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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 DECEMBER 31, 2016

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 year ended December 31, 2016 together with the comparative figures for the year ended December 31, 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the year ended December 31, 2016

	Notes	<u>2016</u> US\$'000	<u>2015</u> US\$'000	<u>Change</u> %
Revenue	3	183,043	171,905	6.5
Cost of sales		<u>(122,674)</u>	<u>(116,433)</u>	5.4
Gross profit		60,369	55,472	8.8
Other income, gains and losses	4	(347)	1,135	n/a
Selling and distribution expenses		(19,506)	(18,105)	7.7
Administrative expenses		(38,285)	(33,457)	14.4
Finance costs	5	<u>(1,329)</u>	<u>(1,465)</u>	(9.3)
Profit before taxation	6	902	3,580	(74.8)
Taxation	7	<u>(288)</u>	<u>(305)</u>	(5.6)
Profit for the year		<u>614</u>	<u>3,275</u>	(81.3)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended December 31, 2016

	<i>Note</i>	<u>2016</u> <i>US\$'000</i>	<u>2015</u> <i>US\$'000</i>
Other comprehensive income (expense)			
<i>Item that will not be reclassified to profit or loss:</i>			
- Recognition of actuarial gain (loss) on defined benefit plan		63	(32)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
- Exchange differences arising on translation of foreign operations		<u>(3,462)</u>	<u>(338)</u>
Other comprehensive expense for the year		<u>(3,399)</u>	<u>(370)</u>
Total comprehensive (expense) income for the year		<u><u>(2,785)</u></u>	<u><u>2,905</u></u>
Profit (loss) for the year attributable to:			
Owners of the Company		1,013	3,513
Non-controlling interests		<u>(399)</u>	<u>(238)</u>
		<u><u>614</u></u>	<u><u>3,275</u></u>
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		(2,377)	3,148
Non-controlling interests		<u>(408)</u>	<u>(243)</u>
		<u><u>(2,785)</u></u>	<u><u>2,905</u></u>
Earnings per share (US cents)	9		
- Basic		<u><u>0.37</u></u>	<u><u>1.29</u></u>
- Diluted		<u><u>0.37</u></u>	<u><u>1.28</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31,

	Notes	<u>2016</u> US\$ '000	<u>2015</u> US\$ '000
Non-current assets			
Property, plant and equipment	10	9,735	10,904
Goodwill		2,471	2,881
Other intangible assets		4,186	4,443
Deposits paid for acquisition of property, plant and equipment		804	679
Others assets		944	944
Deferred tax assets		15	26
		<hr/> 18,155	<hr/> 19,877
Current assets			
Inventories		41,117	37,191
Trade and other receivables	11	92,224	82,710
Tax recoverable		140	242
Bank balances and cash		16,612	16,038
		<hr/> 150,093	<hr/> 136,181
Current liabilities			
Trade and other payables	12	38,779	28,891
Liabilities for trade bills discounted with recourse		3,677	1,901
Tax payable		2,332	1,951
Bank borrowings and overdrafts - due within one year	13	36,804	25,704
		<hr/> 81,592	<hr/> 58,447
NET CURRENT ASSETS		<hr/> 68,501	<hr/> 77,734
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 86,656	<hr/> 97,611
Non-current liabilities			
Bank borrowings - due after one year	13	5,826	12,902
Retirement benefit plan liabilities		446	514
Deferred tax liabilities		141	237
		<hr/> 6,413	<hr/> 13,653
		<hr/> 80,243	<hr/> 83,958
Capital and reserves			
Share capital	14	13,772	13,772
Reserves		67,364	70,671
Equity attributable to owners of the Company		81,136	84,443
Non-controlling interests		<hr/> (893)	<hr/> (485)
TOTAL EQUITY		<hr/> <hr/> 80,243	<hr/> <hr/> 83,958

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 and its principal place of business at 6th Floor, Mita Center, 552-556, Castle Peak Road, Kwai Chung, Kowloon, Hong Kong. On March 23, 2016, the Company has converted its listing status from a primary listing to a secondary listing on the Main Board of Singapore Exchange Securities Trading Limited (the "SGX-ST") while maintaining its primary listing status on the Main Board of The Stock Exchange of Hong Kong Limited (the "SEHK"). Its ultimate controlling shareholder is Mr. Lo Yat Keung who is the chief executive of the Company.

