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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

2013 FIRST QUARTER RESULTS

This announcement is published pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

This quarterly report is prepared in accordance with relevant regulations of the Singapore Exchange Securities Trading Limited. The financial information set out in this report has been prepared in accordance with International Financial Reporting Standard and has not been audited nor reviewed by auditors. Shareholders of Techcomp (Holdings) Limited (the "Company") and public investors should exercise caution when trading in the shares of the Company.

By Order of the Board
Techcomp (Holdings) Limited
Sin Sheung Nam Gilbert
Company Secretary

Hong Kong, 14 May 2013

As at the date of this announcement, the executive directors of the Company are Mr. Lo Yat Keung (Chairman), Mr. Chan Wai Shing and Mr. Xu Guoping, 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*

TECHCOMP (HOLDINGS) LIMITED**First Quarter Financial Statement for the Period Ended 31/03/2013****PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1,Q2 &Q3),
HALF-YEAR AND FULL YEAR RESULTS**

- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		Change %
	3 months ended 31 March 2013 US\$'000	31 March 2012 US\$'000	
Revenue	29,134	27,016	7.8
Cost of sales	(20,032)	(18,821)	6.4
Gross profit	9,102	8,195	11.1
Other operating income	659	569	15.8
Distribution expenses	(4,159)	(3,690)	12.7
Administrative expenses	(6,497)	(6,236)	4.2
Share of results of an associate	(95)	(108)	(12.0)
Finance expenses	(461)	(275)	67.6
Loss before income tax	(1,451)	(1,545)	(6.1)
Income tax credit	55	77	(28.6)
Loss for the period	(1,396)	(1,468)	(4.9)
Other comprehensive income (expense):			
Exchange differences arising on translation of foreign operations	80	(52)	
Total comprehensive expense for the period	(1,316)	(1,520)	

NM: Not meaningful

	Group	
	3 months ended	
	31 March 2013	31 March 2012
	US\$'000	US\$'000
Loss for the period attributable to:		
Owners of the Company	(1,106)	(1,208)
Non-controlling interests	(290)	(260)
	<u>(1,396)</u>	<u>(1,468)</u>
Total comprehensive expense attributable to:		
Owners of the Company	(1,061)	(1,229)
Non-controlling interests	(255)	(291)
	<u>(1,316)</u>	<u>(1,520)</u>

Note:

Loss for the period is arrived at after charging (crediting) the following:

	Group	
	3 months ended	
	31 March 2013	31 March 2012
	US\$'000	US\$'000
Depreciation of properties, plant and equipment	387	200
Amortisation of intangible assets	472	417
Gain on disposal from investment carried at fair value through profit or loss	-	(13)
Interest expenses	461	275
Interest income	(4)	(3)
Net foreign exchange gain	<u>(583)</u>	<u>(473)</u>

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31 March 2013 US\$'000	31 December 2012 US\$'000	31 March 2013 US\$'000	31 December 2012 US\$'000
ASSETS				
Current assets:				
Cash and bank balances	8,783	17,015	-	-
Trade and other receivables	60,318	68,668	-	-
Inventories	40,445	32,125	-	-
Income tax recoverable	182	161	-	-
Amount due from an associate	2,560	2,771	-	-
Total current assets	112,288	120,740	-	-
Non-current assets:				
Properties, plant and equipment	13,047	13,230	-	-
Subsidiaries	-	-	23,312	23,632
Goodwill	3,433	1,839	-	-
Intangible assets	4,566	5,003	-	-
Available-for-sale investment	945	534	-	-
Deferred tax asset	88	88	-	-
Interest in an associate	128	223	-	-
Total non-current assets	22,207	20,917	23,312	23,632
Total assets	134,495	141,657	23,312	23,632
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Bank borrowings and overdrafts	23,118	30,312	-	-
Trade and other payables	29,434	28,027	38	76
Income tax payable	1,019	1,025	-	-
Total current liabilities	53,571	59,364	38	76
Non-current liabilities:				
Bank borrowings	16,720	16,796	-	-
Deferred tax liabilities	194	234	-	-
	16,914	17,030	-	-
Capital, reserves and non- controlling interests:				
Share capital	11,625	11,625	11,625	11,625
Reserves	49,781	50,779	11,649	11,931
Equity attributable to Owners of the Company	61,406	62,404	23,274	23,556
Non-controlling interests	2,604	2,859	-	-
Total equity	64,010	65,263	23,274	23,556
Total equity and liabilities	134,495	141,657	23,312	23,632

