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## TECHCOMP (HOLDINGS) LIMITED

天美（控股）有限公司\*

(Incorporated in Bermuda with limited liability)

Hong Kong Stock Code: 1298

Singapore Stock Code: T43

### ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The board of directors (the “Board”) of Techcomp (Holdings) Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the quarter ended 31 December 2015 and the full year ended 31 December 2015 together with the comparative figures for the quarter and the full year ended 31 December 2014 as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	3 months ended 31 December			12 months ended 31 December		
		<u>2015</u> US\$'000	<u>2014</u> US\$'000	<u>Change</u> %	<u>2015</u> US\$'000	<u>2014</u> US\$'000	<u>Change</u> %
<b>Revenue</b>	3	63,498	59,692	6.4	171,905	162,695	5.7
Cost of sales		<u>(43,511)</u>	<u>(42,405)</u>	2.6	<u>(116,433)</u>	<u>(112,008)</u>	4.0
<b>Gross profit</b>		19,987	17,287	15.6	55,472	50,687	9.4
Other operating income and expenses		92	(1,573)	NM	1,135	(554)	NM
Distribution costs		(5,278)	(3,136)	68.3	(18,105)	(16,479)	9.9
Administrative expenses		(12,009)	(9,737)	23.3	(33,457)	(28,911)	15.7
Finance costs	4	<u>(356)</u>	<u>(422)</u>	(15.6)	<u>(1,465)</u>	<u>(1,520)</u>	(3.6)
<b>Profit before income tax</b>		2,436	2,419	0.7	3,580	3,223	11.1
Income tax expense	5	<u>(106)</u>	<u>(270)</u>	(60.7)	<u>(305)</u>	<u>(387)</u>	(21.2)
<b>Profit for the period / year</b>	6	<u>2,330</u>	<u>2,149</u>	8.4	<u>3,275</u>	<u>2,836</u>	15.5

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	3 months ended 31 December			12 months ended 31 December		
		<u>2015</u> US\$'000	<u>2014</u> US\$'000	<u>Change</u> %	<u>2015</u> US\$'000	<u>2014</u> US\$'000	<u>Change</u> %
<b>Other comprehensive (expense) income</b>							
<i>Item that will not be reclassified subsequently to profit or loss:</i>							
- Recognition of actuarial loss on defined benefit plan		(32)	(522)	(93.9)	(32)	(522)	(93.9)
<i>Item that may be reclassified subsequently to profit or loss:</i>							
- exchange differences arising on translation of foreign operations		(473)	69	NM	(338)	(327)	3.4
<b>Other comprehensive expense for the period / year, net of tax</b>		<u>(505)</u>	<u>(453)</u>	11.5	<u>(370)</u>	<u>(849)</u>	(56.4)
Total comprehensive income for the period / year		<u>1,825</u>	<u>1,696</u>	7.6	<u>2,905</u>	<u>1,987</u>	46.2
<b>Profit (loss) for the period / year attributable to:</b>							
Owners of the Company		2,404	2,431	(1.1)	3,513	3,448	1.9
Non-controlling interests		(74)	(282)	(73.8)	(238)	(612)	(61.1)
		<u>2,330</u>	<u>2,149</u>	8.4	<u>3,275</u>	<u>2,836</u>	15.5
<b>Total comprehensive income (expense) attributable to:</b>							
Owners of the Company		1,905	1,934	(1.5)	3,148	2,601	21.0
Non-controlling interests		(80)	(238)	(66.4)	(243)	(614)	(60.4)
		<u>1,825</u>	<u>1,696</u>	7.6	<u>2,905</u>	<u>1,987</u>	46.2
<b>Earnings per share (US cents)</b>							
- Basic	8				<u>1.29</u>	<u>1.44</u>	
- Diluted					<u>1.28</u>	<u>1.41</u>	

NM: Not meaningful

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 December

	Note	<b>2015</b> US\$'000	<b>2014</b> US\$'000
<b>Non-current assets</b>			
Properties, plant and equipment	10	10,904	11,992
Goodwill		2,881	3,109
Other intangible assets		4,443	4,497
Available-for-sale investments		944	944
Deferred tax assets		26	20
<b>Total non-current assets</b>		<u>19,198</u>	<u>20,562</u>
<b>Current assets</b>			
Cash and bank balances		16,038	16,095
Trade and other receivables	11	83,389	83,908
Inventories		37,191	38,105
Income tax recoverable		242	68
<b>Total current assets</b>		<u>136,860</u>	<u>138,176</u>
<b>Current liabilities</b>			
Bank borrowings and overdrafts	13	25,704	33,284
Liabilities for trade bills discounted with recourse		1,901	5,733
Trade and other payables	12	28,891	29,389
Income tax payable		1,951	1,679
<b>Total current liabilities</b>		<u>58,447</u>	<u>70,085</u>
<b>NET CURRENT ASSETS</b>		<u>78,413</u>	<u>68,091</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>97,611</u>	<u>88,653</u>
<b>Non-current liabilities</b>			
Bank borrowings	13	12,902	8,175
Retirement benefit plan liabilities		514	482
Deferred tax liabilities		237	237
<b>Total non-current liabilities</b>		<u>13,653</u>	<u>8,894</u>
		<u>83,958</u>	<u>79,759</u>
<b>Capital and reserves</b>			
Share capital	14	13,772	13,369
Reserves		70,671	66,632
Equity attributable to owners of the Company		84,443	80,001
Non-controlling interests		(485)	(242)
		<u>83,958</u>	<u>79,759</u>

