruments
Shanghai Techcomp Instrument Ltd. [3]	PRC	100	100	Manufacturing of analytical and laboratory instruments
Cheetah Scientific Limited [9]	Hong Kong	100	–	Inactive
Held by Richwell Hightech Systems Inc.				
Shanghai Sanco Instrument Co. Ltd [3]	PRC	55	55	Manufacturing and trading of analytical and laboratory instruments
Held by Regent Lite Pte Ltd				
HCC SAS [7]	France	100	75	Investment holding
Held by HCC SAS				
Frilabor SRL [7]	Romania	100	75	Manufacturing and trading of analytical and laboratory instruments
Froilabo SAS [7]	France	100	75	Manufacturing and trading of analytical and laboratory instruments
Held by Froilabo SAS				
Craponne Tolerie SARL [7]	France	100	75	Manufacturing of industrial metallurgy

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14 SUBSIDIARIES (cont'd)

Name of subsidiaries	Country of incorporation (or registration) and operation	Proportion of ownership interest and voting power held		Principal activity
		2010	2009	
		%	%	
Held by Glory Union Investments Ltd				
Techcomp Jingke Scientific Instruments (Shanghai) Co. Ltd (3) (9)	PRC	51	–	Manufacturing of analytical and laboratory instruments
Held by Graceful Sky Investments Limited				
Precisa Gravimetrics AG (7) (10)	Switzerland	80	–	Manufacturing of analytical and laboratory instruments
Held by Sunny Time Investments Ltd				
Precisa Real Estate AG (7) (9)	Switzerland	100	–	Property holding

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

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

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

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

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

(6) Audited by Deloitte Touche Tohmatsu, Macau.

(7) Audited by other auditors.

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

(9) Incorporated during the year.

(10) Acquired during the year. Refer Note 33(A).

* These are the auditors who conducted the audits for financial statements of the subsidiaries prepared under IFRS which are included in these financial statements. The statutory financial statements prepared under generally acceptable accounting principles in the PRC are not audited by Deloitte Touche Tohmatsu CPA Ltd., PRC and Deloitte Touche Tohmatsu, Hong Kong.

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15 GOODWILL

	Group
	US$'000
Cost/Carrying amount:	
At January 1, 2009 and December 31, 2009 and December 31, 2010	512

Goodwill acquired in a business combination is allocated, at acquisition, to a cash generating unit (CGU) that is expected to benefit from that business combination. The carrying amount of goodwill is allocated to the subsidiary group, Richwell Hightech Systems Inc. (single CGU).

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

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

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next financial year and extrapolates cash flows for the following five years based on annual growth rates ranging from approximately 3.03% to 9.11% (2009 : 6.7% to 19.2%) per annum.

The rate used to discount the forecast cash flows to net present value is 10% (2009 : 9%).

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

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16 INTANGIBLE ASSETS

	Group		
	Development costs	Technical know-how	Total
	US$'000	US$'000	US$'000
Cost:			
At January 1, 2009	2,642	74	2,716
Additions	576	–	576
Acquisition of subsidiaries [Note 33(B)]	2,194	–	2,194
Currency translation difference	75	–	75
At December 31, 2009	5,487	74	5,561
Additions	1,055	–	1,055
Acquisition of subsidiaries [Note 33(A)]	2,565	–	2,565
Written off	(284)	–	(284)
Currency translation difference	15	–	15
At December 31, 2010	8,838	74	8,912
Amortisation:			
At January 1, 2009	969	74	1,043
Amortisation for the year	623	–	623
Currency translation difference	26	–	26
At December 31, 2009	1,618	74	1,692
Amortisation for the year	1,356	–	1,356
Written off	(223)	–	(223)
Currency translation difference	44	–	44
At December 31, 2010	2,795	74	2,869
Carrying amount:			
At December 31, 2010	6,043	–	6,043
At December 31, 2009	3,869	–	3,869

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$1,356,000 (2009 : US$623,000) has been included in administrative expenses in the consolidated statement of comprehensive income.