1(b)(ii) Aggregate amount of group's borrowings and debt securities.**Amount repayable in one year or less, or on demand**

As at 31 March 2013		As at 31 December 2012	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
422	22,696	597	29,715

Amount repayable after one year

As at 31 March 2013		As at 31 December 2012	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
3,344	13,376	3,400	13,396

Details of any collateral

The Group has pledged its leasehold land and buildings with carrying amount of approximately US\$5,239,000 (31 December 2012: US\$5,245,000) to certain banks to secure bank facilities granted to the Group.

- 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	3 months ended	
	31 March 2013	31 March 2012
	US\$'000	US\$'000
Operating activities:		
Loss before income tax	(1,451)	(1,545)
Adjustments for:		
Depreciation of properties, plant and equipment	387	200
Interest income	(4)	(3)
Finance costs	461	275
Amortisation of intangible assets	472	417
Gain on disposal of investment held for trading	-	(13)
Share-based payment expense	64	116
Share of results of an associate	95	108
Operating cash flows before movements in working capital	24	(445)
Trade and other receivables	10,696	6,727
Inventories	(5,732)	(9,323)
Trade and other payables	(781)	2,338
Amount due from an associate	211	(1,810)
Cash from (used in) operations	4,418	(2,513)
Income tax recovered (paid)	26	(54)
Net cash from (used in) operating activities	4,444	(2,567)
Investing activities:		
Acquisition of a subsidiary (Note)	(4,271)	-
Purchase of properties, plant and equipment	(20)	(20)
Development costs paid	(65)	(485)
Interest income received	4	3
Acquisition of additional interest of a subsidiary	-	(1,134)
Purchase of available-for-sale investment	(411)	-
Proceeds from disposal of investment carried at fair value through profit or loss	-	570
Net cash used in investing activities	(4,763)	(1,066)
Financing activities:		
(Repayment of) Net proceeds from bank borrowings	(7,044)	4,034
Interest paid	(461)	(275)
Net cash (used in) from financing activities	(7,505)	3,759
Net (decrease) increase in cash and cash equivalents	(7,824)	126
Cash and cash equivalents at beginning of the period	15,930	7,298
Effect of foreign exchange rate changes	(182)	(565)
Cash and cash equivalents at end of the period	7,924	6,859
Cash and cash equivalents comprised:		
Cash and bank balances	8,783	8,206
Bank overdrafts	(859)	(1,347)
	7,924	6,859

Note:

On 21 February 2013 and 27 February 2013, the Group entered Sales and Purchase agreement for the acquisition of 100% of the issued capital of Edinburgh Instruments Limited for a total consideration of approximately GBP3,200,000 (US\$4,898,000). Edinburgh Instruments Limited was acquired so as to continue the expansion of the Group's manufacturing operation.

Consideration transferred

	3 months ended
	31 March 2013
	US\$'000
Cash	<u>4,898</u>

Acquisition-related costs have been excluded from the consideration transferred. The costs were insignificant and have been recognised as an expense in the period within the administrative expenses in consolidated statement of comprehensive income.

Assets acquired and liabilities assumed at the date of acquisition

	3 months ended
	31 March 2013
	US\$'000
Property, plant and equipment	222
Cash and bank balances	627
Trade and other receivables	2,313
Inventories	2,327
Trade and other payables	<u>(2,185)</u>
Net assets acquired and liabilities assumed	<u>3,304</u>

The fair values of the assets and liabilities acquired have been determined on a provisional basis, awaiting the completion of the identification of separable assets and valuation of the assets and liabilities.

Goodwill arising on acquisition

	3 months ended
	31 March 2013
	US\$'000
Consideration transferred	4,898
Net assets acquired and liabilities assumed	<u>(3,304)</u>
Goodwill arising on acquisition of subsidiary	<u>1,594</u>

Goodwill of US\$1,594,000 was recognised in the acquisition as the purchase consideration exceeds fair value of the net assets acquired and liabilities assumed.

