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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 UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

The board (the “Board”) of directors (the “Director(s)”) of Techcomp (Holdings) Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2016 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June

		6 months ended 30 June		
		<u>2016</u>	<u>2015</u>	<u>Change</u>
	<i>Note</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>%</i>
Revenue	3	77,810	71,819	8.3
Cost of sales		<u>(51,081)</u>	<u>(47,299)</u>	8.0
Gross profit		26,729	24,520	9.0
Other operating income		460	911	(49.5)
Distribution costs		(9,806)	(9,376)	4.6
Administrative expenses		(16,754)	(14,202)	18.0
Finance costs	5	<u>(674)</u>	<u>(743)</u>	(9.3)
(Loss)/Profit before income tax		(45)	1,110	n/a
Income tax expense	6	<u>(45)</u>	<u>(208)</u>	(78.4)
(Loss)/Profit for the period	4	<u><u>(90)</u></u>	<u><u>902</u></u>	n/a

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

For the six months ended 30 June

		6 months ended 30 June		
		<u>2016</u>	<u>2015</u>	<u>Change</u>
	<i>Note</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>%</i>
Other comprehensive (expense) income				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
- exchange differences arising on translation of foreign operations		<u>(344)</u>	<u>326</u>	n/a
Other comprehensive (expense) income for the period, net of tax		<u>(344)</u>	<u>326</u>	n/a
Total comprehensive (expense) income for the period		<u>(434)</u>	<u>1,228</u>	n/a
(Loss)/Profit for the period attributable to:				
Owners of the Company		176	891	(80.2)
Non-controlling interests		<u>(266)</u>	<u>11</u>	n/a
		<u>(90)</u>	<u>902</u>	n/a
Total comprehensive (expense) income attributable to:				
Owners of the Company		(165)	1,217	n/a
Non-controlling interests		<u>(269)</u>	<u>11</u>	n/a
		<u>(434)</u>	<u>1,228</u>	n/a
Earnings per share (US cents)	8			
- Basic		<u>0.06</u>	<u>0.37</u>	
- Diluted		<u>0.06</u>	<u>0.37</u>	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	<u>At</u> <u>30 June</u> <u>2016</u> <i>US\$'000</i>	<u>At</u> <u>31 December</u> <u>2015</u> <i>US\$'000</i>
Non-current assets			
Properties, plant and equipment	10	10,464	10,904
Goodwill		2,881	2,881
Other intangible assets		4,699	4,443
Other assets		944	944
Deferred tax assets		26	26
Total non-current assets		19,014	19,198
Current assets			
Inventories		53,571	37,191
Trade and other receivables	11	69,807	83,389
Income tax recoverable		184	242
Cash and bank balances		10,580	16,038
Total current assets		134,142	136,860
Current liabilities			
Trade and other payables	12	29,089	28,891
Liabilities for trade bills discounted with recourse		1,779	1,901
Income tax payable		1,748	1,951
Bank borrowings and overdrafts	13	25,749	25,704
Total current liabilities		58,365	58,447
NET CURRENT ASSETS		75,777	78,413
TOTAL ASSETS LESS CURRENT LIABILITIES		94,791	97,611
Non-current liabilities			
Bank borrowings	13	11,466	12,902
Retirement benefit plan liabilities		527	514
Deferred tax liabilities		233	237
Total non-current liabilities		12,226	13,653
		82,565	83,958
Capital, reserves and non-controlling interests			
Share Capital	14	13,772	13,772
Reserves		69,547	70,671
Equity attributable to owners of the Company		83,319	84,443
Non-controlling interests		(754)	(485)
		82,565	83,958

STATEMENT OF FINANCIAL POSITION

Company

	<i>Note</i>	<u>At</u> <u>30 June</u> <u>2016</u> <i>US\$'000</i>	<u>At</u> <u>31 December</u> <u>2015</u> <i>US\$'000</i>
Non-current asset			
Subsidiaries		<u>40,034</u>	<u>41,392</u>
Current asset			
Cash and bank balances		<u>5</u>	<u>4</u>
NET CURRENT ASSET		<u>5</u>	<u>4</u>
NET ASSET		<u><u>40,039</u></u>	<u><u>41,396</u></u>
Equity attributable to Owners of the Company			
Share Capital	14	13,772	13,772
Reserves		<u>26,267</u>	<u>27,624</u>
		<u><u>40,039</u></u>	<u><u>41,396</u></u>

CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended	
	<u>30 June 2016</u>	<u>30 June 2015</u>
	US\$'000	US\$'000
Operating activities		
(Loss)/Profit before income tax	(45)	1,110
Adjustments for:		
Depreciation of properties, plant and equipment	450	583
Amortisation of intangible assets	516	882
Interest income	(20)	(22)
Finance costs	674	743
Loss on disposal of property, plant and equipment	5	1
Share-based payment expenses	<u>30</u>	<u>38</u>
Operating cash flows before movements in working capital	1,610	3,335
Decrease in trade and other receivables	14,058	15,308
Increase in inventories	(16,350)	(10,701)
Decrease in trade and other payables	(215)	(2,309)
Decrease in trade bills discounted with recourse	<u>(122)</u>	<u>(1,451)</u>
Cash (used in) generated from operations	(1,019)	4,182
PRC Enterprises Income Tax paid	(194)	25
Tax refund in other jurisdictions	<u>-</u>	<u>60</u>
Net cash (used in) from operating activities	<u>(1,213)</u>	<u>4,267</u>
Investing activities		
Purchase of properties, plant and equipment	(27)	(403)
Product development costs paid	(813)	(527)
Interest received	<u>20</u>	<u>22</u>
Net cash used in investing activities	<u>(820)</u>	<u>(908)</u>
Financing activities		
Proceeds from bank borrowings	34,400	29,282
Repayment of bank borrowings	(36,349)	(36,528)
Dividends paid	(989)	-
Issue of shares	-	1,238
Interest paid	<u>(674)</u>	<u>(743)</u>
Net cash used in financing activities	<u>(3,612)</u>	<u>(6,751)</u>
Net decrease in cash and cash equivalents	(5,645)	(3,392)
Cash and cash equivalents at beginning of the period	15,278	13,927
Effect of foreign exchange rate changes	<u>(371)</u>	<u>60</u>
Cash and cash equivalents at end of the period	<u>9,262</u>	<u>10,595</u>
Cash and cash equivalents comprised:		
Cash and bank balances	10,580	12,001
Bank overdrafts	<u>(1,318)</u>	<u>(1,406)</u>
	<u>9,262</u>	<u>10,595</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group

	Share capital <i>US\$'000</i>	Share premium <i>US\$'000</i>	Contributed surplus <i>US\$'000</i>	Merger reserve ^(a) <i>US\$'000</i>	Currency translation reserve <i>US\$'000</i>	Legal reserve ^(b) <i>US\$'000</i>	Capital reserve ^(c) <i>US\$'000</i>	Equity reserve ^(d) <i>US\$'000</i>	Share option reserve <i>US\$'000</i>	Retained earnings <i>US\$'000</i>	Attributable to owners of the Company <i>US\$'000</i>	Non- controlling interests <i>US\$'000</i>	Total <i>US\$'000</i>
Balance as at 1 January 2016	13,772	18,385	394	(4,112)	3,417	535	3,003	(2,490)	1,537	50,002	84,443	(485)	83,958
Total comprehensive income (expense) for the period:													
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	176	176	(266)	(90)
Other comprehensive expense	-	-	-	-	(341)	-	-	-	-	-	(341)	(3)	(344)
	-	-	-	-	(341)	-	-	-	-	176	(165)	(269)	(434)
Transactions with owners, recognised directly in equity:													
Dividends	-	-	-	-	-	-	-	-	-	(989)	(989)	-	(989)
Share-based payment expenses	-	-	-	-	-	-	-	-	30	-	30	-	30
	-	-	-	-	-	-	-	-	30	(989)	(959)	-	(959)
At 30 June 2016	13,772	18,385	394	(4,112)	3,076	535	3,003	(2,490)	1,567	49,189	83,319	(754)	82,565
Balance as at 1 January 2015	13,369	17,026	394	(4,112)	3,750	535	3,003	(2,490)	2,005	46,521	80,001	(242)	79,759
Total comprehensive income for the period:													
Profit for the period	-	-	-	-	-	-	-	-	-	891	891	11	902
Other comprehensive income	-	-	-	-	326	-	-	-	-	-	326	-	326
	-	-	-	-	326	-	-	-	-	891	1,217	11	1,228
Transactions with owners, recognised directly in equity:													
Issue of shares	403	835	-	-	-	-	-	-	-	-	1,238	-	1,238
Share-based payment expenses	-	-	-	-	-	-	-	-	38	-	38	-	38
	403	835	-	-	-	-	-	-	38	-	1,276	-	1,276
At 30 June 2015	13,772	17,861	394	(4,112)	4,076	535	3,003	(2,490)	2,043	47,412	82,494	(231)	82,263

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.

