天美 TECHCOMP

TECHCOMP (HOLDINGS) LIMITED

Annual Report **2008**

to Share Our Vision

23.1%

Increase in Revenue

FY 2008

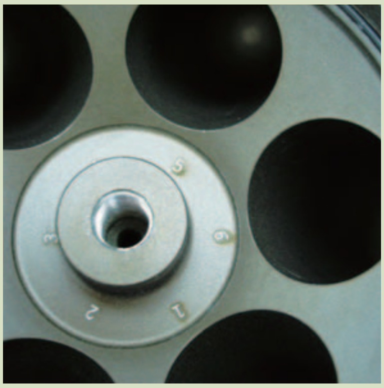
Contents


Temperature Setting
Parameters
Setting
Actual
200
200
250
250
250
250
GC 7900

Research

Corporate *Profile*

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

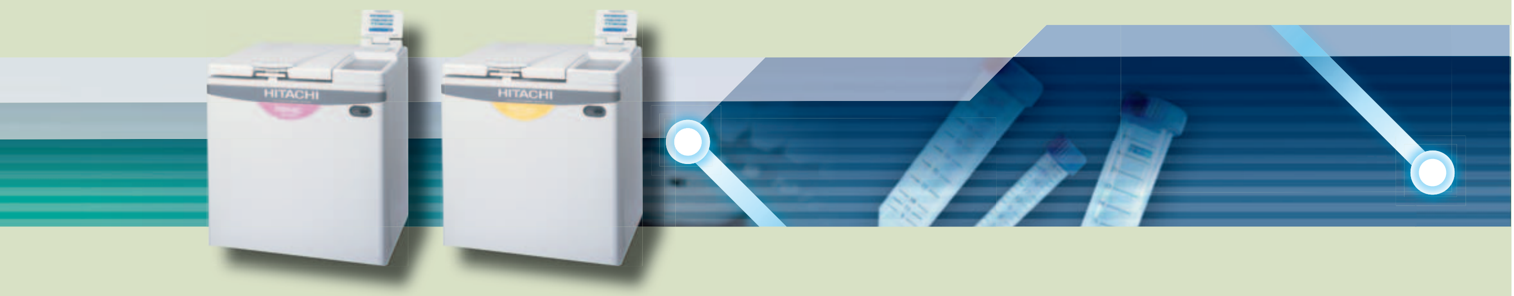


MANUFACTURING

- Designs, manufactures, sells and services UV-Vis spectrophotometers, gas chromatographs, ion chromatographs, atomic absorption spectrophotometers and centrifuges for a broad range of chemical analysis and life science applications
- Develops and manufactures various instruments under house brand "Techcomp"
- Develops and manufactures analytical and life science instruments for other companies on original design manufacture ("ODM"), original equipment manufacture ("OEM") and private label basis
- Manufacturing facility in Shanghai
- Various technological partnerships and alliances with well established manufacturers to develop scientific equipment
- Dedicated Research and Development ("R&D") team
- Contributed 16.8% of revenue and 70.1% of profit before tax in FY2008

DISTRIBUTION

- Distributes and services analytical instruments, life science equipment and laboratory instruments
- Exclusive distributorship agreements with leading scientific instrument companies
- Strong distribution presence through Hong Kong, Singapore and 15 liaison offices in the PRC and one liasion office in India. Product is also distributed via our distribution network to South East Asia, South Asia, Australia and Middle East region
- Able to provide integrated solutions and turnkey laboratories to customers due to its strong technical capabilities as well as extensive product range
- Contributed 83.2% of revenue and accounted for 29.9% of profit before tax in FY2008



Message to Shareholders

Dear Shareholders,

2008 was a year of mixed feelings for me. We were looking forward to showing our shareholders a sterling set of results with the overall demand for scientific equipment remaining strong. Whilst we outpaced industry growth with a revenue growth of 23.1% to US$81.0 million in FY2008, unfortunately our bottom line was badly affected by the abrupt forex fluctuation in the second half year and this brought our net profit down 48.8% to US$3.1 million compared to the previous year.

This forex fluctuation resulted in higher purchase costs and also forex losses incurred in the second half of the year, when the majority of our business takes place. This year we were caught out by volatility in the exchange rate for JPY/USD. Our distribution business, which accounted for 83.2% of our total revenue, purchases many of its products in JPY and sells them in USD. With JPY appreciating more than 15% against the USD in the second half of 2008, we were adversely affected on two fronts. Firstly our gross margins were squeezed and secondly forex losses of US$1.6 million dollars were incurred as our JPY payables appreciated in value.

We recognize that our hedging strategy was imperfect and for that I am deeply apologetic to our shareholders. To rectify this, we have taken specific measures to remedy the hedging issue and will do our best to minimize the impact from currency exchange in the future. In addition we have also taken other measures including the transference of additional costs to customers and negotiating with our suppliers to share the foreign exchange impact in order to protect the Group's profit margin.

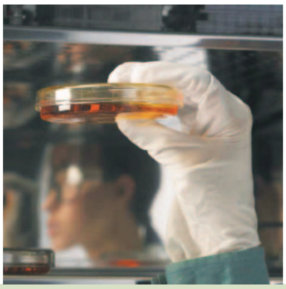
Improved Cost Control

The Group has done well in terms of cost control, considering that inflation in China was still very high in the first half of the year and there was a 5-6% appreciation in the RMB which was one of the major currencies which our expenses are denominated in. Whilst distribution expenses grew 30.7% year on year, most of the increase was attributed to the increase in rates of freight charges. We have changed our billing to customers in the 4Q2008 to reflect the current rate of freight charges. Excluding the impact of the increase in freight charges, the increase in distribution expenses was in line with our business growth. As such I am confident that these expenses will be under proper control in 2009.

Our stringent control over administration expenses kept this expense from growing beyond 18.1%, which was 5.0% lower than the revenue growth. This improvement was one of the key goals that we set out to achieve for 2008 and we are pleased that each staff is producing more revenue per dollar.

Resilient Business

In 2008, despite the economic downturn, demand for our products continued to grow. Our diversified customer base makes the Group resilient to the recession. Whilst some of our customers in the private sectors have been adversely affected, those in the government funded sectors have more than compensated for this. Orders have remained strong from our customers in the education, research, healthcare, environmental and agriculture sectors.



We anticipate that the market demand in China will remain strong for our products in 2009, especially with the increase in government spending. In FY 2008, we have completed the acquisition of a company in China with complimentary products to Techcomp. It will give the Group access to a wider range of products and a larger customer base. China is the leading manufacturer for many of the world's products and there is intense international and domestic pressure for China to conform to international safety standards resulting in much demand for a wide range of analytical instrumentation. We believe the Group will benefit from this trend in demand.

The Next Phase

Whilst China's demand for scientific equipment will continue to drive our growth for the next 3 to 5 years, we recognize that we have to expand into overseas markets to sustain our growth rate beyond that time horizon. In the past, we have successfully expanded into India and this year we have enjoyed some success in Indonesia with sales increasing 23.7% to US$1.3 million in FY2008. We have now taken steps to extend our operations to Europe to tap the significant market demand there.

Going forward, we will continue to look for new business acquisitions to boost our future growth. We will take great care to ensure that any acquisition will be beneficial to the shareholders. Some of the basic criteria we consider are: Firstly the target company should be able to add on or complement our core products and services. Secondly, the company should have synergy with our existing business. And thirdly, the company should be affordable for us to acquire a meaningful stake without compromising Techcomp's healthy balance sheet and profitability.

Acknowledgements

As I have earlier stated, 2008 was a year of great uncertainty and surprises. We have learnt at a cost to us from not having taken adequate precautionary measures to minimize our exposure to foreign exchange risks. Nevertheless, the industry outlook remains positive, the company is fundamentally sound and we are cautiously optimistic of the future.

Despite our net profit declining by 48.8%, the Board of Directors are of the view that it is important to reward shareholders. As such, for FY2008, we have recommended to maintain our first and final dividend to be the same as that of FY2007's amount of Singapore 1.2 cents per share, thus increasing our dividend payout ratio from 22.8% for FY2007 to 39.8% for FY2008.

I would like to take this opportunity to express my sincere appreciation to our shareholders, customers, business partners, financial advisors, professionals and bankers for their unwavering support through the years.