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

2 Application of new and amendments to international financial reporting standards (the "IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (the "IASB") for the first time in the current year:

Amendments to IFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to IAS 1	Disclosure initiative
Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to IAS 16 and IAS 41	Agriculture: bearer plants
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment entities: applying the consolidation exception
Amendments to IFRSs	Annual improvements to IFRSs 2012-2014 cycle

The application of the above amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 9	Financial instruments ²
IFRS 15	Revenue from contracts with customers and the related amendments ²
IFRS 16	Leases ³
Amendments to IFRS 2	Classification and measurement of share-based payment transactions ²
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture ⁴
Amendments to IAS 7	Disclosure initiative ¹
Amendments to IAS 12	Recognition of deferred tax assets for unrealised losses ¹

1 Effective for annual periods beginning on or after January 1, 2017.

2 Effective for annual periods beginning on or after January 1, 2018.

3 Effective for annual periods beginning on or after January 1, 2019.

4 Effective for annual periods beginning on or after a date to be determined.

Except for the possibility that the application of IFRS 9, IFRS 15 and IFRS 16 in the future may have a potential impact on the consolidated financial information of the Group, the directors of the Company anticipate that the application of the other new and revised IFRSs will have no material impact on the 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.

The principal activities of the 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>
<u>For the year ended December 31, 2016</u>			
REVENUE	<u>118,105</u>	<u>64,938</u>	<u>183,043</u>
RESULTS			
Segment results	3,939	(3,037)	902
Income tax expense			<u>(288)</u>
Profit for the year			<u>614</u>
<u>For the year ended December 31, 2015</u>			
REVENUE	<u>109,205</u>	<u>62,700</u>	<u>171,905</u>
RESULTS			
Segment results	3,567	13	3,580
Income tax expense			<u>(305)</u>
Profit for the year			<u>3,275</u>

Segment assets, liabilities and other information

At December 31, 2016

ASSETS			
Segment assets	109,232	57,917	167,149
Unallocated assets			<u>1,099</u>
Consolidated total assets			<u>168,248</u>
LIABILITIES			
Segment liabilities	67,488	18,044	85,532
Unallocated liabilities			<u>2,473</u>
Consolidated total liabilities			<u>88,005</u>
OTHER INFORMATION			
Capital expenditure	673	2,326	2,999
Depreciation and amortisation	382	2,491	2,873
Finance costs	1,292	37	1,329
Interest income	<u>(16)</u>	<u>(8)</u>	<u>(24)</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>
<u>At December 31, 2015</u>			
ASSETS			
Segment assets	96,393	58,453	154,846
Unallocated assets			<u>1,212</u>
Consolidated total assets			<u>156,058</u>
LIABILITIES			
Segment liabilities	53,192	16,720	69,912
Unallocated liabilities			<u>2,188</u>
Consolidated total liabilities			<u>72,100</u>
OTHER INFORMATION			
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>

Geographical information

The Group operates principally in the People's Republic of China (the "PRC"), Asia (other than the PRC) and Europe.

- (a) The Group's revenue from external customers, based on location of customers is detailed below for the year ended December 31,

	<u>2016</u> <i>US\$ '000</i>	<u>2015</u> <i>US\$ '000</i>
PRC (including Hong Kong & Macau)	135,353	120,222
Asia (other than the PRC)	17,187	14,164
Europe	23,819	23,015
Others ⁽¹⁾	<u>6,684</u>	<u>14,504</u>
Total	<u>183,043</u>	<u>171,905</u>

- (b) The Group's information about its segment assets (non-current assets excluding other assets and deferred tax assets) by geographic location, based on location of assets are detailed below:

	<u>Non-current assets</u>	
	<u>2016</u> <i>US\$ '000</i>	<u>2015</u> <i>US\$ '000</i>
PRC (including Hong Kong & Macau)	7,501	9,610
Europe	8,501	7,840
The United States of America	1,179	1,438
Others ⁽²⁾	<u>15</u>	<u>19</u>
Total	<u>17,196</u>	<u>18,907</u>

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 Other income, gains and losses

	<u>2016</u>	<u>2015</u>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Foreign exchange (loss) gain, net	(710)	404
Impairment loss recognised in respect of goodwill	(410)	(228)
Gain on disposal of property, plant and equipment	260	143
Interest income on bank deposits	24	40
Sundry income	<u>489</u>	<u>776</u>
	<u>(347)</u>	<u>1,135</u>

5 Finance costs

	<u>2016</u>	<u>2015</u>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Interest on bank borrowings and overdrafts	<u>1,329</u>	<u>1,465</u>