## STATEMENTS OF FINANCIAL POSITION

As at 31 December

### Company

	<i>Note</i>	<b><u>2015</u></b> <i>US\$'000</i>	<b><u>2014</u></b> <i>US\$'000</i>
<b>Non-current asset</b>			
Subsidiaries		<u>41,392</u>	<u>38,630</u>
<b>Current asset</b>			
Cash and bank balances		<u>4</u>	<u>4</u>
<b>Current liability</b>			
Other payables		<u>-</u>	<u>14</u>
<b>NET CURRENT ASSET (LIABILITY)</b>		<u>4</u>	<u>(10)</u>
		<u>41,396</u>	<u>38,620</u>
<b>Capital and reserves</b>			
Share capital	14	13,772	13,369
Reserves		<u>27,624</u>	<u>25,251</u>
		<u>41,396</u>	<u>38,620</u>

## CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December

	<u>2015</u>	<u>2014</u>
	US\$'000	US\$'000
<b>Operating activities</b>		
Profit before income tax	3,580	3,223
<b>Adjustments for:</b>		
Depreciation of properties, plant and equipment	1,739	1,801
Interest income	(40)	(25)
Finance costs	1,465	1,520
Net gain on disposal of properties, plant and equipment	(143)	(85)
Allowance for doubtful debts	563	863
Amortisation of intangible assets	855	1,951
Share-based payment expenses	55	3
Impairment loss recognised in respect of goodwill	228	485
Intangible assets written off	48	-
Gain on deemed disposal of an associate arising from further acquisition	-	(11)
<b>Operating cash flows before movements in working capital</b>	<u>8,350</u>	<u>9,725</u>
Increase in inventories	(99)	(10,359)
Increase in trade and other receivables	(1,875)	(6,102)
Decrease in amount due from an associate	-	2,033
Increase in trade and other payables	2,947	328
(Decrease) increase in trade bills discounted with recourse	<u>(3,832)</u>	<u>691</u>
Cash from (used in) operations	5,491	(3,684)
PRC Enterprises income tax paid	(204)	(37)
Tax paid in other jurisdictions	-	(2)
<b>Net cash from (used in) operating activities</b>	<u>5,287</u>	<u>(3,723)</u>
<b>Investing activities</b>		
Product development costs paid	(1,054)	(1,083)
Purchase of properties, plant and equipment	(881)	(1,299)
Proceeds on disposal of properties, plant and equipment	326	226
Interest received	40	25
Net cash inflow from further acquisition of a subsidiary	-	34
Purchase of technical know-how	-	(1,813)
<b>Net cash used in investing activities</b>	<u>(1,569)</u>	<u>(3,910)</u>
<b>Financing activities</b>		
Repayment of bank borrowings	(89,622)	(91,009)
Proceeds from bank borrowings	88,194	91,214
Interest paid	(1,465)	(1,520)
Proceed from issue of new shares	1,239	10,671
Acquisition of non-controlling interests in a subsidiary	-	(623)
<b>Net cash (used in) from financing activities</b>	<u>(1,654)</u>	<u>8,733</u>
<b>Net increase in cash and cash equivalents</b>	2,064	1,100
<b>Cash and cash equivalents at beginning of the year</b>	13,927	12,635
<b>Effect of foreign exchange rate changes</b>	(713)	192
<b>Cash and cash equivalents at end of the year</b>	<u>15,278</u>	<u>13,927</u>
<b>Cash and cash equivalents comprised:</b>		
Cash and bank balances	16,038	16,095
Bank overdrafts	(760)	(2,168)
	<u>15,278</u>	<u>13,927</u>

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

### Group

	Share capital	Share premium	Contributed surplus	Merger reserve <sup>(a)</sup>	Currency translation reserve	Legal reserves <sup>(b)</sup>	Capital reserve <sup>(c)</sup>	Warrants reserve	Share option reserve	Equity reserve <sup>(d)</sup>	Retained Earnings	Attributable to owners of the Company	Non-controlling Interests	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2014	11,625	8,099	394	(4,112)	4,075	535	3,003	26	2,002	(2,037)	43,569	67,179	2,042	69,221
Total comprehensive (expense) income for the year														
Profit for the year	-	-	-	-	-	-	-	-	-	-	3,448	3,448	(612)	2,836
Other comprehensive expense	-	-	-	-	(325)	-	-	-	-	-	(522)	(847)	(2)	(849)
	-	-	-	-	(325)	-	-	-	-	-	2,926	2,601	(614)	1,987
Transactions with owners, recognised directly in equity:														
Issue of shares	1,744	8,927	-	-	-	-	-	-	-	-	-	10,671	-	10,671
Effect of acquiring non-controlling interests in a subsidiary	-	-	-	-	-	-	-	-	-	(453)	-	(453)	(1,670)	(2,123)
Share-based payments expense	-	-	-	-	-	-	-	-	3	-	-	3	-	3
Expiry of warrants	-	-	-	-	-	-	-	(26)	-	-	26	-	-	-
At 31 December 2014	13,369	17,026	394	(4,112)	3,750	535	3,003	-	2,005	(2,490)	46,521	80,001	(242)	79,759
Total comprehensive (expense) income for the year														
Profit for the year	-	-	-	-	-	-	-	-	-	-	3,513	3,513	(238)	3,275
Other comprehensive expense	-	-	-	-	(333)	-	-	-	-	-	(32)	(365)	(5)	(370)
	-	-	-	-	(333)	-	-	-	-	-	3,481	3,148	(243)	2,905
Transactions with owners, recognised directly in equity:														
Issue of shares upon exercise of share options	403	1,359	-	-	-	-	-	-	(523)	-	-	1,239	-	1,239
Share-based payments expense	-	-	-	-	-	-	-	-	55	-	-	55	-	55
At 31 December 2015	13,772	18,385	394	(4,112)	3,417	535	3,003	-	1,537	(2,490)	50,002	84,443	(485)	83,958

