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 UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

The board (the "Board") of directors (the "Director(s)") of Techcomp (Holdings) Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2017 together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		6 months ended 30 June		
		2017	**2016**	**Change**
	Notes	*US$'000*	*US$'000*	*%*
Revenue	3	79,537	77,810	2.2
Cost of sales		(54,257)	(51,081)	6.2
Gross profit		25,280	26,729	(5.4)
Other income, gains and losses		525	460	14.1
Selling and distribution expenses		(10,640)	(9,806)	8.5
Administrative expenses		(15,332)	(16,754)	(8.5)
Finance costs	4	(739)	(674)	9.6
Loss before taxation	5	(906)	(45)	1913.3
Taxation	6	(14)	(45)	(68.9)
Loss for the period		(920)	(90)	922.2

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

	Note	6 months ended 30 June 2017	2016	Change
	Note	*US$'000*	*US$'000*	*%*
Other comprehensive expense				
Item that will not be reclassified to profit or loss:				
- Recognition of actuarial loss on defined benefit plan		(702)	-	n/a
Item that may be reclassified subsequently to profit or loss:				
- exchange differences arising on translation of foreign operations		(980)	(344)	184.9
Other comprehensive expense for the period		(1,682)	(344)	389.0
Total comprehensive expense for the period		(2,602)	(434)	499.5
(Loss) profit for the period attributable to:				
Owners of the Company		(818)	176	n/a
Non-controlling interests		(102)	(266)	(61.7)
		(920)	(90)	922.2
Total comprehensive expense for the period attributable to:				
Owners of the Company		(2,499)	(165)	1414.5
Non-controlling interests		(103)	(269)	(61.7)
		(2,602)	(434)	499.5
(Loss) earnings per share (US cents)	8			
- Basic		(0.30)	0.06	
- Diluted		(0.30)	0.06	

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**At 30 June 2017** *US$'000*	**At 31 December 2016** *US$'000*
Non-current assets			
Properties, plant and equipment	9	10,348	9,735
Goodwill		2,471	2,471
Other intangible assets		4,235	4,186
Deposits paid for acquisition of property, plant and equipment		804	804
Other assets		944	944
Deferred tax assets		15	15
		18,817	18,155
Current assets			
Inventories		56,659	41,117
Trade and other receivables	10	72,249	92,224
Tax recoverable		220	140
Bank balances and cash		12,301	16,612
		141,429	150,093
Current liabilities			
Trade and other payables	11	31,348	38,779
Liabilities for trade bills discounted with recourse		1,979	3,677
Tax payable		2,463	2,332
Bank borrowings and overdrafts - due within one year		40,213	36,804
		76,003	81,592
NET CURRENT ASSETS		65,426	68,501
TOTAL ASSETS LESS CURRENT LIABILITIES		84,243	86,656
Non-current liabilities			
Bank borrowings - due after one year		4,728	5,826
Retirement benefit plan liabilities		1,192	446
Deferred tax liabilities		108	141
		6,028	6,413
		78,215	80,243
Capital and reserves			
Share Capital	12	13,772	13,772
Reserves		65,438	67,364
Equity attributable to owners of the Company		79,210	81,136
Non-controlling interests		(995)	(893)
TOTAL EQUITY		78,215	80,243

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 General Information

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 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 condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016.

In the current interim period, the Group has applied, for the first time, the following amendments to International Financial Reporting Standards ("IFRSs") that are effective for the current period:

- Amendments to IAS 7 — Disclosure initiative
- Amendments to IAS 12 — Recognition of deferred tax assets for unrealised losses
- Amendments to IFRSs — Annual Improvements to IFRS Standards 2014-2016 Cycle

The application of these amendments to the IFRSs in the current interim period has had no material impact on amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3 Revenue and segment information

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

Principal activities of each reportable segment are as follows:

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

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

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

Segment revenue and results

	Distribution	**Manufacturing**	**Total**
	US$'000	*US$'000*	*US$'000*
Period ended 30 June 2017			
REVENUE	47,771	31,766	79,537
RESULTS			
Segment result	28	(934)	(906)
Income tax expenses			(14)
Loss for the period			(920)
Period ended 30 June 2016			
REVENUE	46,073	31,737	77,810
RESULTS			
Segment result	355	(400)	(45)
Income tax expenses			(45)
Loss for the period			(90)

Segment assets and liabilities

	Distribution	Manufacturing	Total
At 30 June 2017			
ASSETS			
Segment assets	99,676	59,390	159,066
Unallocated assets			1,180
Consolidated total assets			160,246
LIABILITIES			
Segment liabilities	60,810	18,649	79,459
Unallocated liabilities			2,572
Consolidated total liabilities			82,031
Other segment information			
Capital expenditure	99	523	622
Depreciation and amortisation	62	979	1,041
Finance costs	724	15	739
Interest income	(7)	(5)	(12)

3 Revenue and segment information (continued)

	Distribution	Manufacturing	Total
	US$'000	*US$'000*	*US$'000*
At 30 June 2016			
ASSETS			
Segment assets	94,994	57,008	152,002
Unallocated assets			1,154
Consolidated total assets			153,156
LIABILITIES			
Segment liabilities	52,095	16,516	68,611
Unallocated liabilities			1,980
Consolidated total liabilities			70,591
Other segment information			
Capital expenditure	20	7	27
Depreciation and amortisation	65	901	966
Finance costs	608	66	674
Interest income	(15)	(5)	(20)

Geographical information

The Group operates principally in the People's Republic of China ("PRC"), Hong Kong, Macau, Singapore, France, Switzerland and the United Kingdom.

(a) Revenue from external customers

	6 months ended 30 June	
	2017	2016
	US$'000	*US$'000*
PRC (including Hong Kong & Macau)	55,949	55,646
Asia (other than PRC)	5,807	6,224
Europe	13,542	11,801
Others[(1)]	4,239	4,139
Total	79,537	77,810

(b) Non-current assets (excluding other assets and deferred tax assets)

	30 June 2017	31 Dec 2016
	US$'000	*US$'000*
PRC (including Hong Kong & Macau)	7,367	7,501
Europe	9,520	8,501
The United States of America	955	1,179
Others[(2)]	16	15
Total	17,858	17,196

Notes:

(1) The geographic segment classified as "Others" includes the United States of America, Africa and Australia.

(2) The geographic segment classified as "Others" includes Singapore, India and Australia.

4 Finance costs

	6 months ended 30 June	
	2017	**2016**
	US$'000	*US$'000*
Interest on bank borrowings	739	674

5 Loss before taxation

Loss before taxation has been arrived at after charging (crediting) the following:

	6 months ended 30 June	
	2017	**2016**
	US$'000	*US$'000*
Amortisation of intangible assets (included in administrative expenses)	595	516
Depreciation of properties, plant and equipment	446	450
Net foreign exchange gain	(193)	(268)
Interest income	(12)	(20)

6 Taxation

	6 months ended 30 June	
	2017	**2016**
	US$'000	*US$'000*
Current tax:		
Hong Kong Profits Tax	-	10
PRC Enterprise Income Tax	32	30
Others	14	7
	46	47
Deferred tax	(32)	(2)
	14	45

The income tax expenses 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 profits for the period respectively.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

7 Dividends

The Board did not recommend the payment of any final dividend for the year ended 31 December 2016.

The Board did not recommend or declare any interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

8 (Loss) earnings per share

The calculation of the basic and diluted (loss) earnings per share attributable to the owners of the Company for the six months ended 30 June 2017 is based on the following data:

	6 months ended 30 June	
	2017	**2016**
	US$'000	*US$'000*
(Loss) profit for the period attributable to the owners of the Company	(818)	176
	Number of shares '000	
Number of ordinary shares for the purpose of basic (loss) earnings per share	275,437	275,437
Add: Effect of dilutive potential ordinary shares relating to outstanding share options issued by the Company	692	888
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	276,129	276,325

The calculation of diluted (loss) earnings per share takes into account on the effects of employee share options outstanding at the end of the reporting period.