6 Profit before taxation

	<u>2016</u>	<u>2015</u>
	<i>US\$ '000</i>	<i>US\$ '000</i>
<i>Profit before taxation has been arrived at after charging:</i>		
Directors' remuneration	670	613
Other staff costs	21,122	19,289
Share-based payment expenses (excluding directors)	59	55
Contributions to retirement benefit scheme	<u>3,489</u>	<u>2,893</u>
Total staff costs	<u>25,340</u>	<u>22,850</u>
Allowance for doubtful debts	580	563
Auditor's remuneration	522	512
Amortisation of other intangible assets (included in administrative expenses)	1,424	855
Cost of inventories recognised as an expense	122,674	116,433
Depreciation of property, plant and equipment	1,449	1,739
Research and development costs	5,818	2,541
Write-down of inventories	<u>547</u>	<u>187</u>

7 Taxation

	<u>2016</u>	<u>2015</u>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Current taxation:		
PRC Enterprise Income Tax	309	198
Others	<u>53</u>	<u>105</u>
	362	303
Deferred taxation	<u>(74)</u>	<u>2</u>
	<u>288</u>	<u>305</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 profits for the year 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%.

8 Dividends

The Board does not recommend the payment of any final dividend for the year ended December 31, 2016 (2015: HK\$0.028 per share).

9 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:

	2016	2015
	<i>US\$ '000</i>	<i>US\$ '000</i>
Profit for the year attributable to the owners of the Company	<u>1,013</u>	<u>3,513</u>
	<u>Number of shares</u>	
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purpose of basic earnings per share	275,437	271,859
Add: Effect of dilutive potential ordinary shares relating to outstanding share options issued by the Company	<u>1,599</u>	<u>2,996</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>277,036</u>	<u>274,855</u>

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

10 Additions to property, plant and equipment

During the year, the Group incurred US\$1,647,000 (2015: US\$881,000) on the acquisition of property, plant and equipment.

11 Trade and other receivables

	2016	2015
	<i>US\$ '000</i>	<i>US\$ '000</i>
Trade receivables and bills receivables	86,530	77,877
Less: Allowance for doubtful debts	<u>(3,661)</u>	<u>(3,667)</u>
	82,869	74,210
Trade bills receivables discounted with recourse	3,677	1,901
Prepayments	1,874	3,556
Other receivables	<u>3,804</u>	<u>3,043</u>
	<u>92,224</u>	<u>82,710</u>

The Group grants credit periods ranging from 30 days 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:

	2016	2015
	<i>US\$ '000</i>	<i>US\$ '000</i>
Less than 90 days	63,685	53,087
91 to 120 days	10,622	7,289
121 to 365 days	2,648	7,031
1 to 2 years	3,628	5,784
Over 2 years	<u>2,286</u>	<u>1,019</u>
	<u>82,869</u>	<u>74,210</u>

12 Trade and other payables

	<u>2016</u> <i>US\$'000</i>	<u>2015</u> <i>US\$'000</i>
Trade payables	20,338	14,434
Accruals	4,591	3,603
Customer deposits	8,213	5,926
Other payables	<u>5,637</u>	<u>4,928</u>
	<u>38,779</u>	<u>28,891</u>

The Group normally receives credit terms of 30 days 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:

	<u>2016</u> <i>US\$'000</i>	<u>2015</u> <i>US\$'000</i>
Less than 60 days	17,961	12,169
61 to 180 days	1,697	1,723
181 to 365 days	397	228
Over 365 days	<u>283</u>	<u>314</u>
	<u>20,338</u>	<u>14,434</u>

13 Bank borrowings and overdrafts

	<u>2016</u> <i>US\$'000</i>	<u>2015</u> <i>US\$'000</i>
Trust receipt loans	10,916	10,085
Other bank loans	28,345	24,961
Mortgage loan	2,606	2,800
Bank overdrafts	<u>763</u>	<u>760</u>
	<u>42,630</u>	<u>38,606</u>
Secured (Mortgage loan)	2,606	2,800
Unsecured	<u>40,024</u>	<u>35,806</u>
	<u>42,630</u>	<u>38,606</u>
Carrying value repayable*:		
On demand or within one year	36,804	25,704
Between one to two years	3,043	6,140
Between two to five years	473	4,262
Over five years	<u>2,310</u>	<u>2,500</u>
	42,630	38,606
Less: Amounts due within one year shown under current liabilities	<u>(36,804)</u>	<u>(25,704)</u>
Amounts due after one year shown under non-current liabilities	<u>5,826</u>	<u>12,902</u>

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

The Group has pledged its leasehold buildings with an aggregate carrying value of US\$4,356,000 (2015: US\$4,526,000) 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 January 1, 2015	267,375,000	13,369
Issue of shares upon exercise of share options	<u>8,062,000</u>	<u>403</u>
At December 31, 2015 and December 31, 2016	<u>275,437,000</u>	<u>13,772</u>

15 Contingent liabilities

As at December 31, 2016, the Group had no material contingent liabilities.