*Notes:*

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

## STATEMENTS OF CHANGES IN EQUITY

### Company

	Share capital	Share premium	Contributed surplus	Share option reserve	Warrant reserve	Retained earnings	Total
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
At 1 January 2014	11,625	8,099	394	2,002	26	4,177	26,323
Profit for the year, representing total comprehensive income for the year	-	-	-	-	-	1,623	1,623
Transactions with owners, recognised directly in equity:							
Issue of shares	1,744	8,927	-	-	-	-	10,671
Share-based payment expense	-	-	-	3	-	-	3
Expired of warrants	-	-	-	-	(26)	26	-
At 31 December 2014	13,369	17,026	394	2,005	-	5,826	38,620
Profit for the year, representing total comprehensive income for the year	-	-	-	-	-	1,482	1,482
Transactions with owners, recognised directly in equity:							
Issue of shares upon exercise of share options	403	1,359	-	(523)	-	-	1,239
Share-based payment expense	-	-	-	55	-	-	55
At 31 December 2015	13,772	18,385	394	1,537	-	7,308	41,396



## NOTES TO FINANCIAL STATEMENTS

### 1 General Information

The Company (Registration No. 34778) was incorporated in Bermuda on 26 January 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 and its principal place of business at 6th Floor, Mita Center, 552-556, Castle Peak Road, Kwai Chung, Kowloon, Hong Kong. Its ultimate controlling shareholder is Mr. Lo Yat Keung who is the chief executive of the Company. The Company is listed on both the Main Board of Singapore Exchange Securities Trading Limited ("SGX-ST") and on the Main Board of The Stock Exchange of Hong Kong Limited ("SEHK") since 12 July 2004 and 21 December 2011 respectively.

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

### 2 Basis of preparation and principal accounting policies

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year compared with those of the audited financial statements for the year ended 31 December 2014.

In the current financial year, the Group has adopted a number of the new and revised International Accounting Standards ("IASs"), International Financial Reporting Standards ("IFRSs") and amendments to IFRS issued by the International Accounting Standards Board and the Interpretations thereof issued by the International Financial Reporting Standards Interpretations Committee ("IFRS IC") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2015. The adoption of these new/revised IASs, IFRSs and amendments to IFRS 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:

- |   |   |
|---|---|
| • IFRS 9                                    | Financial Instruments <sup>2</sup>  |
| • IFRS 15                                   | Revenue from Contracts with Customers <sup>2</sup>                                |
| • Amendments to IAS 1                       | Disclosure Initiative <sup>1</sup>  |
| • Amendments to IAS 16 and IAS 38           | Clarification of Acceptable Methods of Depreciation and Amortisation <sup>1</sup> |
| • Amendments to IFRS 10, IFRS 12 and IAS 28 | Investment Entities: Applying the Consolidation Exception <sup>1</sup>            |
| • Amendments to IFRSs                       | Annual Improvements to IFRSs 2012-2014 Cycle <sup>1</sup>                         |

1 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

The management anticipates that the adoption of the above IASs, IFRSs and amendments to IFRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for IFRS 15.

#### IFRS 15 Revenue from Contracts with Customers

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

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

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

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15. The management anticipates that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

### IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

In the opinion of the directors, based on the Group's financial instruments as at December 31, 2015, the application of IFRS 9 will not have a material effect on the financial liabilities and other financial assets of the Group.

### 3 Revenue and segment information

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

Principal activities of each reportable operating segment are as follows:

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

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

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

#### Segment revenues and results

	<u>Distribution</u> <i>US\$'000</i>	<u>Manufacturing</u> <i>US\$'000</i>	<u>Total</u> <i>US\$'000</i>
<b><u>For the year ended 31 December 2015</u></b>			
<b>REVENUE</b>	<u>109,205</u>	<u>62,700</u>	<u>171,905</u>
<b>RESULTS</b>			
Segment results	3,567	13	3,580
Unallocated results			-
Profit before income tax			3,580
Income tax expense			<u>(305)</u>
Profit for the year			<u>3,275</u>
<b><u>For the year ended 31 December 2014</u></b>			
<b>REVENUE</b>	<u>107,064</u>	<u>55,631</u>	<u>162,695</u>
<b>RESULTS</b>			
Segment results	2,871	341	3,212
Unallocated results			<u>11</u>
Profit before income tax			3,223
Income tax expense			<u>(387)</u>
Profit for the year			<u>2,836</u>

