

Report of Supervisory Board

Supervisory Board Activities in the 2013 Financial Year

Dear Shareholders,

In the financial year 2013, the Supervisory Board of BPIC AG thoroughly performed its duties as assigned by law, the Articles of Incorporation and the Rules of Procedure and advised the Management Board in the direction of the Company and accompanied and monitored its management activities. The Management Board informed the Supervisory Board, in writing, on the economic situation and development of the Company as well as on significant business matters.

This included, in particular, the development of the Company's business in China as well as overseas, the employment situation as well as basic aspects of corporate planning and the envisaged business policy.

The Management Board fulfilled its reporting duties in relation to the aforementioned topics. The Supervisory Board fully performed its duties as assigned by law, the Articles of Incorporation and the Rules of Procedure and made the necessary decisions.

Outside the meetings, the Management Board kept the Supervisory Board informed about significant events. Moreover, important topics and upcoming decisions were dealt with in regular discussions between the Management Board and the Supervisory Board. The Chairman of the Supervisory Board kept himself regularly informed on significant events from the Chairman of the Management Board. The Supervisory Board did not exercise its examination rights according to Section 111(2) of the German Stock Corporation Act (AktG), as the reporting by the Management Board gave no reason to do so. The Supervisory Board did not set up any committees during the reporting period.

Subject Matters of the Supervisory Board Meetings in the 2013 Financial Year

In the financial year 2013, the Supervisory Board convened four meetings on 28 June 2013, 18 July 2013, 9 September 2013, 17 October 2013.

The subject matter of the meeting on 28 June 2013 was primarily the election of Mr. Matthias SCHROEDER as the chairman of the Supervisory Board of BPIC AG.

The subject matter of the meeting on 18 July 2013 was primarily to approve a Loan Agreement between Beijing Precise Instruments Company Limited, PRC and Mr. Wei, XIE; the approval of the remuneration Mr. Wei, XIE as member of the Management Board of BPIC AG in 2012 and as director of BPIC AG in 2013. Further remuneration of Mr. Took Jwee NGOH for his services as the Chief Financial Officer of BPIC AG for 2012 has been approved.

The subject matter of the meeting on 9 September 2013 was primarily the discussion and approval of the Company Consolidated Financial Statements as we Consolidated Report for the short Financial Year 2012 and the resolution on the Report of the Supervisory Board for the short Financial Year 2012.

The subject matter of the meeting on 17 October 2013 was the approval of the Agenda for the Annual General Meeting 2013.

Changes to the Supervisory Board and Management Board

Effective on 19 June 2013, Mr. Phillip MOFFAT resigned from the Chairman of Supervisory Board. Mr. Matthias SCHROEDER was appointed as a member of the Supervisory Board by the Local Court of Hamburg, Germany, on 25 June 2013. By resolution dated 28 June 2013, the Supervisory Board elected Mr. Matthias SCHROEDER as the new Chairman of the Supervisory Board.

Annual Financial Statements and Consolidated Financial Statements for 2013

The principal subject matter of the Supervisory Board meeting on 03 September 2014 was related to the annual financial statements of the Company for the financial year ending 31 December 2013 according to the statutory accounting requirements of the German Commercial Code (“HGB”) and the consolidated financial statements for the financial year ending ending 31 December 2013 according to IFRS as endorsed for application within the EU. The consolidated financial statements for the financial year ending 31 December 2013 were audited by Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Düsseldorf. Both the Management Board and the auditors presented the financial statements to the Supervisory Board and answered all their questions comprehensively.

After discussing the presented financial statements, the Supervisory Board approved the annual financial statements of the Company and the audited consolidated financial statements. The annual financial statements of the Company are thus adopted pursuant to

In addition, the Supervisory Board furthermore approved the management report for the Group for the financial year ending 31 December 2013.

Dependent Company Report

According to Section 312 of the German Stock Corporation Act (“AktG”), under certain circumstances a company is obliged to produce a report on relations of a dominant shareholder of the company with affiliated companies. The Supervisory Board discussed with the Management Board on the matter and noted that as the majority shareholder, Mr. Wei XIE, has no economic interests other than his participation in BPIC AG, the risk that he uses his influence on related entities to the detriment of the company is limited. Against this background, the Supervisory Board and the Management Board determined that no dependency report was to be prepared by the Management Board in accordance with Section 312 of the AktG.

The Supervisory Board thanks the Management Board and all staff members for their commitment and their work in the financial year 2013.

Hamburg, 03 September 2014

On behalf of the Supervisory Board
Matthias SCHROEDER
Chairman of the Supervisory Board