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17 AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2010	2009
	US$'000	US$'000
Unquoted equity shares, at cost	40	40
Golf club membership, at cost	494	494
	534	534

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

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

18 DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Company	
	2010	2009	2010	2009
	US$'000	US$'000	US$'000	US$'000
Assets (Current)				
Interest rate swap – fair value gain (Note B)	–	42	–	–
Forward foreign exchange contracts				
– fair value gain (Note C)	–	41	–	–
	–	83	–	–
Assets (Non–current)				
Put option in a jointly controlled entity (Note A)	–	285	–	285
Liabilities (Current)				
Interest rate swap – fair value loss (Note B)	–	30	–	–
Liabilities (Non–current)				
Call option in a jointly controlled entity (Note A)	–	45	–	45

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December 31, 2010

18 DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

Notes:

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

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

The fair value of the put option was determined to be US$285,000 and recorded as a financial derivative asset. The fair value of the call option was determined to be US$45,000 and recorded as a financial derivative liability at December 31, 2009.

The fair values of the put and call options as at December 31, 2009 have been determined on the basis of valuations carried out at the year end date by independent valuers having an appropriate recognised professional qualification. The valuation was carried out using the Binomial Option Pricing Model for option valuation and with the following assumptions:

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

The net of the fair value change of the above options amounting to US$44,000 had been credited as income in profit or loss in December 31, 2009. This was included in other operating income (Note 27).

In current year, the call option was exercised and the Group disposed its entire 50% interest in the jointly controlled entity for a consideration of approximately US$1,033,000.

(B) Interest rate swap

The Group utilised interest rate swap contract to manage its interest rate exposure. The interest rate swap contract had fixed interest payments at an average rate of 3.5% (2009 : 3.5%) per annum and had matured in September 2010.

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

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

	Group	
	2010	2009
	US$'000	US$'000
Interest rate swap contract	–	5,875

Changes in fair value of the above outstanding contract amounting to US$12,000 (2009 : income of US$102,000 credited) has been charged as an expense in profit or loss in December 31, 2010.

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18 DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

(C) Forward foreign exchange contracts

The Group utilised foreign currency forward contracts to purchase Renminbi and Hong Kong dollars to manage its foreign exchange exposures. The foreign currency forward contracts matured in January 2010.

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

	Group	
	2010	2009
	US$'000	US$'000
Forward foreign exchange contracts	–	1,600

Changes in fair value of the above outstanding contracts amounting to US$41,000 (2009 : income of US$46,000 credited) has been charged as an expense in profit or loss in December 31, 2010.

19 BANK BORROWINGS

	Group		
	December 31, 2010	December 31, 2009	January 1, 2009
	US$'000	US$'000	US$'000
Trust receipt loans	11,192	9,800	10,700
Other bank loans	5,981	4,410	5,425
Mortgage loan	4,938	1,449	352
Bank overdrafts	955	238	34
	23,066	15,897	16,511
Secured (Mortgage loan)	4,938	1,449	352
Unsecured	18,128	14,448	16,159
	23,066	15,897	16,511

The borrowings are repayable as follows:

	Group	
	December 31, 2009	January 1, 2009
	US$'000	US$'000
	Previously reported	Previously reported
On demand or within one year (classified as current liabilities)	12,995	13,663
Within the second to fifth year (classified as non-current liabilities)	2,902	2,848
	15,897	16,511

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19 BANK BORROWINGS (cont'd)

	Group		
	December 31, 2010	December 31, 2009	January 1, 2009
	US$'000	US$'000 (Restated)	US$'000 (Restated)
Carrying amount repayable*:			
On demand or within one year (classified as current liabilities)	15,454	12,995	13,663
Within second to fifth years (classified as non-current liabilities)	1,507	651	416
Over five years	2,980	–	–
	19,941	13,646	14,079
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)	3,125	2,251	2,432
	23,066	15,897	16,511
Less: Amounts due within one year shown under current liabilities	(18,579)	(15,246)	(16,095)
Amounts shown under non-current liabilities	4,487	651	416

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

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

	Group		
	December 31, 2010	December 31, 2009	January 1, 2009
	US$'000	US$'000	US$'000
Japanese yen	8,894	5,828	10,299
United States dollars	2,198	6,211	5,348
Euro	326	60	–