#### Segment assets, liabilities and other information

<b><u>At 31 December 2015</u></b>			
<b>ASSETS</b>			
Segment assets	96,393	58,453	154,846
Unallocated assets			<u>1,212</u>
Consolidated assets			<u>156,058</u>

### 3 Revenue and segment information (continued)

	<u>Distribution</u> <i>US\$'000</i>	<u>Manufacturing</u> <i>US\$'000</i>	<u>Total</u> <i>US\$'000</i>
<b>LIABILITIES</b>			
Segment liabilities	53,192	16,722	69,914
Unallocated liabilities			<u>2,186</u>
Consolidated total liabilities			<u>72,100</u>
<b>OTHER INFORMATION</b>			
Capital expenditure	586	295	881
Depreciation and amortisation	483	2,111	2,594
Finance costs	1,401	64	1,465
Interest income	<u>(31)</u>	<u>(9)</u>	<u>(40)</u>

#### At 31 December 2014

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

#### **Geographical information**

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

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

	<u>2015</u> <i>US\$'000</i>	<u>2014</u> <i>US\$'000</i>
PRC (including Hong Kong & Macau)	120,222	119,241
Asia (other than the PRC)	14,164	12,608
Europe	23,015	24,510
Others <sup>(1)</sup>	<u>14,504</u>	<u>6,336</u>
Total	<u>171,905</u>	<u>162,695</u>

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

	<u>2015</u> <i>US\$'000</i>	<u>2014</u> <i>US\$'000</i>
PRC (including Hong Kong & Macau)	8,931	9,140
Europe	7,840	7,202
The United States of America	1,438	3,240
Others <sup>(2)</sup>	<u>19</u>	<u>16</u>
Total	<u>18,228</u>	<u>19,598</u>

### 3. Revenue and segment information (continued)

Notes:

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

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

#### Breakdown of turnover for the year ended 31 December

	<u>2015</u> <i>US\$'000</i>	<u>2014</u> <i>US\$'000</i>	<u>Change</u> %
Revenue reported for first half year	<u>71,819</u>	<u>67,641</u>	6.2
Operating profit after tax before deducting non-controlling interests reported for first half year	<u>891</u>	<u>734</u>	21.4
Revenue reported for second half year	<u>100,086</u>	<u>95,054</u>	5.3
Operating profit after tax before deducting non-controlling interests reported for second half year	<u>2,622</u>	<u>2,714</u>	(3.4)

### 4 Finance costs

	<u>2015</u> <i>US\$'000</i>	<u>2014</u> <i>US\$'000</i>
Interest on bank borrowings	<u>1,465</u>	<u>1,520</u>

### 5 Income tax expense

	<u>2015</u> <i>US\$'000</i>	<u>2014</u> <i>US\$'000</i>
Current tax:		
PRC Enterprise Income Tax	198	23
Others	<u>105</u>	<u>366</u>
	303	389
Deferred tax expense (credit)	<u>2</u>	<u>(2)</u>
Income tax expense for the year	<u>305</u>	<u>387</u>

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

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

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

## 6 Profit for period / year

Profit for the 3 months and 12 months ended 31 December 2015 has been arrived at after charging (crediting) the following:

	3 months ended 31 December			12 months ended 31 December		
	<u>2015</u> US\$'000	<u>2014</u> US\$'000	<u>Change</u> %	<u>2015</u> US\$'000	<u>2014</u> US\$'000	<u>Change</u> %
Impairment loss recognised in respect of goodwill	228	485	(53.0)	228	485	(53.0)
Amortisation of intangible assets (included in administrative expenses)	(452)	650	(169.5)	855	1,951	(56.2)
Depreciation of properties, plant and equipment	867	1,001	(13.4)	1,739	1,801	(3.4)
Net foreign exchange loss (gain)	227	1,289	(82.4)	(404)	566	NM
Interest income	13	(9)	(244.4)	(40)	(25)	60.0
Finance costs	356	422	(15.6)	1,465	1,520	(3.6)
Allowance for doubtful debts	563	759	(25.8)	563	863	(34.8)
Gain on deemed disposal of an associate arising from further acquisition	-	11	NM	-	11	NM

## 7 Dividends

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

In respect of the current financial year, the directors of the Company propose that a final dividend of HK\$0.028 (US\$0.0036) 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 31 December 2015, the total dividend to be paid is approximately US\$989,000.

## 8 Earnings per share

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

	<u>2015</u> US\$'000	<u>2014</u> US\$'000
Profit for the year attributable to owners of the Company	<u>3,513</u>	<u>3,448</u>
	<u>Number of shares</u> '000	
Weighted average number of ordinary shares for the purpose of basic earnings per share	271,859	239,284
Add: Effect of dilutive potential ordinary shares relating to outstanding share options issued by the Company	<u>2,996</u>	<u>5,541</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>274,855</u>	<u>244,825</u>

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

**9 Net asset value**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<i>US cents</i>	<i>US cents</i>	<i>US cents</i>	<i>US cents</i>
Net asset value per ordinary share capital at the end of the financial year	30.5	29.9	15.0	14.4

The net asset value per share as at 31 December 2015 is computed using the number of Shares in issue of 275,437,000 Shares (31 December 2014: 267,375,000 Shares) as at that date.