STATEMENT OF CHANGES IN EQUITY

Company

	Share capital	Share premium	Contributed surplus	Share option reserve	Retained earnings	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 January 2016	13,772	18,385	394	1,537	7,308	41,396
Total comprehensive expense for the period	-	-	-	-	(398)	(398)
Transaction with owners, recognised directly in equity: Dividend payment	-	-	-	-	(989)	(989)
Share-based payment expenses	-	-	-	30	-	30
Balance as at 30 June 2016	13,772	18,385	394	1,567	5,921	40,039
Balance as at 1 January 2015	13,369	17,026	394	2,005	5,826	38,620
Total comprehensive expense for the period	-	-	-	-	(2,563)	(2,563)
Transaction with owners, recognised directly in equity: Issue of shares	403	835	-	-	-	1,238
Share-based payment expenses	-	-	-	38	-	38
Balance as at 30 June 2015	13,772	17,861	394	2,043	3,263	37,333

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 financial statements are expressed in United States dollars ("US\$").

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 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

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

- | | |
|---|--|
| • Amendments to IAS 1 | Disclosure Initiative |
| • Amendments to IAS 16 and IAS 38 | Clarification of Acceptable Methods of Depreciation and Amortisation |
| • 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 interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The Directors anticipate that the application of the new and revised standards, amendments or interpretations will have no material impact on the results and financial position of the Group.

3 Revenue and segment information

The Group is organised into two operating divisions - distribution and manufacturing. These are also the basis on which resources are being allocated and performance evaluated for management purpose.

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

	<u>Distribution</u> US\$'000	<u>Manufacturing</u> US\$'000	<u>Total</u> US\$'000
<u>Period ended 30 Jun, 2016</u>			
REVENUE	<u>46,073</u>	<u>31,737</u>	<u>77,810</u>
RESULTS			
Segment result			
and profit (loss) before income tax	355	(400)	(45)
Income tax expenses			<u>(45)</u>
Loss for the period			<u>(90)</u>
<u>Period ended 30 Jun, 2015</u>			
REVENUE	<u>39,877</u>	<u>31,942</u>	<u>71,819</u>
RESULTS			
Segment result			
and profit (loss) before income tax	1,259	(149)	1,110
Income tax expenses			<u>(208)</u>
Profit for the period			<u>902</u>
Segment assets and liabilities			
<u>At 30 Jun, 2016</u>			
ASSETS			
Segment assets	94,994	57,008	152,002
Unallocated assets			<u>1,154</u>
Consolidated total assets			<u>153,156</u>
LIABILITIES			
Segment liabilities	52,095	16,516	68,611
Unallocated liabilities			<u>1,980</u>
Consolidated total liabilities			<u>70,591</u>
Other segment information			
Capital expenditure	20	7	27
Depreciation and amortisation	65	901	966
Finance costs	608	66	674
Interest income	<u>(15)</u>	<u>(5)</u>	<u>(20)</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 30 Jun, 2015</u>			
ASSETS			
Segment assets	98,572	50,058	148,630
Unallocated assets			<u>1,018</u>
Consolidated total assets			<u>149,648</u>
LIABILITIES			
Segment liabilities	52,961	12,339	65,300
Unallocated liabilities			<u>2,085</u>
Consolidated total liabilities			<u>67,385</u>
Other segment information			
Capital expenditure	54	876	930
Depreciation and amortisation	89	1,376	1,465
Finance costs	729	14	743
Interest income	<u>(19)</u>	<u>(3)</u>	<u>(22)</u>

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	
	<u>2016</u> <i>US\$'000</i>	<u>2015</u> <i>US\$'000</i>
PRC (including Hong Kong & Macau)	55,646	46,868
Europe	11,801	11,166
Americas	4,139	9,274
Asia (other than PRC)	<u>6,224</u>	<u>4,511</u>
Total	<u>77,810</u>	<u>71,819</u>