The Group's variable-rate borrowings carry interest at various margins above the Hong Kong interbank offer rates or the prime lending rates of the banks. These interest rates are repriced every twelve months (2009 : twelve months). The average effective interest rates paid were as follows:

	Group		
	December 31, 2010	December 31, 2009	January 1, 2009
	%	%	%
Trust receipt loans	3.2	3.0	3.7
Other bank loans	3.1	2.0	3.6
Mortgage loan	2.4	2.7	3.8
Bank overdrafts	6.1	4.2	4.9

The Group has pledged its leasehold buildings with carrying value of US$5,220,000 (2009 : US$1,185,000) (Note 13) to a bank to secure the mortgage loan granted to the Group.

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19 BANK BORROWINGS (cont'd)

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

Bank overdrafts are unsecured and repayable on demand.

20 LIABILITIES FOR TRADE BILLS DISCOUNTED WITH RECOURSE

	Group	
	2010	2009
	US$'000	US$'000
Liabilities for trade bills discounted with recourse (Note 7)	807	113

The Group's liabilities for trade bills discounted with recourse that are not denominated in the functional currencies of the respective companies in the Group are as follows:

	Group	
	2010	2009
	US$'000	US$'000
Japanese yen	44	27
United States dollars	763	85

21 TRADE AND OTHER PAYABLES

	Group	
	2010	2009
	US$'000	US$'000
Trade payables	15,773	13,226
Accruals	2,017	1,011
Customer deposits	2,753	2,082
Other payables	3,376	2,684
	23,919	19,003

The average credit period on purchases of goods ranges from 30 to 60 days (2009 : 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	
	2010	2009
	US$'000	US$'000
Japanese yen	9,325	8,266
United States dollars	3,176	1,411
Euro	425	128
British pound	–	51
Swiss franc	69	–

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22 DEFERRED TAX LIABILITIES

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

Group

	Deferred development costs	Timing differences in tax depreciation	Tax losses	Total
	US$'000	US$'000	US$'000	US$'000
At January 1, 2009	(151)	34	53	(64)
Acquisition of subsidiaries [Note 33(B)]	(56)	–	–	(56)
(Charge) Credit to profit or loss for the year (Note 29)	(17)	20	(53)	(50)
Currency translation difference	(1)	–	–	(1)
At December 31, 2009	(225)	54	–	(171)
Acquisition of subsidiaries [Note 33(A)]	(213)	–	–	(213)
Credit to profit or loss for the year (Note 29)	53	15	–	68
Currency translation difference	(7)	4	–	(3)
At December 31, 2010	(392)	73	–	(319)

The following is the analysis of the deferred tax balances:

	Group	
	2010	2009
	US$'000	US$'000
Deferred tax liabilities	(319)	(171)

Under the Enterprise Income Tax of the PRC, starting from January 1, 2008, all profits earned are subject to withholding tax upon the distribution of such profits to the shareholders. Deferred taxation has not been recognised in respect of the temporary differences attributable to the undistributable retained profits earned by the subsidiaries in Mainland China amounting to US$4,896,000 (2009 : US$2,217,000) as management is of the opinion that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

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23 SHARE-BASED PAYMENT

Equity-settled share option scheme

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

Particulars on share-based payment arrangements are as follows:

Option series	Number ('000)#	Grant date	Expiry date	Exercise price#	Fair value at grant date*
Issued on April 15, 2008	825	April 15, 2008	April 14, 2018	S$0.26	S$0.14 (1) S$0.11 (2)
Issued on March 2, 2009	3,855	March 2, 2009	March 1, 2019	S$0.16	S$0.11 (1) S$0.10 (2)
Issued on May 22, 2009	150	May 22, 2009	May 21, 2019	S$0.16	S$0.11 (1) S$0.10 (2)
Issued on January 11, 2010	10,500	January 11, 2010	January 10, 2020	S$0.23	S$0.16 (1)(2)

* Fair value at grant date is prior to the adjustment of the Bonus Shares issued on May 17, 2010 (Note 24).