**10 Additions to properties, plant and equipment**

During the year, the Group incurred US\$881,000 (31 December 2014: US\$1,299,000) on the acquisition of properties, plant and equipment.

**11 Trade and other receivables**

	<b>2015</b>	<b>2014</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Trade receivables and bills receivables	77,877	72,192
Less: Allowance for doubtful debts	(3,667)	(3,285)
	74,210	68,907
Trade bills receivable discounted with recourse	1,901	5,733
Prepayments	5,457	6,066
Other receivables	1,821	3,202
	<u>83,389</u>	<u>83,908</u>

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

	<b>2015</b>	<b>2014</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Less than 90 days	53,087	47,853
91 to 120 days	7,289	10,227
121 to 365 days	7,031	6,353
1 to 2 years	5,784	3,654
Over 2 years	1,019	820
	<u>74,210</u>	<u>68,907</u>

**12 Trade and other payables**

	<b>2015</b>	<b>2014</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Trade payables	14,434	14,324
Accruals	7,603	6,726
Customer deposits	5,926	4,581
Other payables	928	3,758
	<u>28,891</u>	<u>29,389</u>

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

	<b>2015</b>	<b>2014</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Less than 60 days	12,169	11,338
61 to 180 days	1,723	1,552
181 to 365 days	228	710
Over 365 days	314	724
	<u>14,434</u>	<u>14,324</u>

### 13 Bank borrowings and overdrafts

	<u>2015</u> US\$'000	<u>2014</u> US\$'000
Trust receipt loans	10,085	12,322
Other bank loans	24,961	24,009
Mortgage loan	2,800	2,960
Bank overdrafts	<u>760</u>	<u>2,168</u>
	<u>38,606</u>	<u>41,459</u>
Secured (Mortgage loan)	2,800	2,960
Unsecured	<u>35,806</u>	<u>38,499</u>
	<u>38,606</u>	<u>41,459</u>
Carrying value repayable*:		
On demand or within one year	25,704	33,284
Between one to two years	6,140	3,240
Between two to five years	4,262	2,275
Over five years	<u>2,500</u>	<u>2,660</u>
	38,606	41,459
Less: Amounts due within one year shown under current liabilities	<u>(25,704)</u>	<u>(33,284)</u>
Amounts due after one year shown under non-current liabilities	<u>12,902</u>	<u>8,175</u>

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

#### Amounts repayable in one year or less, or on demand

As at 31 December 2015		As at 31 December 2014	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
160	25,544	160	33,124

#### Amounts repayable after one year

As at 31 December 2015		As at 31 December 2014	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
2,640	10,262	2,800	5,375

#### Details of any collateral

The Group has pledged its leasehold land and buildings with carrying value of US\$4,526,000 (31 December 2014: US\$4,699,000) to a bank to secure bank facilities granted to the Group.



## 14 Share Capital

	<u>Group and Company</u>	
	Number of ordinary shares of US\$0.05 each	US\$'000
Authorised	<u>800,000,000</u>	<u>40,000</u>
Issued and paid up:		
At 1 January 2014	232,500,000	11,625
Issue of shares	<u>34,875,000</u>	<u>1,744</u>
At 31 December 2014	267,375,000	13,369
Issue of shares upon exercise of share options	<u>8,062,000</u>	<u>403</u>
At 31 December 2015	<u>275,437,000</u>	<u>13,772</u>

In 2014, the Company issued 34,875,000 ordinary shares of US\$0.05 each, for consideration of HK\$2.4 (equivalent to US\$0.3077) per share.

The subscription price of HK\$2.4 per subscription share represents a discount of approximately 5.88% to the closing price of HK\$2.55 per share as quoted on the Stock Exchange on 9 October 2014 (the date on which the terms of the issue were fixed).

The net proceeds received by the Company from the subscription are approximately HK\$83.35 million (equivalent to US\$10.69 million), representing a net price of HK\$2.39 (equivalent to US\$0.3064) per share.

The allocation was made to two subscribers. The subscribers and their respective ultimate beneficial owners were independent of and not connected with the Company or any of its connected persons on the subscription date. The subscribers are KCH Investment Company Limited that is wholly owned by Mr. Guo Bing (Note 1) and GW Capital Limited that is wholly owned by Mr. Guo Yong.

Pursuant to exercise of share options under the 2004 Share Option Scheme (as defined below), the Company issued 8,062,000 ordinary shares of US\$0.05 each for the net proceeds of approximately US\$1,239,000 during the current year.

The new issued shares rank pari passu with the then existing shares in all respects. The Company has one class of ordinary shares which carry one vote per share and no right to fixed income.

*Note 1: Mr. Guo Bing was subsequently appointed as a director of the Company on 2 July 2015 and resigned as director of the Company on 26 October 2015.*

## 15 Warrant

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

## 16 Share option

The Company has two share option schemes, the details of which are as follows:

### 2004 Share Option Scheme

On 28 May 2004, the Company adopted a share option scheme (the "2004 Share Option Scheme"). The purpose of the 2004 Share Option Scheme was to provide the eligible participants with an opportunity to have a personal stake in the Company with a view to motivating them to optimize their performance efficiency for the benefit of the Company.