(b) Non-current assets (excluding available-for-sale investments and deferred tax assets)

	<u>30 June</u> <i>US\$'000</i>	<u>31 Dec</u> <i>US\$'000</i>
	<u>2016</u>	<u>2015</u>
PRC (including Hong Kong & Macau)	8,372	8,931
Europe	8,390	7,840
Americas	1,263	1,438
Asia (other than PRC)	<u>19</u>	<u>19</u>
Total	<u>18,044</u>	<u>18,228</u>

4 (Loss)/profit for the period

(Loss)/profit for the period has been arrived at after charging (crediting) the following:

	6 months ended 30 June		
	<u>2016</u>	<u>2015</u>	<u>Change</u>
	US\$'000	US\$'000	%
Amortisation of intangible assets (included in administrative expenses)	516	882	(41.5)
Depreciation of properties, plant and equipment	450	583	(22.8)
Net foreign exchange gain	(268)	(641)	(58.2)
Interest income	(20)	(22)	(9.1)
Finance costs	<u>674</u>	<u>743</u>	(9.3)

5 Finance costs

	6 months ended 30 June	
	<u>2016</u>	<u>2015</u>
	US\$'000	US\$'000
Interest on bank borrowings	<u>674</u>	<u>743</u>

6 Income tax expense

	6 months ended 30 June	
	<u>2016</u>	<u>2015</u>
	US\$'000	US\$'000
Current tax:		
Hong Kong Profits Tax	10	55
PRC Enterprise Income Tax	30	95
Others	<u>7</u>	<u>60</u>
	47	210
Deferred tax	<u>(2)</u>	<u>(2)</u>
Income tax expense for the period	<u>45</u>	<u>208</u>

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

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for the period.

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

7 Dividends

During the current interim period, the Company paid a final dividend of HK\$0.028 (US\$0.0036) per share in respect of the year ended 31 December 2015 (six months ended 30 June 2015: Nil).

The Company did not recommend or declare any interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

8 Earnings per share

The calculation of the basic and diluted earnings per share attributable to the ordinary owners of the Company for the six months ended 30 June 2016 is based on the following data:

	2016 <i>US\$'000</i>	2015 <i>US\$'000</i>
Profit for the period attributable to owners of the Company	<u>176</u>	<u>891</u>
	<u>Number of shares</u> <u>'000</u>	
Number of ordinary shares for the purpose of basic earnings per share	275,437	240,154
Add: Effect of dilutive potential ordinary shares relating to outstanding share options issued by the Company	<u>888</u>	<u>3,285</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>276,325</u>	<u>243,439</u>

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

9 Net asset value

	Group		Company	
	<u>30 June</u> <u>2016</u> <i>US cents</i>	<u>31 Dec</u> <u>2015</u> <i>US cents</i>	<u>30 June</u> <u>2016</u> <i>US cents</i>	<u>31 Dec</u> <u>2015</u> <i>US cents</i>
Net asset value per ordinary share capital at the end of the financial period	<u>30.0</u>	<u>30.5</u>	<u>14.5</u>	<u>15.0</u>

The net asset value per share as at 30 June 2016 is computed using the number of shares in issue of 275,437,000 shares (31 December 2015: 275,437,000 shares) as at that date.

10 Additions to properties, plant and equipment

During the period, the Group spent approximately US\$27,000 (six months ended 30 June 2015: US\$403,000) on acquisition of properties, plant and equipment.

11 Trade and other receivables

	<u>30 June</u> <u>2016</u> <i>US\$'000</i>	<u>31 December</u> <u>2015</u> <i>US\$'000</i>
Trade receivables and bills receivables	62,211	77,877
Less: Allowance for doubtful debts	<u>(3,132)</u>	<u>(3,667)</u>
	59,079	74,210
Trade bills receivable discounted with recourse	1,779	1,901
Prepayments	3,987	3,556
Other receivables	<u>4,962</u>	<u>3,722</u>
	<u>69,807</u>	<u>83,389</u>

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:

	<u>30 June</u> <u>2016</u> <i>US\$'000</i>	<u>31 December</u> <u>2015</u> <i>US\$'000</i>
0 to 90 days	34,121	53,087
91 to 120 days	8,552	7,289
121 to 365 days	9,285	7,031
1 year to 2 years	5,789	5,784
Over 2 years	<u>1,332</u>	<u>1,019</u>
	<u>59,079</u>	<u>74,210</u>