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

Mr Lo Yat Keung
President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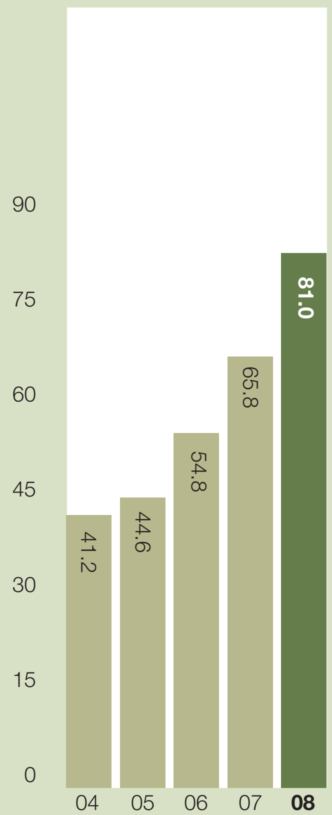
Financial *Highlights*

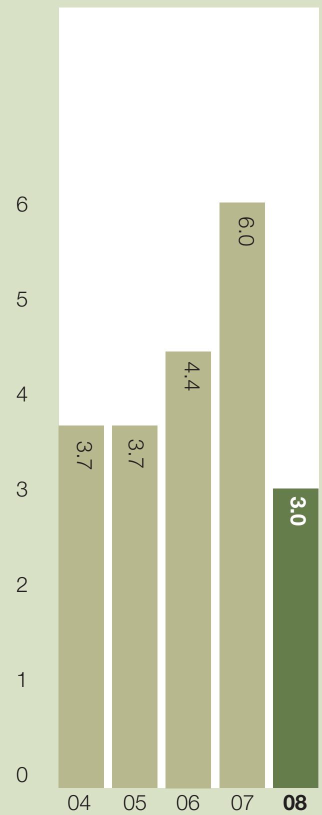
Summarised Profit & Loss Statement

	FY2008 US$('000)	FY2007 US$('000)	FY2006 US$('000)	FY2005 US$('000)	FY2004 US$('000)
Revenue	**81,029**	65,819	54,842	44,617	41,917
Gross Profit	**24,182**	22,154	18,486	14,949	13,007
Profit before tax	**2,961**	6,383	4,928	4,066	4,081
Profit after tax	**3,079**	6,011	4,350	3,687	3,667
Earnings per share (US cents)	**1.99**	4.30	3.22	2.73	3.15

Group Revenue
(US$ million)



Net Profit
(US$ million)



Results

Financial and *Operations Review*

The Group's revenue for the financial year ended December 31, 2008 increased 23.1% to US$81.0 million with all of our operations recording an improvement in sales. Like the previous year, this was mainly attributed to our continued growth in China and other Asian markets. Our China contribution, which accounts for 83.0% of the revenue, grew 24.4% to reach US$67.3 million. In addition, our venture into the Indonesian market continues to be successful with Indonesian sales increasing 23.7% to US$1.4 million.

Gross profit increased by 9.2% to US$24.2 million and is attributable to the revenue growth. The gross margin decreased to 29.8% in FY2008 from 33.7% in FY2007 largely due to the appreciation of the Japanese Yen and Renminbi, as a significant portion of our purchases are denominated in these currencies.

The Group registered other operating expenses of US$1.1 million for FY2008 as opposed to a US$0.6 million income in FY2007. Included in other operating expenses in FY2008, there were net foreign exchange losses of US$1.6 million and change in fair value of investments of US$0.3 million. In FY2007 however, there was also a foreign exchange loss of US$0.2 million but that was offset by a gain of US$0.7 million arising from the disposal of properties, plant and equipment.

Distribution expenses increased by 30.7% to US$9.5 million in FY2008, outpacing our growth. The significant increase was mainly due to the increase in rates of freight and transportation charges. We have since rectified the problem in 4Q2008 by changing our billing system to include any fluctuations in delivery charges. Excluding the impact of the increase in freight charges, the increase in distribution expenses was in line with our business growth.

With our prudent measures, administrative expenses were contained for FY2008, and increased at a slower rate than our sales growth. Administrative expenses increased by 18.1% to US$10.1 million as opposed to US$8.6 million in FY2007. Financial expenses decreased by 5.4% to US$0.5 million in FY2008. This was mainly due to the lower average interest rate of bank borrowings during the year, which was partially offset by the interest charges on the new bank loans of US$5.0 million raised in the 2H2008. For tax expenses, there was a tax credit of US$47,000 in FY2008 due to the over-provision of tax in prior years amounting to US$60,000 and the recognition of deferred tax benefit arising from the tax losses carries forward.

Financial and Operations Review

Properties, plant and equipment decreased by 4.9% to US$7.3 million in FY2008 due to the depreciation charges of US$0.8 million which was partially offset by the addition of US$0.3 million of properties, plant and equipment made during the year.

Intangible assets increased by 27.8% to US1.7 million in FY2008 due to capitalization of development costs incurred for the new manufactured products during the year. In FY2008, there was goodwill of US$0.5 million arising from the acquisition of a company that become a partly owned subsidiary during the year.

Trade and other receivables increased by 13.5% to US$30.1 million in FY2008. This is mainly attributable to our revenue growth. Inventory increased by 36.5% to US$14.4 million in FY2008 to meet delivery requirements of our increased orders received toward the end of FY2008. Trade and other payable increased by 26.5% to US$16.1 million in FY2008 due to our increase in revenue and a significant portion of our purchases was made in the last quarter of the year.

The net increase in cash and cash equivalents amounted to US$8.8 million due to the net proceeds from bank borrowings of US$11.3 million and cash generated from operation of US$1.4 million, which was partially offset by the net cash used in investing activities of US$2.0 million and dividend paid of US$1.4 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 our products to complement our manufactured products.

For FY2008, our distribution business continues to contribute the lion's share of the Group, making up 83.1% or US$67.4 million. Revenue for this segment increased 23.2% due to our continued progress in China and other Asian countries. Unfortunately, the results declined 76.4% to $0.9 million in FY2008 mainly due the appreciation of the Japanese Yen and Renminbi. Going forward the Group has taken steps to hedge against currency fluctuations and incorporate these fluctuations into our billing charges.

Manufacturing Business

With China expected to increase spending for scientific equipment to enhance quality control and safety standards, our manufacturing division remains a key growth engine and profit centre for the Group. In FY2008, revenue for the manufacturing division increased 22.8% to US$13.6 million. Whilst contribution from the private sector decreased, there has been an increase in spending by the government-backed industries. Sectors like, education, agriculture, healthcare, food safety and environmental all contributed more.

In FY 2008, we have completed the acquisition of a company in China which is engaged in the manufacturing of analytical and medical products that are complimentary to the Group's existing product mix.

We also formed a 50-50 joint venture with Bibby Scientific Limited ("Bibby"), a UK-based company, to manufacture a range of Bibby's products in our Shanghai facility, we also set up an operation to distribute other Bibby's products in Asia, and entered into an arrangement under which Bibby would market the Group's products through its distribution channels in Europe.

Results for manufacturing business decreased 24.5% to US$2.1 million mainly due to a gain on disposal of properties, plant and equipment of US$0.7 million in FY2007 and no such income was recognized in FY2008.

Looking ahead, the Group anticipates securing more ODM, OEM and private label contracts in FY2009. The Group will continue to explore business acquisition targets and manufacturing initiatives that will serve as key growth drivers for the Group's business.

Board of Directors and Key Management

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 May 28 2004. He was a senior partner of an international accounting firm in Singapore until his retirement in 1999. During his 39 years of service with the firm, Mr. Ho had served as Audit and Client Services partner, Head of Audit Services, Head of Administration, and Technical partner.

Mr. Ho is currently an associate of the firm as well as a director of his own private consultancy company in Singapore. He also serves as an independent director of another company listed on SGX.

Mr. Ho obtained his accountancy qualification from the Institute Of Chartered Accountants In England And Wales in 1969 and the Association of Chartered Certified Accountants in 1966. He is a fellow member of both the English accountancy bodies and a member of the Institute Of Certified Public Accountants Of Singapore and the Singapore Institute Of Directors.

MR. SEAH KOK KHONG, MANFRED

was appointed to the Board on February 14 2007. Mr. Seah has more than 15 years of investment banking and direct investments experience in Asia. He is presently a General Partner at WhiteRock Partners, and concurrently serves as EVP, Chief Operating Officer of WhiteRock Medical Company Pte Ltd.

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) 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 May 28 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 Executive Officers

MR. BIAN ZHENGYU
is our vice president of manufacturing business of our Group. Mr. Bian joined Techcomp in Shanghai in 1995 and served as technical support in Hong Kong for two years. In 1998, 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 change of customer service. He assumed his present position in 2008. Mr. Bian obtained a Bachelor of Micro-electronis Sceience from Shanghai Jiaotong University in 1993 and a Master degree for MBA course in Fudan University in 2002.

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

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

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

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

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

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

Report on Corporate Governance

The Board of Directors ("Board") continues to be committed to high standards of corporate governance to advance its mission to create value for the Company's shareholders. This report sets out the corporate governance practices that are in place during the year, with reference to the principles of the Code of Corporate Governance (the "Code"), as well as any deviation from any guideline of the Code together with an explanation for such deviation.

Board Matters

Principle 1: Effective Board to Lead and Control the Company

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 control, and assumes responsibility for corporate governance. The company's Bye-Laws provide for participation at meetings via telephone and other electronic means.

The Board has formed three committees namely, an Audit Committee, 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, 2008 were as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of meetings held	3	4	1	1
		No. of meeting attended		
Lo Yat Keung	2	–	–	–
Chan Wai Shing	3	–	–	–
Xu Guoping	3	–	–	–
Ho Yew Yuen	3	4	1	1
Seah Kok Khong *(Manfred)*	3	4	1	1
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 pages 11 to 12 of this Annual Report.

Report on Corporate Governance

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

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

Nominating Committee

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

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

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

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

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

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

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

Under the company's Bye-Laws, at least one third of the company's directors are required to retire from office by rotation and they are eligible for re-election at the company's Annual General Meeting. Thus, each director must retire from office at least once every three years. In addition, a newly appointed director must retire and submit himself for re-election at the forthcoming Annual General Meeting after his appointment pursuant to Bye-Law 107 of the Bye-Laws of the company.