9 Additions to properties, plant and equipment

During the period, the Group spent approximately US$622,000 (six months ended 30 June 2016: US$27,000) on acquisition of properties, plant and equipment.

10 Trade and other receivables

	30 June 2017	**31 December 2016**
	US$'000	*US$'000*
Trade receivables and bills receivables	63,962	86,530
Less: Allowance for doubtful debts	(3,008)	(3,661)
	60,954	82,869
Trade bills receivable discounted with recourse	1,979	3,677
Prepayments	4,202	1,874
Other receivables	5,114	3,804
	72,249	92,224

The Group allows credit period of 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:

	30 June 2017	**31 December 2016**
	US$'000	*US$'000*
0 to 90 days	35,722	63,685
91 to 120 days	8,765	10,622
121 to 365 days	9,354	2,648
1 year to 2 years	5,875	3,628
Over 2 years	1,238	2,286
	60,954	82,869

11 Trade and other payables

	30 June 2017	31 December 2016
	US$'000	*US$'000*
Trade payables	14,924	20,338
Accruals	8,004	4,591
Customer deposits	5,813	8,213
Other payables	2,607	5,637
	31,348	38,779

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:

	30 June 2017	31 December 2016
	US$'000	*US$'000*
0 to 60 days	10,971	17,961
61 to 180 days	2,815	1,697
181 to 365 days	631	397
Over 365 days	507	283
	14,924	20,338

12 Share capital

	Group and Company	
	Number of ordinary shares of US$0.05 each	*US$'000*
Authorised	800,000,000	40,000
Issued and fully-paid : At 31 December 2016 and 30 June 2017	275,437,000	13,772

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

13 Contingent liabilities

As at 30 June 2017 and 31 December 2016, the Group had no material contingent liabilities.

BUSINESS REVIEW

For the six months ended 30 June 2017 ("HY2017''), Group revenue for the distribution business increased by 3.5% to US$47.7 million from US$46.1 million for corresponding period last year ("HY2016'') mainly due to the increased sales in the PRC. Group revenue for the manufacturing business increased marginally to US$31.8 million in HY2017 from US$31.7 million in HY2016. However, gross margin of distribution and manufacturing businesses were adversely affected by the appreciation of Japanese Yen, change in product mix and higher manufacturing costs.

The Group recorded attributable loss of US$0.8 million in HY2017 compared to profits of US$0.2 million in HY2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Statement of Comprehensive Income

Revenue

Revenue in HY2017 increased by 2.2% to US$79.5 million from US$77.8 million in HY2016, mainly attributable to the increase in sales in PRC and European markets, which was partially offset by the decrease in other Asian markets.

Cost of sales

Cost of sales in HY2017 increased by 6.2% to US$54.3 million from US$51.1 million in HY2016. The increase was attributable to expansion of revenue as well as the increase in materials costs.

Gross profit and gross profit margin

Gross profit in HY2017 decreased by 5.4% to US$25.3 million from US$26.7 million in HY2016 due to the increase in materials cost and the change in product mix. The gross profit margin in HY2017 was 31.8% compared to 34.3% in HY2016.

Other income, gains and losses

Other operating income in HY2017 increased by 14.1% to US$0.5 million.

Selling and distribution expenses

In HY2017, distribution costs increased by 8.5% to US$10.6 million, due to the expansion of sales force for gas chromatograph business and generally salesmen increase.

Administrative expenses

Administrative expenses in HY2017 decreased by 8.5% to US$15.3 million mainly due to the consolidation of manufacturing facilities in our gas chromatograph business.

Finance costs

Finance costs in HY2017 increased by 9.6% to US$0.7 million due to the higher average borrowing level for the period.

Statement of Financial Position

Inventories

Inventories increased by US$15.6 million from US$41.1 million as at 31 December 2016 to US$56.7 million as at 30 June 2017, mainly due to the higher level of inventories of raw materials and finished goods held to meet the expected increase in the manufacturing and distribution businesses in the second half of the year.