The size of the 2004 Share Option Scheme shall not exceed 15% of the issued ordinary share capital of the Company. The options that are granted under the 2004 Share Option Scheme may have exercise prices that are set at a price equal to the average of the last dealt prices for the shares of the Company ("Shares") determined by reference to the daily official list or other publication published by the Official List of Singapore Exchange Securities Trading Limited ("SGX-ST") for a period of five consecutive market days immediately preceding the relevant date of grant of such options or at a discount to the abovementioned price (subject to a maximum discount of 20%).

## 16 Share option (continued)

### 2004 Share Option Scheme (continued)

Directors (including non-executive directors and independent directors) and employees of the Group are eligible to participate in the 2004 Share Option Scheme. Controlling shareholders and their associates are not eligible to participate in the 2004 Share Option 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 any 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 number of Shares comprised in any option to be offered to a participant of the 2004 Share Option Scheme shall be determined at the absolute discretion of the remuneration committee of the Company.

The Company granted a total of 21,835,000 options under the 2004 Share Option Scheme, of which options to subscribe for 8,062,000 ordinary Shares of US\$0.05 each have been exercised. The number of outstanding share options under the 2004 Share Option Scheme as at 31 December 2015 was 13,773,000 (31 December 2014: 21,835,000), representing approximately 5.00% (31 December 2014: 8.17%) of the issued share capital of the Company as at 31 December 2015.

Pursuant to the 2004 Share Option Scheme, 30% of the options shall be vested on the first anniversary of the date of grant. The remaining 70% of the options shall be vested on the third anniversary of the date of grant. Upon acceptance of the option, the grantee shall pay S\$1.00 to the Company by way of consideration for the grant of the option.

When the 2004 Share Option Scheme was adopted on 28 May 2014, the scheme shall be in force up to a maximum period of 10 years from the adoption date. No further option has been granted under the 2004 Share Option Scheme upon the listing of the Company on The Stock Exchange of Hong Kong Limited (the “SEHK”) on 21 December 2011 and the 2004 Share Option Scheme was subsequently superseded by the 2011 Share Option Scheme (as defined below), and as such, the total number of securities available for issue under the 2004 Share Option Scheme remains 13,773,000 Shares, representing approximately 5.15%, 5.15% and 5.00% of the issued share capital of the Company as at 31 December 2014, 19 March 2015 (i.e. the date of the annual report for the year ended 31 December 2014) and 31 December 2015 respectively.

### 2011 Share Option Scheme

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

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

The 2011 Share Option Scheme shall be in force up to a maximum period of 10 years from the date on which the 2011 Share Option Scheme was adopted (i.e. 9 June 2011) and may be continued beyond the stipulated period with the approval of shareholders by way of ordinary resolution in a general meeting and of such relevant authorities which may then be required.

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

Where the options are granted to the controlling shareholders and their associates, (a) the aggregate number of Shares available to the controlling shareholders and their associates shall not exceed 25% of the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2011 Share Option Scheme; (b) the aggregate number of Shares available to each controlling shareholder or his associate shall not exceed 10% of the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2011 Share Option Scheme; (c) separate approval of independent shareholders shall be obtained for each participant in respect of this participation and the number of Shares comprised in the options to be granted to him and the terms.

## 16 Share option (continued)

### 2011 Share Option Scheme (continued)

The number of Shares comprised in any option to be offered to a participant in the 2011 Share Option Scheme shall be determined at the absolute discretion of the remuneration committee of the Company.

Pursuant to the annual general meeting of the Company on 30 April 2012 (the “2012 AGM”) and the approval granted by the Listing Committee of the SEHK, the scheme mandate limit of the 2011 Share Option Scheme was refreshed and the Company might grant options entitling the eligible participants to subscribe for up to a maximum number of 23,250,000 Shares, representing 10% of the issued share capital of the Company as at the date of the 2012 AGM.

On 22 January 2015, the Company granted a total of 2,000,000 options under its 2011 Share Option Scheme for a total of 2,000,000 new ordinary shares of US\$0.05 each in the capital of the Company at the exercise price of HK\$2.00 per Share, of which options to subscribe for 300,000 Shares were cancelled on 23 January 2015 and options to subscribe for 1,700,000 Shares remained outstanding (representing approximately 0.64%, 0.64% and 0.62% of the issued share capital of the Company as at 31 December 2014, 19 March 2015 (i.e. the date of the annual report for the year ended 31 December 2014) and 31 December 2015 respectively).

Pursuant to the 2011 Share Option Scheme, the first tranche of the options (30% of the Share Options) is exercisable from 22 January 2018 to 22 January 2025, the second tranche of the options (30% of the Share Options) is exercisable from 22 January 2019 to 22 January 2025, and the third tranche of the options (40% of the Share Options) is exercisable from 22 January 2020 to 22 January 2025. Upon acceptance of the option, the grantee shall pay S\$1.00 to the Company by way of consideration for the grant of the option.