16 Event after the reporting period

On January 11, 2017, a share award scheme of the Company was adopted by the Board. Pursuant to the share award scheme, existing shares will be purchased by the trustee from the market out of cash contributed by the Group and be held in trust for the selected participants until such shares are vested with the selected participants in accordance with the provisions of the scheme. When the selected participant has satisfied all vesting conditions specified by the Board at the time of making the award and become entitled to the shares forming the subject of the award, the trustee shall transfer the relevant vested shares to that qualifying person.

The purposes of the share award scheme are to recognise the contributions by the Group's employees or directors and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

BUSINESS REVIEW

For the year ended December 31, 2016 ("FY2016"), our revenue for the distribution business increased by 8.2% to US\$118.1 million from US\$109.2 million for the year ended December 31, 2015 ("FY2015") mainly due to the increase in revenue for the distribution business mainly in the PRC market. The segment results from the distribution business increased by 8.3% to US\$3.9 million from US\$3.6 million in FY2015 due to the increase in revenue for the distribution business in FY2016.

Our revenue for the manufacturing business increased by 3.5% to US\$64.9 million in FY2016 from US\$62.7 million in FY2015. The increase in revenue was mainly attributable to the sales of gas chromatograph. The segment results from the manufacturing business decreased by US\$3.0 million to loss of US\$3.0 million in FY2016 from gain of US\$0.01 million in FY2015 mainly due to the set-up of manufacturing facilities in Europe for the production of gas chromatograph and the increase in research and development costs by US\$3.3 million during FY2016.

The profit attributable to the owners of the Company was US\$1.0 million for FY2016, representing a decrease of 71.4% as compared with that of US\$3.5 million in FY2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Consolidated Statement of Profit or Loss and other Comprehensive Income

Revenue

The revenue in FY2016 increased by US\$11.1 million or 6.5% to US\$183.0 million from US\$171.9 million in FY2015, which was mainly attributable to the increase in sales in the PRC.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Cost of sales

In tandem with the revenue increase, cost of sales in FY2016 increased by US\$6.3 million or 5.4% to US\$122.7 million from US\$116.4 million in FY2015.

Gross profit and gross profit margin

Gross profit in FY2016 increased by US\$4.9 million or 8.8% to US\$60.4 million from US\$55.5 million in FY2015. Gross profit margin remained stable at 33.0% in FY2016 and 32.3% in FY2015.

Other income, gains and losses

The other income, gains and losses decreased by US\$1.4 million from US\$1.1 million income in FY2015 to US\$0.3 million expenses in FY2016. The decrease was mainly due to the net exchange loss of US\$0.7 million in FY2016 compared to the net exchange gain of US\$0.4 million in FY2015, and the impairment loss recognised in respect of goodwill increased by US\$0.2 million in FY2016.

Selling and distribution expenses

Selling and distribution expenses in FY2016 increased by 7.7% to US\$19.5 million from US\$18.1 million in FY2015, mainly due to the expansion of operations in Europe and the Group's business activities.

Administrative expenses

Administrative expenses in FY2016 increased by US\$4.8 million or 14.4% to US\$38.3 million from US\$33.5 million in FY2015, mainly due to the establishment of manufacturing operation in Europe for the production of gas chromatograph and the increase in research and development costs by US\$3.3 million.

Finance costs

Finance costs in FY2016 decreased by 9.3% to US\$1.3 million, as a result of the lower effective interest rate of bank borrowings during the year.

Profit for the year

In view of the above, the profit for the year of the Company decreased by 81.3% or US\$2.7 million from US\$3.3 million in FY2015 to US\$0.6 million in FY2016.

Consolidated Statement of Financial Position

Other intangible assets

Intangible assets decreased by US\$0.2 million from US\$4.4 million as at December 31, 2015 to US\$4.2 million as at December 31, 2016. The decrease was mainly due to the addition of US\$1.4 million during FY2016, which was partially off-set by the amortization of US\$1.4 million and the exchange translation difference of US\$0.2 million.