(1) Senior management
(2) General management

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

	Group and Company						
Date of grant	Balance at January 1, 2010#	Granted#	Exercised	Cancelled/ Lapsed	Balance at December 31, 2010#	Exercise price per share#	Exercisable period
April 15, 2008	825,000	–	–	–	825,000	S$0.26	April 15, 2009 to April 14, 2018
March 2, 2009	3,855,000	–	–	–	3,855,000	S$0.16	March 2, 2010 to March 1, 2019(Note 1)
May 22, 2009	150,000	–	–	–	150,000	S$0.16	May 22, 2010 to May 21, 2019(Note 1)
January 11, 2010	–	10,500,000	–	–	10,500,000	S$0.23	January 11, 2011 to January 10, 2020 (Note 1)
Total	4,830,000	10,500,000	–	–	15,330,000		

Note:

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

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23 SHARE-BASED PAYMENT (cont'd)

	Group and Company						
Date of grant	Balance at January 1, 2009#	Granted#	Exercised	Cancelled/ Lapsed	Balance at December 31, 2009#	Exercise price per share#	Exercisable period
April 15, 2008	825,000	–	–	–	825,000	S$0.26	April 15, 2009 to April 14, 2018
March 2, 2009	–	3,855,000	–	–	3,855,000	S$0.16	March 2, 2010 to March 1, 2019
May 22, 2009	–	150,000	–	–	150,000	S$0.16	May 22, 2010 to May 21, 2019
Total	825,000	4,005,000	–	–	4,830,000		

\# Adjusted to reflect the Bonus Shares issued on the basis of one bonus share for every two existing ordinary shares on May 17, 2010 (Note 24).

The number of share options exercisable at the end of the year amounted to 2,026,500 (2009: 825,000).

The options outstanding at the end of the year have a weighted average remaining contractual life of approximately 9 years (2009: 9 years).

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

	2010		2009	
	Senior management	General management	Senior management	General management
Weighted average share price on date of grant (Singapore cents)	37	37	26	26
Weighted average exercise price (Singapore cents)	34	34	24	24
Expected volatility	50.00%	50.00%	54.00%	54.00%
Expected life	7.8	7.8	7.97	6.3
Risk free rate	2.66%	2.66%	2.06%	2.06%
Expected dividend yield	3.29%	3.29%	4.62%	4.62%

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

The Group recognised total expenses of US$458,000 (2009 : US$95,000) related to equity-settled share-based payment during the year.

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24 SHARE CAPITAL

	Group and Company			
	2010	2009	2010	2009
	Number of ordinary shares of US$0.05 each		US$'000	US$'000
Authorised	800,000,000	800,000,000	40,000	40,000
Issued and paid up:				
At beginning of the year	155,000,000	155,000,000	7,750	7,750
Bonus shares issued	77,500,000	–	3,875	–
At end of the year	232,500,000	155,000,000	11,625	7,750

On 17 May 2010, 77,500,000 shares (the "Bonus Shares") were issued to its shareholders on the basis of one bonus shares for every two existing ordinary shares in the capital of the Company.

The Bonus Shares issued are rank pari passu in all respects with the existing issued Shares and with each other, except that the Bonus Shares will not be entitled to any dividends declared or paid in respect of the financial year ended December 31, 2009. Following the allotment and issue of Bonus Shares, the aggregate number of issued shares increased from 155,000,000 to 232,500,000.

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

25 RESERVES

		Group and Company	
		2010	2009
		US$'000	US$'000
(a)	Share premium:		
	At beginning of the year	11,974	11,974
	Bonus shares issued (Note 24)	(3,875)	–
	At the end of the year	8,099	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 premium on redemption of shares and debentures of the Company.

		Group and Company
		US$'000
(b)	Contributed surplus:	
	Balances at December 31, 2009 and December 31, 2010	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.