The NC had recommended the re-nomination of Mr Chan Wai Shing and Mr Teng Cheong Kwee 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 quarterly reports 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 Remuneration Committee ("RC") as at the date of this report comprises the following members, all of whom are independent directors:–

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

The RC is responsible for recommending to the Board a framework for the remuneration of directors and key executives. The review covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and other benefits. The RC also oversees the administration of the Company's Employee Share Option Scheme. 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, 2008 is as follows:

Remuneration band	Salary %	Fees %	Bonus %	Other Benefits %	Total %
Less than S$250,000					
Lo Yat Keung	67	–	33	–	100
Chan Wai Shing	73	–	27	–	100
Xu Guoping	70	–	30	–	100
Ho Yew Yuen	–	100	–	–	100
Teng Cheong Kwee	–	100	–	–	100
Seah Koh Kong (Manfred)	–	100	–	–	100

The Company does not have any employees who are immediate family members of a director or the Chief Executive Officer whose remuneration exceeds S$150,000 in the financial year ended December 31, 2008.

Report on Corporate Governance

The summary of 5 highest-paid employees' remuneration for the financial year ended December 31, 2008 is as follows:

Remuneration band	Salary %	Fees %	Bonus %	Other Benefits %	Total %
Less than S$250,000					
Li Hong, Don	87	–	13	–	100
Sin Sheung Nam Gilbert	82	–	12	6	100
Tse Po Wah	80	–	13	7	100
Wang Meng	69	–	27	4	100
Xia Yisheng	72	–	24	4	100

\# The salary percentage shown is inclusive of pension costs.

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

Accountability and Audit

Principle 10: Accountability and Audit

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

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

Audit Committee

Principle 11: Audit Committee

The Audit Committee ("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, 2008, and is satisfied that such services would not, in the AC's opinion, affect the independence of Deloitte & Touche LLP as the company's external auditors. The AC has recommended to the Board that Deloitte & Touche LLP be nominated for reappointment as external auditors of the company at the forthcoming Annual General Meeting.

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

In order to provide avenue for employees to raise concerns about misconducts in the Company and at the same time assure them that they will be protected from victimization for whistle blowing in good faith, the Company is formulating whistle blowing policy. Such policy will be disseminated to staff and they will be advised that no staff will be intimidated or restrained from reporting any impropriety to the AC Chairman. Also, the identity of complainant will be kept confidential unless required by law to be revealed or the identity of the complainant is already publicly known or the Board is of the view that it will be in the best interests of the Group to disclose the identity. Details of the whistle blowing policy and contact details of the AC will be circulated to all employees in the foreseeable future.

Internal Controls

Principle 12: Internal Controls

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

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

Internal audit

Principle 13: Internal audit

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

Communication with Shareholders

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

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

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

Report on Corporate Governance

Dealing in Company's Securities

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

Interested person transactions

During the financial year ended December 31, 2008, there were no interested party transactions. When a potential conflict of interest arises, the director concerned does not participate in discussions and refrains from exercising any influence over other members of the Board.

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

Material Contracts

There are no material contracts of the Company or its subsidiaries involving the interest of any director or controlling shareholder subsisting at the end of the financial year ended December 31, 2008.

Risk Management

The Company does not have a Risk Management Committee. However, the management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Group's policies and strategies. The financial risk management objectives and policies are outlined in the financial statements.

Status Report on use of proceeds from additional placement of shares

During the financial year ended December 31, 2007, the Group successfully raised approximately US$8 million from its additional placement of 20 million new ordinary shares at US$0.4 (S$0.6) per share. Out of the total net proceeds of US$7.7 million (after deducting share issue expenses of US$0.3 million), US$4 million was used for working capital purposes in 2007. Approximately US$1 million was used for acquisitions and new investments during the financial year ended December 31, 2008.

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

Report of the Directors

The directors present their report together with the audited consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company for the financial year ended December 31, 2008.

1 Directors

The directors of the Company in office during the year and 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**
Techcomp (Holdings) Limited	**Ordinary shares of US$0.05 each**	
Lo Yat Keung		
– direct	67,431,000	69,171,000
– deemed	5,000,000	5,000,000
Chan Wai Shing – direct	6,480,000	6,480,000
Xu Guoping – direct	6,580,000	6,580,000
Ho Yew Yuen – direct	200,000	200,000

The directors' interests in the shares of the Company at January 21, 2009 were the same at December 31, 2008.

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 ("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 total number of issued shares in the capital of the Company. The options that are granted under the Scheme may have exercise prices that are set at a price equal to the average of the last dealt prices for the shares determined by reference to the daily official list or other publication published by Singapore Exchange Securities Trading Limited for a period of five consecutive market days immediately preceding the relevant date of grant of such options or at a discount to the above-mentioned price (subject to a maximum discount of 20%).

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

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

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

(b) **Unissued shares under options exercised**

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

Date of grant	Balance at January 1, 2008	Granted	Exercised	Cancelled/ Lapsed	Balance at December 31, 2008	Exercise price per share	Exercisable period
April 15, 2008	–	550,000	–	–	550,000	S$0.37	April 15,2009 to April 14, 2018
Total	–	550,000	–	–	550,000		

In respect of options granted to employees of related corporations, a total of 550,000 options (2007: nil) were granted during the financial year, making it a total of 550,000 options (2007: nil) 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 this scheme.

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

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 Group's financial and operating results and accounting policies;

b) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company before their submission to the directors of the Company and the external auditors' report on those financial statements;

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

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

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

Report of the Directors

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

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

7 Auditors

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

ON BEHALF OF THE DIRECTORS

Lo Yat Keung

Chan Wai Shing

March 27, 2009

Independent Auditors' Report

TO THE MEMBERS OF TECHCOMP (HOLDINGS) LIMITED

We have audited the accompanying financial statements of Techcomp (Holdings) Limited (the Company) and its subsidiaries (the Group) which comprise the balance sheets of the Group and the Company as at December 31, 2008, the profit and loss statement, statement of changes in equity and cash flow statement of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 24 to 77.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of International Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2008 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

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

March 27, 2009

Balance Sheets

December 31, 2008

	Note	Group 2008 US$'000	Group 2007 US$'000	Company 2008 US$'000	Company 2007 US$'000
ASSETS					
Current assets					
Cash and bank balances	6	17,215	8,341	–	–
Trade and other receivables	7	30,061	26,484	–	1,000
Inventories	8	14,410	10,558	–	–
Income tax recoverable		14	268	–	–
Property held for sale	9	–	168	–	–
Investments carried at fair value through profit and loss	10	668	–	–	–
Amount due from a jointly controlled entity	11	252	–	–	–
Total current assets		62,620	45,819	–	1,000
Non-current assets					
Properties, plant and equipment	12	7,301	7,679	–	–
Subsidiaries	13	–	–	21,605	21,167
Goodwill	14	512	–	–	–
Intangible assets	15	1,673	1,309	–	–
Available-for-sale investment	16	40	40	–	–
Derivative financial instruments	17	221	–	221	–
Interest in a jointly controlled entity	11	196	–	257	–
Total non-current assets		9,943	9,028	22,083	21,167
Total assets		72,563	54,847	22,083	22,167
LIABILITIES AND EQUITY					
Current liabilities					
Bank borrowings	18	13,663	3,760	–	–
Liabilities for trade bills discounted with recourse	19	1,132	435	–	–
Trade and other payables	20	16,103	12,726	–	–
Derivative financial instruments	17	5	232	–	–
Income tax payable		201	153	–	–
Amounts due to subsidiaries		–	–	110	28
Amount due to a jointly controlled entity	11	152	–	152	–
Total current liabilities		31,256	17,306	262	28
Non-current liabilities					
Bank borrowings	18	2,848	1,420	–	–
Deferred tax liabilities	21	64	163	–	–
Derivative financial instruments	17	115	–	25	–
Total non-current liabilities		3,027	1,583	25	–
Capital, reserves and minority interests					
Share capital	23	7,750	7,750	7,750	7,750
Reserves		30,332	28,208	14,046	14,389
Equity attributable to equity holders of the Company		38,082	35,958	21,796	22,139
Minority interests		198	–	–	–
Total equity		38,280	35,958	21,796	22,139
Total liabilities and equity		72,563	54,847	22,083	22,167

See accompanying notes to financial statements.

Consolidated Profit and Loss Statement

Year ended December 31, 2008

	Note	Group 2008 US$'000	Group 2007 US$'000
Revenue	25	81,029	65,819
Cost of sales		(56,847)	(43,665)
Gross profit		24,182	22,154
Other operating (expenses) income	26	(1,071)	564
Distribution costs		(9,501)	(7,268)
Administrative expenses		(10,142)	(8,589)
Share of results of a jointly controlled entity	11	(55)	–
Finance costs	27	(452)	(478)
Profit before income tax		2,961	6,383
Income tax credit (expense)	28	47	(372)
Profit for the year	29	3,008	6,011
Attributable to:			
Equity holders of the Company		3,079	6,011
Minority interests		(71)	–
		3,008	6,011
Earnings per share (US cents)			
Basic and diluted	31	1.99	4.30