As of 31 December 2015, the total number of securities available for issue under the 2011 Share Option Scheme was 22,950,000 Shares, being the refreshed mandate limit of 23,250,000 Shares less the cancelled options of 300,000 Shares, representing approximately 8.58%, 8.58% and 8.33% of the issued share capital of the Company as at 31 December 2014, 19 March 2015 (i.e. the date of the annual report for the year ended 31 December 2014) and 31 December 2015 respectively.

## 17 Contingent liabilities

As at 31 December 2015 and 31 December 2014, the Group had no material contingent liabilities.

## 18 Event after reporting

Subsequent to the reporting period, on 27 January 2016, the Company has received in-principle approval from the SGX-ST for the proposed conversion in its listing status from a primary listing to a secondary listing on the Main Board of the SGX-ST while maintaining its primary listing status on the SEHK. The Company will announce further in relation to the event, whenever appropriate.

## BUSINESS REVIEW

For the year ended 31 December 2015 (“FY2015”), our revenue for the distribution business increased by 2.0% to US\$109.2 million from US\$107.1 million for the year ended 31 December 2014 (“FY2014”) mainly due to the increase in revenue for the distribution business in the PRC and other Asian markets. The segment results from the distribution business increased by 24.2% to US\$3.6 million from US\$2.9 million in FY2014 due to improved profit margins for the distribution business in FY2015.

Our revenue for the manufacturing business increased by 12.7% to US\$62.7 million in FY2015 from US\$55.6 million in FY2014. The increase in revenue was mainly attributable to the new business relating to Gas Chromatograph and Gas Chromatography Mass Spectrometry Single-Quad which commenced in the last quarter of 2014 (the “new GC business”). The segment results from the manufacturing business decreased by 96.2% to US\$0.01 million in FY2015 from US\$0.34 million in FY2014 mainly due to an increase in administrative expenses in relation to the new GC business.

The profit attributable to the owners of the Company was US\$3.5 million for FY2015, representing an increase of 1.9% as compared with that of US\$3.4 million in FY2014. The increase was a result of the improvement in the distribution business.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Statement of Comprehensive Income**

#### **Revenue**

The revenue in FY2015 increased by US\$9.2 million or 5.7% to US\$171.9 million from US\$162.7 million in FY2014, whereas the revenue increased by 6.4% to US\$63.5 million in the last quarter of 2015 from US\$59.7 million in the last quarter of 2014. The revenue increased mainly due to the contribution from the new GC business acquired in last quarter of 2014.

#### **Cost of sales**

In tandem with the revenue increase, cost of sales in FY2015 increased by US\$4.4 million or 4.0% to US\$116.4 million from US\$112.0 million in FY2014.

#### **Gross profit and gross profit margin**

Gross profit in FY2015 increased by US\$4.8 million or 9.4% to US\$55.5 million from US\$50.7 million in FY2014, whereas gross profit increased by 15.6% to US\$20.0 million in the last quarter of 2015 from US\$17.2 million in the last quarter of 2014. Gross profit margin increased by 1.1 percentage point to 32.3% in FY2015 compared with 31.2% in FY2014. The gross profit margin improvement was mainly attributable to the depreciation of the Japanese Yen, which is the currency in which the Group's purchase for the distribution business are primarily denominated in.

#### **Other operating income (expenses)**

The other operating income increased by US\$1.7 million from US\$0.6 million expenses in FY2014 to US\$1.1 million income in FY2015. The increase was mainly due to the recognition of net exchange gain of US\$0.4 million in FY2015 compared to the net exchange loss of US\$0.6 million in FY2014.

#### **Distribution costs**

Distribution costs in FY2015 increased by 9.9% to US\$18.1 million from US\$16.5 million in FY2014, whereas distribution costs increased by 68.3% to US\$5.3 million in the last quarter of 2015 from US\$3.1 million in the last quarter of 2014, due mainly to consolidation of the new GC business acquired in late last quarter of FY2014.

#### **Administrative expenses**

Administrative expenses in FY2015 increased by US\$4.5 million or 15.7% to US\$33.5 million from US\$28.9 million in FY2014, whereas administrative expenses increased by 23.3% to US\$12.0 million in the last quarter of 2015 from US\$9.7 million in the last quarter of 2014 mainly due to the consolidation of the new GC business acquired in late last quarter of FY2014.

#### **Finance costs**

Finance costs in FY2015 decreased by 3.6% to US\$1.5 million and decreased by 15.6% to US\$0.4 million in the last quarter of 2015, as a result of the change in average balances of bank borrowings in the respective periods.

#### **Profit for the year**

In view of the above, the profit for the year attributable to owners of the Company increased by 1.9% or US\$0.1 million from US\$3.4 million in FY2014 to US\$3.5 million in FY2015.

### **Statement of Financial Position**

#### **Properties, plant and equipment**

Properties, plant and equipment decreased by US\$1.1 million from US\$12.0 million as at 31 December 2014 to US\$10.9 million as at 31 December 2015.

## **MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

### **Intangible assets**

Intangible assets decreased by US\$0.1 million from US\$4.5 million as at 31 December 2014 to US\$4.4 million as at 31 December 2015 mainly due to the addition of US\$1.1 million during FY2015, partially off-set by the amortization of US\$0.9 million and the translation difference of US\$0.2 million.