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December 31, 2010

26 REVENUE

	Group	
	2010	2009
	US$'000	US$'000
Sale of analytical instruments, life science equipment and laboratory instruments	127,090	104,781

27 OTHER OPERATING INCOME (EXPENSES)

	Group	
	2010	2009
	US$'000	US$'000
Other operating expenses		
Net loss on disposal of properties, plant and equipment	(2)	(2)
Foreign exchange loss, net	(16)	–
Loss in fair value changes of derivative instruments	(53)	–
	(71)	(2)
Other operating income		
Foreign exchange gain, net	–	566
Maintenance service income	26	62
Interest income on bank deposits	136	117
Sundry income	790	426
Gain on disposal of a jointly controlled entity	653	–
Recovery of inventories written-off	149	–
Gain in fair value changes of derivative financial instruments	–	192
Gain in fair value changes of investments carried at fair value through profit or loss	27	122
	1,781	1,485
Other operating income, net	1,710	1,483

28 FINANCE COSTS

	Group	
	2010	2009
	US$'000	US$'000
Interest on bank overdrafts and loans	565	503

Notes to Financial Statements

December 31, 2010

29 INCOME TAX (EXPENSE) CREDIT

	Group	
	2010	2009
	US$'000	US$'000
Current tax	(661)	(351)
Deferred tax (Note 22)	68	(50)
Overprovision in prior year:		
Current tax	8	56
Income tax expense for the year	(585)	(345)

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

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

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

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

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

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

	Group	
	2010	2009
	US$'000	US$'000
Profit before income tax	10,800	7,829
Income tax expense at the statutory tax rates of relevant jurisdictions	(254)	(356)
Non-taxable items	1	1
Non-deductible items	(171)	(97)
Overprovision in prior year	8	56
Utilisation of tax benefits previously not recognised	147	233
Deferred tax benefit not recognised	(291)	(163)
Others	(25)	(19)
Total income tax expense	(585)	(345)

Notes to Financial Statements

December 31, 2010

29 INCOME TAX (EXPENSE) CREDIT (cont'd)

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

	Group	
	2010	2009
	US$'000	US$'000
Amount at beginning of the year	1,823	2,061
Amount in the current year	1,646	716
Amount utilised in the current year	(638)	(954)
Amount at end of the year	2,831	1,823
Deferred tax benefit on above not recognised	765	621

At the end of the reporting period, the Group has unutilised tax losses of US$2,831,000 (2009 : US$1,823,000) 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$1,453,000 (2009 : US$1,381,000) which will expire over the period from 2011 to 2015 (2009 : 2010 to 2014) and US$543,000 (2009: US$Nil) which will expire over the period from 2011 to 2018 (2009: Nil). Other losses can be carried forward indefinitely.

30 PROFIT FOR THE YEAR

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

	Group	
	2010	2009
	US$'000	US$'000
Directors' remuneration	458	345
Employee benefits expense (including directors' remuneration)	15,758	9,118
Share based payments	458	95
Cost of defined contribution plans included in employee benefits expense	1,670	1,172
Costs of inventories recognised as expense	85,762	74,918
Amortisation of intangible assets (1)	1,356	623
Depreciation of properties, plant and equipment	1,112	878
Directors' fee	117	117
Net foreign exchange loss (gain)	16	(566)
Net loss on disposal of properties, plant and equipment	2	2
Audit fees paid to:		
- Auditors of the Company	55	55
- Other auditors	365	322
Non-audit fees paid to:		
- Auditors of the Company	2	2
- Other auditors	82	26
Research costs	449	419
Intangible assets written off	61	–
Allowance for doubtful debts	486	425
Loss (Gain) in fair value changes of derivative financial instruments	53	(192)
Gain in fair value changes of investments carried at fair value through profit or loss	(27)	(122)

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

Notes to Financial Statements

December 31, 2010

31 DIVIDENDS

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

In 2010, the Company declared and paid a final dividend of S$0.012 (US$0.0088) per ordinary share totaling US$1,371,000 out of accumulated profits in respect of the financial year ended December 31, 2009 prior to the bonus shares issued on May 17, 2010.

In respect of the current financial year, the directors propose that a final dividend of S$0.01 (US$0.0078) 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, 2010, the total dividend to be paid is approximately US$1,814,000.