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended December 31, 2008

Group	Note	Share capital US$'000	Share premium US$'000	Contributed surplus US$'000	Merger reserve [a] US$'000	Currency translation reserve US$'000	Legal reserves [b] US$'000	Capital reserve [c] US$'000	Share option reserve US$'000	Retained earnings US$'000	Attributable to equity holders of the Company US$'000	Minority interests US$'000	Total US$'000
			Note 24(a)	Note 24(b)									
Balance at January 1, 2007		6,750	5,264	394	(4,112)	360	274	3,003	–	10,392	22,325	–	22,325
Exchange differences arising on translation of foreign operations, representing income recognised directly in equity		–	–	–	–	982	–	–	–	–	982	–	982
Profit for the year		–	–	–	–	–	–	–	–	6,011	6,011	–	6,011
Total recognised income for the year		–	–	–	–	982	–	–	–	6,011	6,993	–	6,993
Issue of new shares, net of expenses	23	1,000	6,710	–	–	–	–	–	–	–	7,710	–	7,710
Dividends paid	30	–	–	–	–	–	–	–	–	(1,070)	(1,070)	–	(1,070)
Balance at December 31, 2007		7,750	11,974	394	(4,112)	1,342	274	3,003	–	15,333	35,958	–	35,958
Exchange differences arising on translation of foreign operations, representing income recognised directly in equity		–	–	–	–	387	–	–	–	–	387	(4)	383
Profit for the year		–	–	–	–	–	–	–	–	3,079	3,079	(71)	3,008
Total recognised income and expense for the year		–	–	–	–	387	–	–	–	3,079	3,466	(75)	3,391
Dividends paid	30	–	–	–	–	–	–	–	–	(1,372)	(1,372)	–	(1,372)
Acquisition of non-wholly owned subsidiaries		–	–	–	–	–	–	–	–	–	–	184	184
Incorporation of a non-wholly owned subsidiary		–	–	–	–	–	–	–	–	–	–	89	89
Share-based payment expense	22	–	–	–	–	–	–	–	36	–	36	–	36
Share of exchange reserve of a jointly controlled entity		–	–	–	–	(6)	–	–	–	–	(6)	–	(6)
Balance at December 31, 2008		7,750	11,974	394	(4,112)	1,723	274	3,003	36	17,040	38,082	198	38,280

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

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

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

See accompany notes to financial statements.

Statements of Changes in Equity

Year ended December 31, 2008

Company	Note	Share capital US$'000	Share premium US$'000	Contributed surplus US$'000	Share option reserve US$'000	Retained earnings US$'000	Total US$'000
			Note 24(a)	Note 24(b)			
Balance at January 1, 2007		6,750	5,264	394	–	1,347	13,755
Issue of new shares, net of expenses	23	1,000	6,710	–	–	–	7,710
Profit for the year		–	–	–	–	1,744	1,744
Dividends paid	30	–	–	–	–	(1,070)	(1,070)
Balance at December 31, 2007		7,750	11,974	394	–	2,021	22,139
Profit for the year		–	–	–	–	993	993
Dividends paid	30	–	–	–	–	(1,372)	(1,372)
Share-based payment expense	22	–	–	–	36	–	36
Balance at December 31, 2008		7,750	11,974	394	36	1,642	21,796

See accompanying notes to financial statements.

Consolidated Cash Flow Statement

Year ended December 31, 2008

	Group	
	2008 US$'000	2007 US$'000
Operating activities		
Profit before income tax	2,961	6,383
Adjustments for:		
Depreciation of properties, plant and equipment	829	737
Interest income	(98)	(30)
Finance costs	452	478
Net loss (gain) on disposal of properties, plant and equipment	10	(698)
Allowance for doubtful debts	74	142
Amortisation of intangible assets	348	259
Changes in fair value of derivative financial instruments	(333)	120
Changes in fair value of investments carried at fair value through profit and loss	282	–
Share of results of a jointly controlled entity	55	–
Share-based payment expense	36	–
Operating cash flows before movements in working capital	4,616	7,391
Trade and other receivables	(3,434)	(6,876)
Inventories	(3,536)	(2,470)
Trade and other payables	2,807	4,235
Trade bills discounted with recourse	697	(700)
Cash generated from operations	1,150	1,580
Income taxes refunded (paid)	242	(705)
Net cash from operating activities	1,392	875
Investing activities		
Purchase of properties, plant and equipment	(275)	(3,024)
Proceeds on disposal of properties, plant and equipment and prepaid lease payment	28	1,350
Proceeds on disposal of property held for sale	168	–
Purchase of investments carried at fair value through profit and loss	(950)	–
Interest received	98	30
Product development costs paid	(660)	(528)
Acquisition of subsidiaries (Note 32)	(231)	–
Investment in a jointly controlled entity	(257)	–
Capital contribution by minority shareholders	89	–
Net cash used in investing activities	(1,990)	(2,172)

	Group 2008 US$'000	2007 US$'000
Financing activities		
Proceeds from issue of new shares, net of issue expenses	–	7,710
Proceeds from bank borrowings	11,270	–
Repayment of bank borrowings	–	(854)
Dividends paid	(1,372)	(1,070)
Interest paid	(452)	(478)
Advances to jointly controlled entities, net	(100)	–
Net cash from financing activities	9,346	5,308
Net increase in cash and cash equivalents	8,748	4,011
Cash and cash equivalents at beginning of the year	8,341	4,184
Effect of foreign exchange rate changes	92	146
Cash and cash equivalents at end of the year	17,181	8,341
Cash and cash equivalents comprised:		
Cash and bank balances (Note 6)	17,215	8,341
Bank overdrafts (Note 18)	(34)	–
	17,181	8,341

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 2008

1 General

The Company (Registration No. 34778) was incorporated in Bermuda on January 26, 2004 under The Companies Act 1981 of Bermuda ("The Bermuda Companies Act") as an exempted company with limited liability and with its registered office at Canon's Court, 22 Victoria Street, Hamilton Hm12, Bermuda. The Company is listed on the main board of Singapore Exchange Securities Trading Limited. The financial statements are expressed in United States dollars ("US$").

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

The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

The consolidated financial statements of the Group and balance sheet and statement of changes in equity of the Company for the year ended December 31, 2008 were authorised for issue by the Board of Directors on March 27, 2009.

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").

In the current financial year, the Group has adopted all the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretation Committee ("IFRIC") of the IASB that are relevant to its operations and effective for annual periods beginning on or after January 1, 2008. 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.

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:

IAS 1	–	Presentation of Financial Statements (Revised)
IAS 1	–	Presentation of Financial Statements (Amendments relating to puttable financial instruments and obligations arising on liquidation)
IAS 23	–	Borrowing Costs (Revised)
IAS 27	–	Consolidated and Separate Financial Statements (Revised)
IAS 27	–	Consolidated and Separate Financial Statements (Amendments relating to cost of an investment in the separate financial statements)
IAS 32	–	Financial Instruments: Presentation (Amendments relating to putttable financial instruments and obligations arising on liquidation)
IAS 39	–	Financial Instruments: Recognition and Measurement (Amendment relating to eligible hedged items)
IFRS 2	–	Share-based Payment (Amendments relating to Vesting Conditions and Cancellations)
IFRS 3	–	Business Combinations (Revised)
IFRS 8	–	Operating Segments
IFRIC 13	–	Customer Loyalty Programmes
IFRIC 16	–	Hedges of a Net Investment in a Foreign Operation

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

2 Summary of Significant Accounting Policies (cont'd)

In addition to the above, the IASB has also issued Improvements to IFRSs – a collection of minor amendments to various IFRSs that are broadly classified into the following categories:

- changes to presentation, recognition or measurement purposes; and

- changes involving terminology or editorial changes, with minimal effect on accounting.

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

IAS 1 – *Presentation of Financial Statements (Revised)*

IAS 1 (Revised) will be effective for annual periods beginning on or after January 1, 2009, and will change the basis for presentation and structure of the financial statements. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other IFRSs.

IFRS 8 – *Operating Segments*

IFRS 8 will be effective for annual financial statements beginning on or after January 1, 2009 and supersedes IAS 14 – Segment Reporting. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, IAS 14 requires an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. As a result, following the adoption of IFRS 8, the identification of the Group's reportable segments may change.

IAS 23 – *Borrowing Costs (Revised)*

IAS 23 (Revised) will be effective for annual periods beginning on or after January 1, 2009 and eliminates the option available under the previous version of IAS 23 to recognise all borrowing costs immediately as an expense. An entity shall capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. As the change in accounting policy is to be applied prospectively, there will be no impact on amounts reported for 2008.

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

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

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

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

Notes to Financial Statements

December 31, 2008

2 Summary of Significant Accounting Policies (cont'd)

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

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

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

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

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

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

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

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

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 balance sheet 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 over 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 balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

Financial assets

The Group's financial assets are classified into investments carried at fair value through profit and 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.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or, where appropriate, a shorter period. Income is recognised on an effective interest basis for debt instruments other than those financial instruments at FVTPL.

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.

Notes to Financial Statements

December 31, 2008

2 Summary of Significant Accounting Policies (cont'd)

Financial assets (cont'd)

Financial assets at FVTPL (cont'd)

A financial asset is classified as held for trading if:

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

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

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

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

Loans and receivables

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

Available-for-sale financial assets

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

2 Summary of Significant Accounting Policies (cont'd)

Financial assets (cont'd)

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

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

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

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

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

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

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

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.

Notes to Financial Statements

December 31, 2008

2 Summary of Significant Accounting Policies (cont'd)

Financial liabilities and equity instruments (cont'd)

Equity instruments

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

Financial liabilities

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

Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to fair values at each balance sheet date. The resulting gain or loss is recognised in profit and loss statement immediately.

Financial guarantee contracts

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

2 Summary of Significant Accounting Policies (cont'd)

Financial liabilities and equity instruments (cont'd)

Derecognition
Financial assets are derecognised when the contractual rights to the cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit and loss statement. If the Group retains substantially all the risks and rewards of ownership of a transferred asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds.