### **Inventories**

Inventories decreased by US\$0.9 million from US\$38.1 million as at 31 December 2014 to US\$37.2 million as at 31 December 2015.

### **Trade and other receivables**

Trade and other receivables decreased by US\$0.5 million from US\$83.9 million as at 31 December 2014 to US\$83.4 million as at 31 December 2015 mainly due to decrease in prepayment to the suppliers.

### **Trade and other payables**

Trade and other payables decreased by US\$0.5 million from US\$29.4 million as at 31 December 2014 to US\$28.9 million as at 31 December 2015.

### **Cash and bank balances**

There is no significant change in cash balance. Bank borrowings and overdrafts reduced by US\$2.9 million in total. The Group repaid US\$89.6 million of bank loans, obtained new bank loans of US\$88.2 million and reduced bank overdraft by US\$1.4 million.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at 31 December 2015, the Group's net current assets stood at US\$78.4 million (31 December 2014: US\$68.1 million), of which the cash and bank balances were US\$16.0 million (31 December 2014: US\$16.1 million). The Group's current ratio was 2.3 (31 December 2014: 2.0).

Total bank borrowings as at 31 December 2015 reached US\$38.6 million (31 December 2014: US\$41.5 million). About 79.4% of the Group's bank borrowings were denominated in Hong Kong or US dollars, 17.8% in Japanese Yen and the rest in other currencies such as Euro dollar and British Pounds. The Group's gearing ratio stood at 46.0% as at 31 December 2015 (31 December 2014: 52.0%), which is calculated based on the Group's total interest-bearing debts over the total equity. The Group adopts centralized financing and treasury policies in order to ensure that group financing is managed efficiently. The Group also regularly monitors its liquidity requirements, its compliance with lending covenants and its relationship with bankers to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

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

As a significant portion of the Group's distribution products are sourced in Japanese Yen, any significant fluctuations of Japanese Yen against US Dollar will have a material impact on the Group's gross profit margin in its distribution business. Besides, weakening Europe currencies will enhance the Group's manufactured products' competitiveness in the global market.

Underpinned the demand from the government sector, management expects modest growth in overall demand despite the slowdown in the industrial sector in China.

The Group expects the market demand for its products in Asia (exclude PRC) to remain stable. Whilst the European markets remain challenging, the Group continue to pursue productivity and cost saving measures to optimize the research and development, sourcing and manufacturing operations of the Group in Europe and the PRC to achieve synergistic benefits for the manufacturing facilities.

## **EMPLOYEES AND EMOLUMENT POLICY**

As at 31 December 2015, there were 812 (31 December 2014: 821) employees in the Group. Staff remuneration packages are determined after considering the market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical and life insurance, and grants discretionary incentive bonuses and share options to eligible staff based on their performance and contributions to the Group.

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

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

In respect of the current financial year, the directors of the Company propose that a final dividend of HK\$0.028 (US\$0.0036) 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 31 December 2015, the total dividend to be paid is approximately US\$989,000.

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

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

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

## **AUDIT COMMITTEE**

The audit committee of the Company (the "Audit Committee") has reviewed the unaudited financial statements of the Group for the financial year ended 31 December 2015, including the review of the accounting principles and practices adopted by the Group, and has also discussed the auditing, internal control and financial reporting matters. The Audit Committee has no disagreement with the accounting principles, treatments and practices adopted by the Group.

## **CORPORATE GOVERNANCE**

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

In the opinion of the directors of the Company, the Company has complied with the applicable code provisions of the Hong Kong Code throughout the financial year ended 31 December 2015, except for a deviation from Code Provision A.2.1 of the Hong Kong Code which is explained below:

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

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Board confirms, having made specific enquiries with all directors of the Company, that during the financial year ended 31 December 2015, all members of the Board have complied with the required standards of the Model Code for Securities Transactions by Directors of Listed Issuer as set out in Appendix 10 of the Listing Rules.

## AUDIT OR REVIEW OF THE FINANCIAL RESULTS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2015 have been compared by the Company's auditors, Deloitte & Touche LLP, Certified Public Accountants, to the amounts set out in the Group's draft financial statements for the year and the amounts were found to be in agreement. The work performed by Deloitte & Touche LLP in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors on this announcement.

## FORECAST STATEMENT

No forecast statement has been previously disclosed to shareholders.

## ANNUAL GENERAL MEETING

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

## DISCLOSURE ON THE WEBSITE OF THE EXCHANGES

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

The annual report of the Company for the financial year ended 31 December 2015 will be dispatched to the Shareholders and published on the websites of the SGX-ST, the SEHK and the Company in due course.

## DISCLOSURE PURSUANT TO RULE 704(13) SGX-ST LISTING MANUAL

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
XU Song Hua	37	Daughter of XU Guoping, Executive Director (Note 1)	Group Operation Manager since 2010	NIL

*Note 1: Mr. Xu Guoping resigned as director of the Company on 2 July 2015.*

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

No mandate from shareholders has been obtained for IPTs.

## CONFIRMATION PURSUANT TO RULE 720(1)

It is confirmed that the Company has procured undertakings from all its Directors and executive officers.

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

Hong Kong, 26 February 2016

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

*\*For identification purpose only*