32 EARNINGS PER SHARE

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

	Group	
	2010	2009
	US$'000	US$'000
Profit for the year attributable to owners of the Company	10,504	7,370
	Number of shares	
	'000	
Weighted average number of ordinary shares for the purpose of basic earnings per share	232,500	232,500#

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

	Group	
	2010	2009
	US$'000	US$'000
Profit for the year attributable to owners of the Company	10,504	7,370
	Number of shares	
	'000	
Weighted average number of ordinary shares for the purpose of diluted earnings per share	239,088	233,089#

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

\# Adjusted to reflect the Bonus Shares issued on the basis of one bonus share for every two existing ordinary shares on May 17, 2010 (Note 24).

Notes to Financial Statements

December 31, 2010

33 ACQUISITION OF SUBSIDIARIES

Note A

On February 11, 2010, the Group entered into a Sale and Purchase agreement for the acquisition of 80% of the issued capital of Precisa Gravimetrics AG ("Precisa") and 80% of the shareholders' loan for a total purchase consideration of approximately CHF3,510,000 (US$3,307,000). Precisa was acquired so as to continue the expansion of the Group's manufacturing operation.

Consideration transferred

	US$'000
Cash	3,307

Acquisition-related costs have been excluded from the consideration transferred. The costs were insignificant and have been recognised as an expense in the period, within the administrative expenses in the consolidated statement of comprehensive income.

Assets acquired and liabilities assumed at the date of acquisition

	US$'000
Property, plant and equipment	600
Intangible assets	2,565
Cash and bank balances	363
Trade and other receivables	1,040
Inventories	2,468
Trade and other payables	(1,877)
Bank borrowings	(464)
Loan from non-controlling interest	(1,174)
Deferred tax liabilities	(213)
Net assets acquired and liabilities assumed	3,308

The fair value of receivables acquired, which principally comprised trade receivables, prepayments and other receivables approximated the gross contractual amounts. There are no contractual cash flows not expected to be collected.

The non-controlling interest (20%) in Precisa recognised at the acquisition date was measured at their share of the fair value of the identifiable net assets acquired and amounted to US$1,000.

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

Net cash outflow on acquisition

	US$'000
Cash consideration	(3,307)
Cash and bank balances acquired	363
Net cash outflow from acquisition of a subsidiary	(2,944)

Impact of acquisition on the results of the Group

In 2010, Precisa contributed US$8,087,000 to revenue and loss of US$968,000 to the Group's profit before tax for the period between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on January 1, 2010, total Group revenue for the year would have been US$127,931,000 and the profit for the year would have been US$9,690,000.

Notes to Financial Statements

December 31, 2010

33 ACQUISITION OF SUBSIDIARIES (cont'd)

Note B

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

Consideration transferred

	US$'000
Cash	3,002

Acquisition-related costs have been excluded from the cost of acquisition. The costs were insignificant and have been recognised as an expense in the period, within the administrative expenses in the consolidated statement of comprehensive income.

Assets acquired and liabilities assumed at the date of acquisition

	US$'000
Property, plant and equipment	443
Intangible assets	2,194
Cash and bank balances	354
Trade and other receivables	2,011
Inventories	2,795
Trade and other payables	(2,289)
Bank borrowings	(1,449)
Deferred tax liabilities	(56)
Net assets acquired and liabilities assumed	4,003

The fair value of receivables acquired, which principally comprised trade receivables, prepayments and other receivables approximated the gross contractual amounts. There are no contractual cash flows not expected to be collected.

The non-controlling interest (25%) in HCC Group recognised at the acquisition date was measured at their share of the fair value of the identifiable net assets acquired and amounted to US$1,001,000.

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

Net cash outflow on acquisition

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

Impact of acquisition on the results of the Group

In 2009, HCC Group contributed US$4,277,000 to revenue and US$471,000 to the Group's profit before tax for the period between the date of acquisition and the end of the reporting period.

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

Notes to Financial Statements

December 31, 2010

34 OPERATING LEASE ARRANGEMENTS

The Group as lessee

	Group	
	2010	2009
	US$'000	US$'000
Minimum lease payments under operating leases recognised as an expense in the year	922	634

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

	Group	
	2010	2009
	US$'000	US$'000
Within one year	1,095	646
In the second to fifth year inclusive	2,159	1,134
After five years	1,079	–
	4,333	1,780

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 1 to 8 years (2009: 1 to 4 years).