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

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

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

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

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

Notes to Financial Statements

December 31, 2008

2 Summary of Significant Accounting Policies (cont'd)

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

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

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

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

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

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

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

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

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

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

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

2 Summary of Significant Accounting Policies (cont'd)

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

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

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

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

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

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

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

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

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.

Notes to Financial Statements

December 31, 2008

2 Summary of Significant Accounting Policies (cont'd)

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

Sale of goods

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

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

Rendering of services

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

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

BORROWING COSTS – All borrowing costs are recognised in the profit and loss statement in the period in which they are incurred.

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

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

The employees of the Group's subsidiaries in Macau, the PRC and Singapore are members of state-managed retirement benefit schemes operated by the Macau, the PRC and the Singapore governments 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.

2 Summary of Significant Accounting Policies (cont'd)

EMPLOYEE LEAVE ENTITLEMENT – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

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

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

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit and loss statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

Current and deferred tax are recognised as an expense or income in profit and loss statement, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity.

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

Notes to Financial Statements

December 31, 2008

2 Summary of Significant Accounting Policies (cont'd)

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

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

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States dollars using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in the profit and loss in the period in which the foreign operation is disposed.

3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

Critical judgements in applying the Group's accounting policies

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

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 balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed below.

(a) *Allowances for trade receivables*

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

In making the judgement, management considered the procedures that have been in place to monitor this risk as a significant proportion of the Group's working capital is devoted to trade receivables. In determining whether allowance for bad and doubtful debts is required, 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$669,000 (2007: US$595,000) is adequate (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. The carrying amount included in the Group's balance sheet is US$1,673,000 (2007: US$1,303,000) (Note 15). Impairment losses are made if recoverable amounts fall short of the carrying amounts. Recoverable amounts are estimated based on fair value in use. The estimated fair value in use are in turn based on cash flow forecasts consistent with the most up-to-date budgets and plans formally approved by the management and on reasonable and supportable assumptions, including the discount rates and useful lives. The estimation of the number of years that future economic benefits can be generated by the capitalised development costs takes into account the expected changes in market demand for the products and the expected actions of competitors and potential competitors. This situation will be closely monitored, and adjustments made in future periods, if future market activity indicates that such adjustments are appropriate.

(c) *Impairment of goodwill*

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

Notes to Financial Statements

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4 Financial Instruments, Financial Risks and Capital Risks Management

(a) Categories of financial instruments

The following table sets out the financial instruments as at the balance sheet date:

	Group		Company	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
Financial assets				
Fair value through profit and loss (FVTPL)	668	–	–	–
Loans and receivables (including cash and cash equivalents)	46,608	33,863	14,610	16,323
Available-for-sale financial assets	40	40	–	–
Derivative financial instruments	221	–	221	–
Financial liabilities				
Derivative financial instruments	120	232	25	–
Liabilities at amortised cost	31,000	17,156	262	28

(b) Financial risk management policies and objectives

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

The Company's major financial instruments are receivables from subsidiaries and amounts due to subsidiaries. The 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 and Singapore dollars, which are the functional currencies of the Group entities operating in Hong Kong, the PRC and Singapore respectively.

For the Hong Kong group entities, as Hong Kong dollars is pegged to the United States dollars, the currency risk associated with United States dollars is considered minimal. The PRC entities do not have significant mismatch between the sales and expenses in Renminbi. As a result, the major foreign currency giving rise to this foreign exchange risk is primarily Japanese yen. The Group currently does not have a designated foreign currency hedging policy. However, the management closely monitors foreign exchange exposure and engages in certain hedging activities by using foreign currency derivatives from time to time (Note 17).

4 Financial Instruments, Financial Risks and Capital Risks Management (cont'd)

(c) Market risk (cont'd)

(i) Foreign exchange risk (cont'd)

At December 31, 2008, approximately 70%, 9%, 0.01% and 1% (2007: 55%, 6%, 12% and 0.3%) of the Group's financial assets are denominated in United States dollars, Japanese yen, Singapore dollars and Australian dollars respectively, while approximately 28% and 62% (2007: 16% and 54%) of the Group's financial liabilities are denominated in United States dollars and Japanese yen respectively.

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

	Group			
	Assets		**Liabilities**	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
Japanese yen	4,145	1,977	19,296	9,361
Singapore dollars	5	4,074	–	–
Australian dollars	359	111	–	–
United States dollars	33,338	18,770	8,569	2,835

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 year end for a 5% change in foreign currency rates.

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

	Note	2008 US$'000	2007 US$'000
Japanese yen impact	(i)	758	369
Singapore dollars impact	(ii)	–	(204)
Australian dollars impact	(iii)	(18)	(6)
United States dollars impact	(iii)	(1,238)	(797)

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	2008 US$'000	2007 US$'000
Japanese yen impact	(i)	(758)	(369)
Singapore dollars impact	(ii)	–	204
Australian dollars impact	(iii)	18	6
United States dollars impact	(iii)	1,238	797

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4 Financial Instruments, Financial Risks and Capital Risks Management (cont'd)

(c) Market risk (cont'd)

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

Notes:

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

(ii) This is mainly attributable to the exposure on bank balances as at the balance sheet date.

(iii) This is mainly attributable to the exposure on bank balances and trade receivables as at the balance sheet date.

(ii) *Interest rate risk management*

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

Sensitivity analysis

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

If interest rates on bank borrowings had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended December 31, 2008 would decrease/increase by US$83,000 (2007: decrease/increase by US$26,000).

(d) Credit risk

At December 31, 2008, the Group's maximum exposure to credit risk which will cause a financial loss to the Group if counterparties fail to discharge their obligations to the Group is the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet.

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

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.

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.

Group	Weighted average effective interest rate	Undiscounted cash flows On demand or within 1 year	Within 2 to 5 years	Adjustments	Total at amortised cost
	%	US$'000	US$'000	US$'000	US$'000
2008					
Trade and other payables					
– Non-interest bearing	–	13,205	–	–	13,205
Amount due to a jointly controlled entity					
– Non-interest bearing	–	152	–	–	152
Liabilities for trade bills discounted with recourse					
– Non-interest bearing	–	1,132	–	–	1,132
Bank borrowings					
– Variable interest rates	3.70	14,264	2,978	(731)	16,511
		28,753	2,978	(731)	31,000
2007					
Trade and other payables					
– Non-interest bearing	–	11,541	–	–	11,541
Liabilities for trade bills discounted with recourse					
– Non-interest bearing	–	435	–	–	435
Bank borrowings					
– Variable interest rates	5.10	4,028	1,605	(453)	5,180
		16,004	1,605	(453)	17,156

Non-derivative financial assets

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

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December 31, 2008

4 Financial Instruments, Financial Risks and Capital Risks Management (cont'd)

(f) Fair values of financial assets and financial liabilities

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

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

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

(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 as disclosed in Note 18, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital, retained earnings and other reserves as disclosed in the notes to financial statements.

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

5 Related Party Transactions

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

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

Compensation of directors and key management personnel

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

	Group	
	2008 US$'000	2007 US$'000
Short-term benefits	1,211	1,039
Post-employment benefits	59	53
	1,270	1,092

6 Cash and Bank Balances

	Group	
	2008 US$'000	2007 US$'000
Cash at bank	17,188	8,231
Cash on hand	27	110
	17,215	8,341

The carrying amounts of these assets approximate their fair values.

Cash and bank balances earn interest at an average rate of 0.95% (2007: 0.6%) per annum.

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

	Group	
	2008 US$'000	2007 US$'000
Singapore dollars	5	4,074
United States dollars	9,193	1,128
Japanese yen	879	255
Macao pataca	1	9
Australian dollars	302	5
India rupees	8	3
British pound	14	–

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7 Trade and Other Receivables

	Group		Company	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
Trade receivables	26,819	24,554	–	–
Less: Allowance for doubtful debts	(669)	(595)	–	–
	26,150	23,959	–	–
Trade bills receivable discounted with recourse (Note 19)	1,132	435	–	–
Prepayments	920	962	–	–
Other receivables	1,859	1,128	–	–
Dividends receivable from a subsidiary	–	–	–	1,000
	30,061	26,484	–	1,000

The average credit period on sale of goods ranges from 30 to 90 days (2007: 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$3,172,000 (2007: US$3,746,000) which are past due at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

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

	Group	
	2008 US$'000	2007 US$'000
Less than 90 days	786	337
91 to 120 days	454	714
121 to 365 days	506	945
1 to 2 years	1,135	1,643
Over 2 years	291	107
	3,172	3,746

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

Movement in the allowance for doubtful debts:

	Group	
	2008 US$'000	2007 US$'000
Balance at beginning of the year	595	496
Written off against trade receivables	–	(43)
Increase in allowance recognised in profit and loss for the year (Note 29)	74	142
Balance at end of the year	669	595

7 Trade and Other Receivables (cont'd)

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

	Group		Company	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
United States dollars	23,477	17,642	–	–
Japanese yen	3,266	1,722	–	–
Australian dollars	57	106	–	–
Euro dollars	4	–	–	–

8 Inventories

	Group	
	2008 US$'000	2007 US$'000
Raw materials	2,976	1,750
Work-in-progress	1,180	1,021
Finished goods	10,254	7,787
	14,410	10,558

9 Property held for Sale

At December 31, 2007, the asset held for sale represented a property previously used as the Group's office. During 2007, the Group entered into a sale and purchase agreement with a third party to dispose of the property. This property was previously classified as properties, plant and equipment (Note 12) in 2006.

In 2008, the property was sold at a consideration of US$168,000.