12 Trade and other payables

	<u>30 June</u> <u>2016</u> <i>US\$'000</i>	<u>31 December</u> <u>2015</u> <i>US\$'000</i>
Trade payables	15,268	14,434
Accruals	7,822	7,603
Customer deposits	4,751	5,926
Other payables	<u>1,248</u>	<u>928</u>
	<u>29,089</u>	<u>28,891</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:

	<u>30 June</u> <u>2016</u> <i>US\$'000</i>	<u>31 December</u> <u>2015</u> <i>US\$'000</i>
0 to 60 days	11,185	12,169
61 to 180 days	2,899	1,723
181 to 365 days	655	228
Over 365 days	<u>529</u>	<u>314</u>
	<u>15,268</u>	<u>14,434</u>

13 Bank borrowings and overdrafts

Details of any collateral

The Group has pledged its leasehold land and buildings with net book value of approximately US\$4,552,000 (31 December 2015: US\$4,526,000) to certain banks 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 fully-paid :		
At 31 December 2015 and 30 June 2016	<u>275,437,000</u>	<u>13,772</u>

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

15 Share options

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%).

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 maximum entitlement of any offeree, in accordance with and during the operation of the 2004 Share Option Scheme, shall not exceed 20% in aggregate of the total number of Shares which have been issued and may be issued by the Company under the 2004 Share Option Scheme.

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 30 June 2016 was 13,773,000 Shares (31 December 2015: 13,773,000 Shares), representing approximately 5.00% (31 December 2015: 5.00%) of the issued share capital of the Company as at 30 June 2016.

Share options (continued)

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 2004, it was to 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). As such, the total number of securities available for issue under the 2004 Share Option Scheme remains at 13,773,000 Shares, representing approximately 5.00% of the issued share capital of the Company as at 30 June 2016 .

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.

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. The total number of Shares issued and to be issued upon exercise of the options granted to such participant (including exercised, cancelled and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue under the 2011 Share Option Scheme.

Share options (continued)

Pursuant to the extraordinary general meeting of the Company on 9 June 2011 (the “Adoption Date”) and the approval granted by the Listing Committee of the SEHK, the Company may 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 Adoption Date. 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 0.62% of the issued share capital of the Company as at 30 June 2016.

Pursuant to the 2011 Share Option Scheme, the first tranche of the options grant on 22 January 2015 (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 30 Jun 2016, 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 8.33% of the issued share capital of the Company as at 30 June 2016.

16 Contingent liabilities

As at 30 June 2016 and 31 December 2015, the Group had no material contingent liabilities.

BUSINESS REVIEW

For the six months ended 30 June 2016 (“HY2016”), Group revenue for the distribution business increased by 15.5% to US\$46.1 million from US\$39.9 million for corresponding period last year (“HY2015”) mainly due to the increased sales in the PRC. However, gross margin of the distribution products was lower due to the appreciation of Japanese Yen. The segment results from distribution business decreased by 71.8% to US\$0.4 million.

Group revenue for the manufacturing business decreased by 0.6% to US\$31.7 million in HY2016 from US\$31.9 million in HY2015 mainly due to the depreciation of European currencies where a significant portion of sales of manufactured products are denominated in. The segment losses from the manufacturing business increased from US\$0.1 million in HY2015 to US\$0.4 million in HY2016 mainly due to the set-up of manufacturing facilities in Europe for production of gas chromatograph.

The profit attributable to the owners of the Company decreased by 80.2% to US\$0.2 million in HY2016 from US\$0.9 million in HY2015, mainly due to the lower gross margins of the distribution products, the increased operating costs and the set-up of manufacturing facilities in Europe.

MANAGEMENT DISCUSSION AND ANALYSIS

Statement of Comprehensive Income

Revenue

Revenue in HY2016 increased by 8.3% to US\$77.8 million from US\$71.8 million in HY2015, mainly attributable to the increase in sales in the PRC.

Cost of sales

Cost of sales in HY2016 increased by 8.0% to US\$51.1 million from US\$47.3 million in HY2015. The increase was in tandem with the revenue growth.

Gross profit and gross profit margin

Gross profit in HY2016 increased by 9.0% to US\$26.7 million from US\$24.5 million in HY2015 due to the increase in revenue. The gross profit margin in HY2016 was 34.3% compared to 34.1% in HY2015.