Company

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

35 CONTINGENT LIABILITIES

(a) Group

At December 31, 2010 and December 31, 2009, the Group has no contingent liabilities.

(b) Company

The Company provided corporate guarantees of US$68,190,000 (2009 : US$55,531,000) 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 14) given without any fees charged by the Company to the subsidiaries, management has taken into account the fact that credit facilities covered by the corporate guarantees are substantially more than the amounts required by the Group and have therefore used an estimate of the maximum credit lines required by the Group as a basis for determining the deemed investment in subsidiaries arising from the corporate guarantees.

Notes to Financial Statements

December 31, 2010

36 SEGMENT INFORMATION

Segment revenue and expense: Segment revenue and expense are the operating revenue and expense reported in the Group's statement of comprehensive income that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment.

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

Products and services from which reportable segments derive their revenues

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

Principal activities of each reportable segment are as follows:

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

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

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

Segment revenues and results

	Distribution US$'000	Manufacturing US$'000	Total US$'000
2010			
Revenue	87,337	39,753	127,090
Results			
Segment result	6,797	3,513	10,310
Unallocated results			490
Profit before income tax			10,800
Income tax expense			(585)
Profit for the year			10,215
2009			
Revenue	84,884	19,897	104,781
Results			
Segment result	3,945	3,639	7,584
Unallocated results			245
Profit before income tax			7,829
Income tax expense			(345)
Profit for the year			7,484

Notes to Financial Statements

December 31, 2010

36 SEGMENT INFORMATION (cont'd)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment without allocation of share of results of joint venture and associate, fair value gain or loss on derivative financial instruments and investments carried at fair value through profit or loss and income tax expense. There are no reconciling items for revenue. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets, liabilities and other information

	Distribution US$'000	Manufacturing US$'000	Total US$'000
2010			
ASSETS			
Segment assets	59,845	44,326	104,171
Unallocated assets			3,237
Consolidated assets			107,408
LIABILITIES			
Segment liabilities	33,973	13,820	47,793
Unallocated liabilities			2,084
Consolidated total liabilities			49,877
OTHER INFORMATION			
Capital expenditure	113	6,521	6,634
Depreciation and amortisation	176	2,292	2,468
Finance costs	507	58	565
Interest income	(74)	(62)	(136)
2009			
ASSETS			
Segment assets	52,548	26,292	78,840
Unallocated assets			2,978
Consolidated assets			81,818
LIABILITIES			
Segment liabilities	29,055	5,958	35,013
Unallocated liabilities			918
Consolidated total liabilities			35,931
OTHER INFORMATION			
Capital expenditure	109	666	775
Depreciation and amortisation	283	1,218	1,501
Finance costs	477	26	503
Interest income	(105)	(12)	(117)

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible and financial assets attributable to each segment.

Notes to Financial Statements

December 31, 2010

36 SEGMENT INFORMATION (cont'd)

All assets are allocated to reportable segments other than investments carried at fair value through profit or loss (Note 9), investments in joint venture (Note 12) and associate (Note 10), available-for-sale investments (Note 17), derivative financial instruments (Note 18) and income tax assets. Goodwill has been allocated to reportable segment based on the subsidiary's operating division which is the manufacturing division of Richwell Hightech Systems Inc. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

All liabilities are allocated to reportable segments other than income tax and deferred tax liabilities, amount due to a jointly controlled entity (Note 12), amount due to non-controlling interests (Note 11) and derivative financial instruments (Note 18).

Geographical information

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

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

	Group	
	2010	2009
	US$'000	US$'000
PRC (excluding Hong Kong and Macau)	91,878	81,199
Hong Kong and Macau	1,896	2,433
Indonesia	2,969	2,007
India	5,728	4,971
France	8,655	4,277
Switzerland	6,075	–
Others (1)	9,889	9,894
Total	127,090	104,781

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

	Group Non-current assets	
	2010	2009
	US$'000	US$'000
PRC (excluding Hong Kong and Macau)	7,861	7,043
Hong Kong	1,337	1,396
France	2,034	2,288
Switzerland	7,436	–
Others (2)	1,207	919
Total	19,875	11,646

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

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

Information about major customers

There is no single external customer contributing over 10% of the total sales of the Group for 2010 and 2009.