Trade and other receivables

Trade and other receivables decreased by US$20.0 million from US$92.2 million as at 31 December 2016 to US$72.2 million as at 30 June 2017. This was in line with the seasonal pattern in our business where a higher portion of sales were traditionally realized in the second half of the year.

Trade and other payables

Trade and other payables decreased by US$7.5 million from US$38.8 million as at 31 December 2016 to US$31.3 million as at 30 June 2017.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2017, the Group's net current assets stood at US$65.4 million (31 December 2016: US$68.5 million), of which the cash and bank balances were US$12.3 million (31 December 2016: US$16.6 million). The Group's current ratio was 1.9 (31 December 2016: 1.8).

Total bank borrowings as at 30 June 2017 were US$44.9 million (31 December 2016: US$42.6 million). The Group's gearing ratio as at 30 June 2017 was 57.5% (31 December 2016: 53.1%), 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 banks 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)

Consistent with the seasonal trend experiences in the past, the Group expects its business activities to increase in second half of the year.

Management expects modest sales growth in the PRC as the demand for scientific equipment is expected to grow in tandem with increase in investments in research and development, food safety and environmental industries. The other Asian markets like India and Indonesia are envisaged to remain stable. While the European market remains challenging, the demand for the Techcomp's products is expected to be stable.

As a significant portion of our purchases is denominated in Japanese Yen, further appreciation of the Japanese Yen would erode on the gross margins and profitability of the Group's distribution business.

EMPLOYEES AND EMOLUMENT POLICY

As at 30 June 2017, there were 869 (31 December 2016: 864) employees in the Group. Staff remuneration packages are determined after consideration of market conditions and 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.

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

During the six months ended 30 June 2017, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities on the SEHK or the SGX-ST.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has reviewed the unaudited interim financial statements of the Group for the six months ended 30 June 2017, including the review of the accounting principles and practices adopted by the Group, and has also discussed 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 recognises 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 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 Board, the Company has complied with the applicable code provisions of the Hong Kong Code throughout the six months ended 30 June 2017, 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 the nature of its activities, the Board is of the view that it is not necessary to separate the roles of the Chairman and Chief Executive Officer of the Company. In addition, three out of six directors are independent non-executive directors of the Company, and each of the three board committees of the Company is being chaired by an independent non-executive director of the Company and comprises members who are all independent non-executive 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 that 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 that during the six months ended 30 June 2017, 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 interim results of the Group for the six months ended 30 June 2017 have not been audited or reviewed by the auditors of the Company.

POSSIBLE DISPOSAL OF SHARES OF THE COMPANY

As disclosed in the Company's announcement dated 23 May 2017, the Board was informed by Mr. Lo Yat Keung, the president, executive director and the controlling shareholder of the Company (the "Controlling Shareholder") that a memorandum of understanding (the "MOU") was entered into between the Controlling Shareholder as possible vendor and an independent third party as possible purchaser (the "Possible Purchaser") on 22 May 2017 in respect of the possible disposal of the shares of the Company, representing approximately 40.8% of the issued share capital of the Company, held by the Controlling Shareholder and his spouse to the Possible Purchaser (the "Possible Disposal"). The Possible Disposal may involve a reorganization of the Company, which may be implemented by way of distribution or disposal of certain assets of the Company.

As of the date of this announcement, other than the MOU (not legally binding on the parties thereto, save for customary provisions) and the related escrow agreement, no formal or legally binding agreement has been entered into between the Controlling Shareholder and the Possible Purchaser in respect of the Possible Disposal. Further details in relation to the Possible Disposal are set out in the Company's announcements dated 23 May 2017, 23 June 2017 and 21 July 2017.

Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Listing Rules and The Hong Kong Code on Takeovers and Mergers.

FORECAST STATEMENT

No forecast statement has been previously disclosed to shareholders.

DISCLOSURE ON THE WEBSITES OF THE EXCHANGES AND THE COMPANY

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

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

Hong Kong, 18 August 2017

As at the date of this announcement, the executive directors of the Company are Mr. Lo Yat Keung (President), Mr. Chan Wai Shing and Mr. Christopher James O'Connor, 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*