Inventories

Inventories increased by US\$3.9 million from US\$37.2 million as at December 31, 2015 to US\$41.1 million as at December 31, 2016.

Trade and other receivables

Trade and other receivables increased by US\$9.5 million from US\$82.7 million as at December 31, 2015 to US\$92.2 million as at December 31, 2016 mainly due to the increase in sales towards to the end of FY2016.

Trade and other payables

In tandem with the increase in sales, trade and other payables increased by US\$9.9 million from US\$28.9 million as at December 31, 2015 to US\$38.8 million as at December 31, 2016.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at December 31, 2016, the Group's net current assets stood at US\$68.5 million (December 31, 2015: US\$77.7 million), of which the bank balances and cash were US\$16.6 million (December 31, 2015: US\$16.0 million). The Group's current ratio was 1.8 (December 31, 2015: 2.3).

Total bank borrowings and overdrafts as at December 31, 2016 reached US\$42.6 million (December 31, 2015: US\$38.6 million). About 17.0% of the Group's bank borrowings was denominated in US dollars, 73.8% in Japanese Yen and the rest in other currencies such as Euros and British Pounds. The Group's gearing ratio stood at 53.1% as at December 31, 2016 (December 31, 2015: 46.0%), 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 term 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)

The management anticipates modest sales growth in the PRC as the demand for scientific equipment is expected to grow in tandem with the continuing PRC government investments in research and development, food safety and environmental industries. As for the other key Asian markets such as India and Indonesia, the business outlook for the Group is likely to remain stable. Notwithstanding the challenges faced in the European markets, the management expects the demand for the Group's products to experience modest growth.

A significant proportion of the Group's distribution products is sourced from Japan, of which the procurements are denominated in Japanese Yen. Hence, any significant foreign exchange fluctuations of Japanese Yen against US Dollar may have a material effect on the gross margin of the Group's distribution business. Additionally, the continuing strength of the US Dollar against the European currencies and Renminbi, will enhance the competitiveness of Group's products in the global market.

Brexit will bring further uncertainty on the economy in Europe, particularly in the United Kingdom where our regional headquarter and certain manufacturing facilities are located. However, there is no immediate impact on the Group's operations in Europe. Nonetheless, the management will monitor closely the development of Brexit and take appropriate actions to mitigate the risks arising from Brexit.

EMPLOYEES AND EMOLUMENT POLICY

As at December 31, 2016, there were 864 (December 31, 2015: 812) 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.

DIVIDEND

In respect of the year ended December 31, 2016, no dividend is proposed by the directors of the Company.

CLOSURE OF REGISTER OF MEMBERS IN RESPECT OF SHAREHOLDERS' ENTITLEMENT TO ATTEND THE ANNUAL GENERAL MEETING

The Company will make a separate announcement to confirm the 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.

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

During FY2016, 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 December 31, 2016, 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.

CONVERSION OF THE COMPANY’S LISTING STATUS TO A SECONDARY LISTING ON THE SGX-ST

During FY2016, the Company has completed the conversion of its listing status from a primary listing to a secondary listing on the SGX-ST with effect from March 23, 2016.

Following completion of the conversion, the Company is only required to comply with the Listing Rules but not the listing manual of the SGX-ST, unless otherwise required by the SGX-ST.

CHANGE OF AUDITORS

As disclosed in the Company’s announcement dated March 29, 2016, the Board appointed Deloitte Touche Tohmatsu as the Company’s auditors to fill the casual vacancy following the retirement of Deloitte & Touche LLP until conclusion of the annual general meeting of the Company held on April 29, 2016. The appointment of Deloitte Touche Tohmatsu as the Company’s auditors was approved by the shareholders at the Company’s annual general meeting held on April 29, 2016.

An ordinary resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Deloitte Touche Tohmatsu as the auditors of the Company.

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 FY2016, 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 of the Company that during the financial year ended December 31, 2016, 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.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2016 as set out in this announcement have been agreed by the Group's auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year ended December 31, 2016. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu 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 despatched to the shareholders of the Company in due course.

DISCLOSURE ON THE WEBSITES OF THE EXCHANGES AND THE COMPANY

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

The annual report of the Company for the financial year ended December 31, 2016 will be despatched to the shareholders and published on the websites of the SEHK, SGX-ST and the Company in due course.

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

Hong Kong, March 16, 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*