Statistics of Shareholdings

March 9, 2011

Shareholdings Statistics as at 9 March 2011

Issued and fully paid-up	-	US$11,625,000
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	23	2.77	11,000	0.00
1,000 - 10,000	331	39.83	1,604,500	0.69
10,001 - 1,000,000	458	55.11	27,942,750	12.02
1,000,001 and above	19	2.29	202,941,750	87.29
	831	100.00	232,500,000	100.00

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	Lo Yat Keung	99,958,500	42.99
2	Raffles Nominees (Pte) Ltd	23,442,000	10.08
3	Xu Guoping	9,870,000	4.25
4	Chan Wai Shing	9,720,000	4.18
5	DBS Nominees Pte Ltd	9,637,500	4.15
6	HSBC (Singapore) Nominees Pte Ltd	9,540,000	4.10
7	Yung Yat	7,500,000	3.23
8	DBS Vickers Securities (S) Pte Ltd	5,993,250	2.58
9	BNP Paribas Nominees Singapore Pte Ltd	5,910,000	2.54
10	DMG & Partners Securities Pte Ltd	5,579,000	2.40
11	Wang Meng	3,000,000	1.29
12	Kim Eng Securities Pte. Ltd.	2,315,500	1.00
13	Morgan Stanley Asia (S) Securities Pte Ltd	2,025,000	0.87
14	Dominic Richard Pemberton	1,950,000	0.84
15	Xia Yisheng	1,500,000	0.65
16	DB Nominees (S) Pte Ltd	1,409,000	0.61
17	OCBC Securities Private Ltd	1,306,500	0.56
18	Beng Hui Holding (S) Pte Ltd	1,200,000	0.52
19	Phillip Securities Pte Ltd	1,085,500	0.47
20	Wong Suei Horng	969,000	0.42
		203,910,750	87.73

Shareholdings Held in Hands of Public

Based on information available to the Company as at 9 March 2011, 33.18% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

Statistics of Shareholdings

March 9, 2011

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Direct Interest No. of Shares	Direct Interest % of total issued shares	Deemed Interest No. of Shares	Deemed Interest % of total issued shares
Lo Yat Keung	104,956,500 [1]	45.14	7,500,000 [2]	3.23
Kabouter Management, LLC	–	–	23,010,000 [3]	9.90

[1] Direct interest includes 1,860,000 shares and 3,138,000 shares held through BNP Paribas Nominees Singapore Pte Ltd and HSBC (Singapore) Nominees Pte Ltd respectively.

[2] Mr Lo Yat Keung, our President, is deemed to be interested in the shares held by his spouse, Ms Yung Yat, who has an interest in 7,500,000 shares.

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

Notice of Annual General Meeting

TECHCOMP (HOLDINGS) LIMITED

(Incorporated in Bermuda)
Company Registration No. 34778

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting of the Company will be held at Meeting Room 312, Level 3, Suntec Singapore International Convention & Exhibition Centre on 29 April 2011 at 10.00 a.m. to transact the following business:-

Ordinary Business

1. To receive and adopt the directors' report and audited accounts for the financial year ended 31 December 2010 together with the auditors' report thereon.

2. To declare a first and final dividend of S$0.01 per share for the financial year ended 31 December 2010.

3. To approve directors' fees of US$117,000 for the financial year ended 31 December 2010 (2009: US$117,000/-).

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 LLP as auditors of the Company and to authorise the directors to fix their remuneration.

Special Business

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

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

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

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

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

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

provided that:

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

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

Notice of Annual General Meeting

(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,
6 April 2011

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.

Notice of Annual General 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 11 May 2011 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 10 May 2011 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 10 May 2011 will be entitled to the dividend.

The dividend, if approved at the Company's Annual General Meeting to be held on 29 April 2011, will be paid on 24 May 2011.

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TECHCOMP (HOLDINGS) LIMITED

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

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