10 Investments Carried at Fair Value Through Profit and Loss

	Group	
	2008 US$'000	2007 US$'000
Unquoted investment in an equity fund, at fair value	541	–
Unquoted equity-linked note, at fair value	127	–
	668	–

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

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10 Investments Carried at Fair Value Through Profit and Loss (cont'd)

The unquoted investment in an equity-linked note is designated as financial asset at fair value through profit and loss upon the initial recognition. The features of this investment are as follows:

(a) On inception of the equity-linked note, the strike price of the underlying equity securities, maturity date and observation period would be determined;

(b) At the end of each observation period or on maturity of the equity-linked note, market price of the underlying equity securities would be compared to the strike price;

(c) The equity-linked note would be terminated and settled in cash if the market price is higher than strike price. The equity-linked note would be settled in shares if the market price is lower than the strike price.

The fair value of this investment is estimated based on current valuations provided by the issuing bank.

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

	Group	
	2008 US$'000	2007 US$'000
United States dollars	668	–

11 Jointly Controlled Entity

(a) Interest in a Jointly Controlled Entity

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

	Group		Company	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
Cost of unquoted equity investment	257	–	257	–
Share of post-acquisition results	(55)	–	–	–
Share of exchange translation reserve	(6)	–	–	
	196	–	257	–

11 Jointly Controlled Entity (cont'd)

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

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

	Group	
	2008 US$'000	2007 US$'000
Total assets	811	–
Total liabilities	(420)	–
Net assets	391	–
Group's share of jointly controlled entity's net assets	196	–
Revenue	547	–
Results for the year	(110)	–
Group's share of jointly controlled entity's results for the year	(55)	–

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

Amounts due from/to a jointly controlled entity are 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	
	2008 US$'000	2007 US$'000
Sales of goods	268	–
Purchase of goods	550	–

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12 Properties, Plant and Equipment

Group	Leasehold land and buildings US$'000	Furniture and fixtures US$'000	Machinery and equipment US$'000	Motor vehicles US$'000	Total US$'000
Cost:					
At January 1, 2007	4,236	1,760	990	584	7,570
Additions	2,258	245	476	45	3,024
Disposals	(610)	(362)	(159)	(12)	(1,143)
Reclassified as property held for sale	(191)	–	–	–	(191)
Currency translation difference	295	88	68	33	484
At December 31, 2007	5,988	1,731	1,375	650	9,744
Addition	–	106	169	–	275
Disposals	–	(19)	(40)	–	(59)
Acquisition of subsidiaries (Note 32)	–	–	5	4	9
Currency translation difference	163	36	35	16	250
At December 31, 2008	6,151	1,854	1,544	670	10,219
Accumulated depreciation:					
At January 1, 2007	466	699	468	287	1,920
Depreciation	187	329	130	91	737
Eliminated on disposals	(199)	(319)	(128)	(7)	(653)
Reclassified as property held for sale	(23)	–	–	–	(23)
Currency translation difference	31	23	16	14	84
At December 31, 2007	462	732	486	385	2,065
Depreciation	237	287	217	88	829
Eliminated on disposals	–	–	(21)	–	(21)
Currency translation difference	17	10	9	9	45
At December 31, 2008	716	1,029	691	482	2,918
Carrying amount:					
At December 31, 2008	5,435	825	853	188	7,301
At December 31, 2007	5,526	999	889	265	7,679

The Group has pledged its leasehold land and building with an aggregate carrying amount of approximately US$1,210,000 (2007: US$1,237,000) to a bank to secure the banking facilities granted to the Group (Note 18).

13 Subsidiaries

	Company 2008 US$'000	Company 2007 US$'000
Unquoted equity shares, at cost	6,131	5,394
Advances to subsidiaries	14,610	15,323
Deemed investment in subsidiaries arising from financial guarantees given to financial institutions who have granted credit facilities to the subsidiaries (Note 34(b))	864	450
	21,605	21,167

Advances to subsidiaries are unsecured and bear interest at 4.5% (2007: 4.5%) per annum. The directors expect that these advances will not be repaid within one year, and accordingly, the advances are classified as non-current assets.

Details of the Company's subsidiaries at December 31, 2008 and 2007 are as follows:

Name of subsidiaries	Country of incorporation (or registration) and operation	Proportion of ownership interest and voting power held 2008 %	2007 %	Principal activity
Held by the Company				
Richwell Hightech Systems Inc. [1]	British Virgin Islands	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
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	–	Trading of analytical and laboratory instruments
Techcomp Limited [2]	Hong Kong	100	100	Trading of analytical and laboratory instruments
Techcomp (China) Limited [4]	PRC	100	–	Trading of analytical and laboratory instruments

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13 Subsidiaries (cont'd)

Name of subsidiaries	Country of incorporation (or registration) and operation	Proportion of ownership interest and voting power held 2008 %	2007 %	Principal activity
Held by Techcomp Instrument Limited				
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 (4)	PRC	100	100	Trading of analytical and laboratory instruments
Well All Consultants Ltd (1)	British Virgin Islands/ PRC	100	100	Provision of installation and maintenance services
Dynamica GmbH (7)	Austria	70	–	Trading of analytical and laboratory instruments
Shanghai Techcomp Bio-equipment Limited (3)	PRC	100	100	Manufacturing of analytical and laboratory instruments
Shanghai Techcomp Instrument Ltd. (3)	PRC	100	100	Manufacturing of analytical and laboratory instruments
Held by Richwell Hightech Systems Inc.				
Shanghai Sanco Instrument Co. Ltd (3)	PRC	55	–	Manufacturing and trading of analytical and laboratory instruments

13 Subsidiaries (cont'd)

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

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

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

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

(5) Audited by Deloitte & Touche, Singapore.

(6) Audited by Deloitte Touche Tohmatsu, Macau.

(7) Audited by Intercons, Revisions–, Treuhand – und BeratungsgmbH, Austria.

* These are the auditors who conducted the audits for financial statements of the subsidiaries prepared under IFRS which are included in these financial statements. No statutory financial statements prepared under generally acceptable accounting principles in the PRC are audited by Deloitte Touche Tohmatsu CPA Ltd., the PRC and Deloitte Touche Tohmatsu, Hong Kong.

14 Goodwill

	Group US$'000
Cost:	
At January 1, 2007 and December 31, 2007	–
Arising on acquisition of subsidiaries	512
At December 31, 2008	512
Impairment:	
At January 1, 2007, December 31, 2007 and December 31, 2008	–
Carrying amount:	
At December 31, 2008	512
At December 31, 2007	–

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.

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14 Goodwill (cont'd)

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 9.3% to 28%.

The rate used to discount the forecast cash flows to net present value is 9%.

15 Intangible Assets

Group	**Development costs**	**Technical know-how**	**Total**
	US$'000	US$'000	US$'000
Cost:			
At January 1, 2007	1,244	74	1,318
Additions	528	–	528
Currency translation difference	130	–	130
At December 31, 2007	1,902	74	1,976
Additions	660	–	660
Currency translation difference	80	–	80
At December 31, 2008	2,642	74	2,716
Amortisation:			
At January 1, 2007	321	48	369
Amortisation for the year	239	20	259
Currency translation difference	39	–	39
At December 31, 2007	599	68	667
Amortisation for the year	342	6	348
Currency translation difference	28	–	28
At December 31, 2008	969	74	1,043
Carrying amount:			
At December 31, 2008	1,673	–	1,673
At December 31, 2007	1,303	6	1,309

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$348,000 (2007: US$259,000) has been included in administrative expenses in the consolidated profit and loss statement.

16 Available-for-sale Investment

	Group	
	2008 US$'000	2007 US$'000
Unquoted equity shares, at cost	40	40

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

17 Derivative Financial Instruments

	Group		Company	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
Asset (Non-current)				
Put option in a jointly controlled entity (Note A)	221	–	221	–
Liabilities (Non-current)				
Interest rate swap – Fair value loss (Note B)	90	–	–	–
Call option in a jointly controlled entity (Note A)	25	–	25	–
	115	–	25	–
Liability (Current)				
Forward foreign exchange contracts – fair value loss (Note C)	5	232	–	–

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

At the balance sheet date, the fair value of the put option was determined at US$221,000 and recorded as a financial derivative asset. The fair value of the call option was determined at US$25,000 and recorded as a financial derivative liability at December 31, 2008.

The fair values of the put and call options at December 31, 2008 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 Model for option valuation and with the following assumptions:

Expected volatility	:	37.5%
Expected life	:	2 years
Risk free rate	:	0.526%
Expected dividend yield	:	Nil

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

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17 Derivative Financial Instruments (cont'd)

Notes: (cont'd)

(B) Interest rate swap

The Group utilises interest rate swap contract to manage its interest rate exposure. The interest rate swap contract has fixed interest payments at an average rate of 3.5% per annum and has maturity date in September 2010 (2007: US$Nil).

At the balance sheet date, the total notional amount of outstanding interest rate swap contract to which the Group was committed was as follows:

	Group	
	2008 US$'000	2007 US$'000
Interest rate swap contract	4,375	–

Changes in fair value of the above outstanding contract amounting to US$90,000 has been charged as an expense in the profit and loss statement (2007: US$Nil).

(C) Forward foreign exchange contracts

The Group utilises foreign currency forward contracts to purchase Renminbi and Hong Kong dollars to manage its foreign exchange exposures. The foreign currency forward contracts have maturity date from January 2009 to October 2009 (2007: April 2008 to October 2009).