Other operating income

Other operating income in HY2016 decreased by 49.5% to US\$0.5 million from US\$0.9 million in HY2015 mainly due to the decrease in exchange gain by US\$373,000 in HY2016.

Distribution costs

In HY2016, distribution costs increased by 4.6% to US\$9.8 million, due to the expansion of offices in Europe.

Administrative expenses

Administrative expenses in HY2016 increased by 18.0% to US\$16.8 million mainly due to the establishment of manufacturing operation in Europe for the production of gas chromatograph.

Finance costs

Finance costs remained stable at US\$0.7 million in HY2016.

Profit for the period

The profit attributable to the owners of the Company decreased by US\$0.7 million to US\$0.2 million in HY2016 from US\$0.9 million in HY2015.

Statement of Financial Position

Inventories

Inventories increased by US\$16.4 million from US\$37.2 million as at 31 December 2015 to US\$53.6 million as at 30 June 2016, 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\$13.6 million from US\$83.4 million as at 31 December 2015 to US\$69.8 million as at 30 June 2016. 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Statement of Financial Position

Trade and other payables

Trade and other payables increased by US\$0.2 million from US\$28.9 million as at 31 December 2015 to US\$29.1 million as at 30 June 2016.

Cash and cash equivalents

The decrease in cash and cash equivalents by US\$5.4 million from US\$16.0 million as at 31 December 2015 to US\$10.6 million as at 30 June 2016. This was mainly due to the net cash outflow from the investing, financing activities and operating activities of US\$0.8 million, US\$3.6 million and US\$1.2 million respectively for HY2016.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2016, the Group's net current assets stood at US\$75.8 million (31 December 2015: US\$78.4 million), of which the cash and bank balances were US\$10.6 million (31 December 2015: US\$16.0 million). The Group's current ratio was 2.3 (31 December 2015: 2.3).

Total bank borrowings as at 30 June 2016 were US\$37.2 million (31 December 2015: US\$38.6 million). The Group's gearing ratio as at 30 June 2016 was 45.1% (31 December 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 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.

CONVERSION OF THE COMPANY'S LISTING STATUS FROM PRIMARY LISTING TO SECONDARY LISTING ON THE MAIN BOARD OF THE SGX-ST

As disclosed in the Company's announcement dated 27 January 2016, the Company received the in-principle approval from the SGX-ST for its application for the 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 has obtained its shareholders' approval at the special general meeting held on 23 March 2016. As at the end of HY2016, the Company completed the conversion of its listing status on the SGX-ST. The Company is now primarily listed on the SEHK and secondarily listed on the SGX-ST.

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)

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

Management anticipates 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 will impair on the gross margins of the Group's distribution business and adversely affect the profitability of the distribution business. On the other hand, the weakened European currencies will enhance the competitiveness of certain manufactured products of the Group in the global market.

Notwithstanding Brexit will bring uncertainty on the economy in Europe, particularly in United Kingdom where our Regional Head Quarter and certain manufacturing facilities are located, there is no immediate impact on the Group's Europe operations. 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 30 June 2016, there were 843 (31 December 2015: 812) 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 2016, 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 2016, 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 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 practices to comply, where applicable, with the Corporate Governance Code (the "Hong Kong CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the SEHK (the "Listing Rules").

In the opinion of the Directors, the Company has complied with the applicable provisions of the Hong Kong CG Code throughout the six months ended 30 June 2016, except for a deviation from Code Provision A.2.1 of the Hong Kong CG Code which is explained below:

According to Code Provision A.2.1 of the Hong Kong CG 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. In addition, given that three out of five Directors are independent non-executive Directors, and that each of the three Board Committees (i.e. the Audit Committee, the nomination committee and the remuneration committee) is chaired by an independent non-executive Director and comprises members who are all independent non-executive Directors, the Board is of the view that there is an appropriate balance of power within the Board, and that there is no undue concentration of power and authority in a single individual. 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 CG Code.

HONG KONG MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Board of the Company confirms, having made specific enquiries with all Directors that during the six months ended 30 June 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.

AUDIT OR REVIEW OF THE FINANCIAL RESULTS

The interim results of the Group for the six months ended 30 June 2016 have not been audited or reviewed by the auditors of the Company.

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, 19 August 2016

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

**For identification purpose only*