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

	Group	
	2008 US$'000	2007 US$'000
Forward foreign exchange contracts	9,383	5,017

Changes in fair value of the above outstanding contracts amounting to US$227,000 (2007: expense of US$120,000 charged to the profit and loss statement) have been credited as an income in the profit and loss statement.

18 Bank Borrowings

	Group	
	2008 US$'000	2007 US$'000
Trust receipt loans	10,700	3,326
Other bank loans	5,425	1,413
Mortgage loan	352	441
Bank overdrafts	34	–
	16,511	5,180
Secured (mortgage loan)	352	441
Unsecured	16,159	4,739
	16,511	5,180

18 Bank Borrowings (cont'd)

The borrowings are repayable as follows:

	Group	
	2008	2007
	US$'000	US$'000
On demand or within one year (classified as current liabilities)	13,663	3,760
Within the second to fifth year (classified as non-current liabilities)	2,848	1,420
	16,511	5,180

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

	Group	
	2008	2007
	US$'000	US$'000
Japanese yen	10,299	2,519
United States dollars	5,348	1,559

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 (2007: twelve months). The average effective interest rates paid were as follows:

	Group	
	2008	2007
	%	%
Trust receipt loans	3.7	4.8
Other bank loans	3.6	5.8
Mortgage loan	3.8	5.9
Bank overdrafts	4.9	7.3

The Group has pledged its leasehold land and buildings with carrying value of US$1,210,000 (2007: US$1,237,000) (Note 12) to a bank to secure the mortgage loan granted to the Group.

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

Bank overdrafts are unsecured and repayable on demand.

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19 Liabilities for Trade Bills Discounted with Recourse

	Group	
	2008	2007
	US$'000	US$'000
Liabilities for trade bills discounted with recourse (Note 7)	1,132	435

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	
	2008	2007
	US$'000	US$'000
Japanese yen	137	–
United States dollars	519	–

20 Trade and Other Payables

	Group	
	2008	2007
	US$'000	US$'000
Trade payables	12,488	10,642
Accruals	403	522
Customer deposits	2,105	874
Other payables	1,107	688
	16,103	12,726

The average credit period on purchases of goods ranges from 30 to 60 days (2007: 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	
	2008	2007
	US$'000	US$'000
Japanese yen	8,860	6,842
United States dollars	2,702	1,276
Euro dollars	98	196
British pound	16	50
India rupees	–	3

21 Deferred Tax Liabilities

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

Group	Deferred development costs US$'000	Timing differences in tax depreciation US$'000	Tax losses US$'000	Total US$'000
At January 1, 2007	–	4	9	13
Charge to profit and loss for the year (Note 28)	(156)	(4)	(9)	(169)
Currency translation difference	(7)	–	–	(7)
At December 31, 2007	(163)	–	–	(163)
Credit to profit and loss for the year (Note 28)	17	34	53	104
Currency translation difference	(5)	–	–	(5)
At December 31, 2008	(151)	34	53	(64)

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

	Group 2008 US$'000	2007 US$'000
Deferred tax assets	–	–
Deferred tax liabilities	(64)	(163)
	(64)	(163)

Under the New Law of the PRC, starting from January 1, 2008, all profits earned are subject to withholding tax upon the distribution of such profits to the shareholders. Deferred taxation has not been recognised in respect of the temporary differences attributable to the undistributable retained profits earned by the subsidiaries in Mainland China amounting to US$972,000 (2007: US$Nil) 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.

Notes to Financial Statements

December 31, 2008

22 Share-based Payment

Equity-settled share option scheme

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

Particulars on share-based payment arrangements are as follows:

Option series	Number ('000)	Grant date	Expiry date	Exercise price	Fair value at grant date
Issued on April 15, 2008	550	April 15, 2008	April 14, 2018	S$0.37	S$0.14 (1) S$0.11 (2)

(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, 2008	Granted	Exercised	Cancelled/ Lapsed	Balance at December 31, 2008	Exercise price per share	Exercisable period
April 15, 2008	–	550,000	–	–	550,000	S$0.37	April 15, 2009 to April 14, 2018

The number of share options exercisable at the end of the year amounted to 550,000.

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

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

22 Share-based Payment (cont'd)

Equity-settled share option scheme (cont'd)

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$36,000 (2007: US$Nil) related to equity-settled share– based payment during the year.

23 Share Capital

	Group and Company			
	2008	2007	2008	2007
	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	135,000,000	7,750	6,750
Issue of new shares	–	20,000,000	–	1,000
At end of the year	155,000,000	155,000,000	7,750	7,750

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

During 2007, the Company issued 20,000,000 new ordinary shares of US$0.05 each at a placement price of S$0.6 (US$0.4) per share giving gross proceeds of US$8 million.

The share placement resulted in an increase in issued share capital by US$1,000,000 (being 20 million new shares at US$0.05 each) and an increase in share premium of US$6,710,000. US$6,710,000
Note 24(a) is derived as follows:

- Share premium of US$7,000,000 (20 million shares at US$0.35 premium per share).

- Reduced by placement expenses of US$290,000 deducted from the share premium account.

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

Notes to Financial Statements

December 31, 2008

24 Reserves

		Group and Company	
		2008	2007
		US$'000	US$'000
(a)	Share premium:		
	At beginning of the year	11,974	5,264
	Issue of 20,000,000 new ordinary shares, net of expenses (Note 23)	–	6,710
	At end of the year	11,974	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, 2007 and December 31, 2008	394

In accordance with Section 40 of The Bermuda Companies Act, the excess value of shares acquired over the nominal value of shares issued in an exchange of shares in a past restructuring of the Group is recorded in the contributed surplus account. The contributed surplus can be distributed if the realisable value of the Company's assets exceeds the aggregate of liabilities, issued capital and share premium and the Company is able to pay liabilities as and when they fall due, after distribution of the contributed surplus as set out in Section 54 of The Bermuda Companies Act.

25 Revenue

	Group	
	2008	2007
	US$'000	US$'000
Sale of analytical instruments, life science equipment and laboratory instruments	81,029	65,819

26 Other Operating (Expenses) Income

	Group	
	2008 US$'000	2007 US$'000
Other operating expenses		
Net (loss) gain on disposal of properties, plant and equipment	(10)	–
Foreign exchange loss, net	(1,611)	(199)
Changes in fair value of derivative financial instruments	–	(120)
Changes in fair value of investments carried at fair value through profit and loss	(282)	–
	(1,903)	(319)
Other operating income		
Net (loss) gain on disposal of properties, plant and equipment and prepaid lease payment	–	698
Maintenance service income	68	36
Interest income on bank deposits	98	30
Sundry income	333	119
Changes in fair value of derivative financial instruments	333	–
	832	883
Other operating (expenses) income, net	(1,071)	564

27 Finance Costs

	Group	
	2008 US$'000	2007 US$'000
Interest on bank overdrafts and loans	452	478

Notes to Financial Statements

December 31, 2008

28 Income Tax Credit (Expense)

	Group	
	2008	2007
	US$'000	US$'000
Current tax	(117)	(256)
Deferred tax (Note 21)	104	(49)
Over (under) provision in prior year:		
Current tax	60	53
Deferred tax (Note 21)	–	(120)
Income tax credit (expense) for the year	47	(372)

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 18% (2007: 17.5% and 18%) respectively of the estimated assessable profit for the year.

PRC income tax is calculated at the applicable tax rates ranging from 15% to 25% (2007: 15% to 33%) in accordance with the relevant laws and regulations in the PRC. Pursuant to the relevant laws and regulations in the PRC, a PRC subsidiary is entitled to exemption from PRC income tax for the two years commencing from its first profit making year of operation and thereafter, it will be entitled to a 50% relief from PRC income tax for the following three years.

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

On June 26, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009 (from April 1, 2008 to March 31, 2009). Therefore, Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for the year.

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

28 Income Tax Credit (Expense) (cont'd)

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

	Group 2008 US$'000	Group 2007 US$'000
Income tax credit (expense) at the statutory tax rates of relevant jurisdictions	252	(214)
Non-taxable items	8	3
Non-deductible items	(68)	(56)
Over (under) provision in prior year	60	(67)
Utilisation of tax benefits previously not recognised	43	–
Deferred tax benefit not recognised	(461)	(257)
Tax exemption	233	239
Others	(20)	(20)
Total income tax credit (expense)	47	(372)

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

	Group 2008 US$'000	Group 2007 US$'000
Amount at beginning of year	1,107	98
Amount in current year	1,540	1,009
Amount utilised in current year	(233)	–
Amount at end of year	2,414	1,107
Deferred tax benefit on above not recognised	691	258

At the balance sheet date, the Group has unutilised tax losses of US$2,414,000 (2007: US$1,107,000) available for offsetting against future periods. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of US$2,123,000 (2007: US$842,000) which will expire over the period from 2010 to 2013 (2007: 2010 to 2012). Other losses can be carried forward indefinitely.

Notes to Financial Statements

December 31, 2008

29 Profit for the Year

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

	Group	
	2008	2007
	US$'000	US$'000
Directors' remuneration	495	405
Employee benefits expense (including directors' remuneration)	7,853	4,856
Cost of defined contribution plans included in employee benefits expense	1,246	712
Costs of inventories recognised as expense	56,847	43,665
Amortisation of intangible assets [1]	348	259
Depreciation of properties, plant and equipment	829	737
Directors' fee	104	90
Net foreign exchange loss	1,611	199
Net loss (gain) on disposal of properties, plant and equipment	10	(698)
Audit fees paid to:		
– Auditors of the Company	52	45
– Other auditors	249	183
Non-audit fees paid to:		
– Auditors of the Company	2	2
– Other auditors	38	15
Research costs	298	165
Allowance for doubtful debts	74	142
Changes in fair value of derivative financial instruments	(333)	120
Changes in fair value of investments carried at fair value through profit and loss	282	–

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

30 Dividends

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

In 2008, the Company declared and paid a final dividend of S$0.012 (US$0.0085) per ordinary share totalling US$1,372,000 out of accumulated profits in respect of the financial year ended December 31, 2007.

In respect of the current financial year, the directors propose that a final dividend of S$0.012 (US$0.0079) 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, 2008, the total dividend to be paid is US$1,224,500.

31 Earnings Per Share

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

	2008 US$'000	2007 US$'000
Profit for the year attributable to equity holders of the Company	3,079	6,011

	2008 '000	2007 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	155,000	139,822

No diluted earnings per share has been presented in respect of the Company's potential ordinary shares as the exercise price of the potential ordinary shares was higher than the average market price of the shares during the year.

Notes to Financial Statements

December 31, 2008

32 Acquisition of Subsidiaries

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

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

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

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

Net cash outflow on acquisition

Cash consideration paid	(737)
Cash and bank balances acquired	506
Net cash outflow from acquisition of subsidiaries	(231)

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

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

32 Acquisition of Subsidiaries (cont'd)

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

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

33 Operating Lease Arrangements

The Group as lessee

	Group	
	2008 US$'000	2007 US$'000
Minimum lease payments under operating leases recognised as an expense in the year	449	404

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

	Group	
	2008 US$'000	2007 US$'000
Within one year	359	264
In the second to fifth year inclusive	407	322
	766	586

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

Company

At the balance sheet date, the Company has no lease commitments.

34 Contingent Liabilities

(a) **Group**

At December 31, 2008 and December 31, 2007, the Group has no contingent liabilities.

(b) **Company**

The Company provided corporate guarantees of US$44,622,000 (2007: US$46,675,000) to certain banks as security for banking facilities granted to its subsidiaries as at year end. For the purpose of determining the deemed investment in subsidiaries relating to these corporate guarantees (Note 13) given without any fees charged by the Company to the subsidiaries, management has taken into account the fact that credit facilities covered by the corporate guarantees are substantially more than the amounts required by the Group and have therefore used an estimate of the maximum credit lines required by the Group as a basis for determining the deemed investment in subsidiaries arising from the corporate guarantees.

Notes to Financial Statements

December 31, 2008

35 Business and Geographical Segments

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

Principal activities of business divisions:

These comprise:

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

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

Business segments

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

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

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

35 Business and Geographical Segments (cont'd)

Business segments (cont'd)

2008	**Distribution** US$'000	**Manufacturing** US$'000	**Total** US$'000
REVENUE	67,406	13,623	81,029
RESULTS			
Segment result	1,214	2,105	3,319
Finance costs	(418)	(34)	(452)
Interest income	91	7	98
	887	2,078	2,965
Unallocated results			(4)
Profit before income tax			2,961
Income tax credit			47
Profit for the year			3,008
ASSETS			
Segment assets	52,651	18,521	71,172
Unallocated assets			1,391
Consolidated total assets			72,563
LIABILITIES			
Segment liabilities	14,864	2,371	17,235
Bank borrowings	15,938	573	16,511
	30,802	2,944	33,746
Unallocated liabilities			537
Consolidated total liabilities			34,283
OTHER INFORMATION			
Capital expenditure	180	755	935
Depreciation and amortisation	368	809	1,177

Notes to Financial Statements

December 31, 2008

35 Business and Geographical Segments (cont'd)

Business segments (cont'd)

2007	Distribution US$'000	Manufacturing US$'000	Total US$'000
REVENUE	54,724	11,095	65,819
RESULTS			
Segment result	4,185	2,766	6,951
Finance costs	(459)	(19)	(478)
Interest income	25	5	30
	3,751	2,752	6,503
Unallocated results			(120)
Profit before income tax			6,383
Income tax expense			(372)
Profit for the year			6,011
ASSETS			
Segment assets	39,267	15,104	54,371
Unallocated assets			476
Consolidated total assets			54,847
LIABILITIES			
Segment liabilities	10,153	3,008	13,161
Bank borrowings	4,428	752	5,180
	14,581	3,760	18,341
Unallocated liabilities			548
Consolidated total liabilities			18,889
OTHER INFORMATION			
Capital expenditure	179	3,373	3,552
Depreciation and amortisation	276	720	996

Geographical segments

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

Segment assets and capital expenditure: Segment assets and capital expenditure are analysed based on the location of those assets. Capital expenditure relate to costs incurred in the period to acquire segment assets that are expected to be used for more than one period and comprise costs incurred to acquire properties, plant and equipment and expenditure on product development and technical know– how.

35 Business and Geographical Segments (cont'd)

Geographical segments (cont'd)

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

	Group	
	2008	2007
	US$'000	US$'000
Revenue		
PRC, excluding Hong Kong and Macau	67,270	54,078
Hong Kong and Macau	2,443	1,641
Indonesia	1,337	1,081
India	3,752	3,342
Others [1]	6,227	5,677
Total	81,029	65,819

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

	Group			
	Carrying amount of segment assets		Capital expenditure	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
PRC, excluding Hong Kong and Macau	24,447	21,387	824	3,486
Hong Kong	19,809	18,394	64	60
Macau	27,621	14,445	–	–
Others [1]	686	621	47	6
Total	72,563	54,847	935	3,552

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

Statement of Directors

In the opinion of the directors, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company as set out on pages 24 to 77 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, 2008 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 27, 2009

Statistics of Shareholdings

Shareholdings Statistics as at March 9, 2009

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

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	0	0.00	0	0.00
1,000 – 10,000	483	58.19	2,592,000	1.67
10,001 – 1,000,000	331	39.88	22,564,500	14.56
1,000,001 and above	16	1.93	129,843,500	83.77
	830	100.00	155,000,000	100.00

Top 20 Shareholders

No.	Name of Shareholder	No. of Shares	%
1	Lo Yat Keung	66,639,000	42.99
2	Citibank Nominees Singapore Pte Ltd	13,310,000	8.59
3	Xu Guoping	6,580,000	4.25
4	Chan Wai Shing	6,480,000	4.18
5	Morgan Stanley Asia (S) Secs Pte Ltd	5,417,000	3.49
6	Yung Yat	5,000,000	3.23
7	Lim & Tan Securities Pte Ltd	4,956,000	3.20
8	DBS Vickers Securities (S) Pte Ltd	4,676,500	3.02
9	BNP Paribas Nominees Singapore Pte Ltd	3,940,000	2.54
10	DBS Nominees Pte Ltd	3,546,000	2.29
11	Raffles Nominees Pte Ltd	2,471,000	1.59
12	Wang Meng	2,000,000	1.29
13	HSBC (Singapore) Nominees Pte Ltd	1,392,000	0.90
14	OCBC Securities Private Ltd	1,271,000	0.82
15	Xia Yisheng	1,140,000	0.74
16	Kwan Choon Ying or Loke Kwan Ying	1,025,000	0.66
17	Beng Hui Holdings (S) Pte Ltd	1,000,000	0.65
18	Dominic Richard Pemberton	1,000,000	0.65
19	DB Nominees (S) Pte Ltd	720,000	0.46
20	Wong Suei Horng	700,000	0.45
		133,263,500	85.99

Statistics of Shareholdings

Shareholdings Held in Hands of Public

Based on information available to the Company as at March 9, 2009, 35.04% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

Substantial Shareholders

Name of Shareholder	Direct Interest No. of Shares	Direct Interest % of total issued shares	Deemed Interest No. of Shares	Deemed Interest % of total issued shares
Lo Yat Keung	69,171,000[1]	44.63	5,000,000[2]	3.23
Kabouter Management, LLC	–	–	13,256,000[3]	8.55

1 Direct interest includes 1,240,000 shares and 1,292,000 shares held through BNP Paribas Nominees Singapore Pte Ltd and HSBC (Singapore) Nominees Pte Ltd respectively.

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

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

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 Sixth Annual General Meeting of the Company will be held at Hotel Re! @ Pearl's Hill, Re!Union, Function Room, Level 2, 175A Chin Swee Road, Singapore 169879 on 27 April 2009 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 2008 together with the auditors' report thereon.

2. To declare a first and final dividend of S$0.012 per share for the financial year ended 31 December 2008.

3. To approve directors' fees of US$104,000 for the financial year ended 31 December 2008 (2007: US$90,000/-).

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

5. To re-elect Mr Teng Cheong Kwee, 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

Notice of Annual General Meeting

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

provided that:

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

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

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

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

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

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

See Explanatory Note (b)

Notice of Annual General Meeting

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,
3 April 2009

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 Teng Cheong Kwee, if re-elected as a director, will remain as a member of the Audit Committee and will be considered as an independent director.

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

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

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATES

NOTICE IS ALSO HEREBY GIVEN that the transfer book and register of members of the Company will be closed on 5 May 2009 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 4 May 2009 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 4 May 2009 will be entitled to the dividend.

The dividend, if approved at the Company's Annual General Meeting to be held on 27 April 2009, will be paid on 15 May 2009.

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
Wong-Yeo Siew Eng
(Appointed on March 23, 2004)

天美

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