Goodwill arose in the acquisition of Edinburgh Instruments Limited because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth and future market development. These benefits are not recognized separately from goodwill because they do not meet recognition criteria for identifiable intangible assets.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

Net cash outflow on acquisition

	3 months ended
	31 March 2013
	US\$'000
Cash consideration	4,898
Cash and bank balances acquired	<u>(627)</u>
Net assets outflow from acquisition of a subsidiary	<u>4,271</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group

	Share capital	Share premium	Contributed surplus	Merger reserve	Currency translation reserve	Legal reserve	Capital reserve	Equity reserve	Share option reserve	Retained earnings	Sub-total	Non- controlling Interests	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 January 2013	11,625	8,099	394	(4,112)	3,269	488	3,003	(2,037)	1,759	39,916	62,404	2,859	65,263
Total comprehensive expense for the period	-	-	-	-	44	-	-	-	-	(1,106)	(1,062)	(255)	(1,317)
Share-based payment expenses	-	-	-	-	-	-	-	-	64	-	64	-	64
Balance as at 31 March 2013	11,625	8,099	394	(4,112)	3,313	488	3,003	(2,037)	1,823	38,810	61,406	2,604	64,010
Balance as at 1 January 2012	11,625	8,099	394	(4,112)	3,867	274	3,003	(37)	1,325	38,784	63,222	2,764	65,986
Total comprehensive expense for the period	-	-	-	-	(21)	-	-	-	-	(1,208)	(1,229)	(291)	(1,520)
Share-based payment expenses	-	-	-	-	-	-	-	-	116	-	116	-	116
Effect of acquiring non- controlling interests in subsidiary	-	-	-	-	-	-	-	(927)	-	-	(927)	(207)	(1,134)
Balance as at 31 March 2012	11,625	8,099	394	(4,112)	3,846	274	3,003	(964)	1,441	37,576	61,182	2,266	63,448

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 2013	11,625	8,099	394	1,759	1,679	23,556
Total comprehensive expense for the period	-	-	-	-	(346)	(346)
Share-based payment expenses	-	-	-	64	-	64
Balance as at 31 March 2013	11,625	8,099	394	1,823	1,333	23,274
Balance as at 1 January 2012	11,625	8,099	394	1,325	2,124	23,567
Total comprehensive expense for the period	-	-	-	-	(281)	(281)
Share-based payment expenses	-	-	-	116	-	116
Balance as at 31 March 2012	11,625	8,099	394	1,441	1,843	23,402

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

The Company has two share option schemes, as follows:

Share Option Scheme I

On 28 May 2004, the Company adopted the Share Option Scheme ("2004 Share Option Scheme"). The purpose of the 2004 Share Option Scheme was a share incentive scheme and was established to recognize and acknowledge the contributions that the eligible participants have or may have made to the Company. The 2004 Share Option Scheme will provide the eligible participants with an opportunity to have a personal stake in the Company with a view to motivate the eligible participants to optimize their performance efficiency for the benefit of the Company. The 2004 Share Option Scheme is administered by the Remuneration Committee.

The number of outstanding share options under the 2004 Share Option Scheme as at 31 March 2013 is 21,835,000 (31 December 2012: 21,835,000). No further option will be granted under the 2004 Share Option Scheme upon the listing of the Company on the Stock Exchange on 21 December 2011.

Share Option Scheme II

On 9 June 2011, the Company adopted the share option scheme ("2011 Share Option Scheme"). The purpose of the 2011 Share Option Scheme is 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.

The 2011 Share Option Scheme is administered by the Remuneration Committee.

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, 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 (whichever is higher).

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

Where the options are granted to controlling shareholders and their associates, (a) the aggregate number of Shares available to 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) the separate approval of independent Shareholders is obtained for each participant in respect of his participation and the number of Shares comprise 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.

No options have been granted under the 2011 Share Option Scheme since its adoption date.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Total number of issued shares excluding treasury shares was 232,500,000 as at 31 March 2013. (31 December 2012: 232,500,000)

There were no treasury shares as at 31 December 2012 and 31 March 2013.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including) any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements as at 31 December 2012.

The Group has also adopted the new / revised International Financial Reporting Standards. However, the adoption of these new / revised standards has no material impact on the financial statements of the Group for the period and the comparative period.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

See item 4 above.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
	3 months ended	
	31 March 2013	31 March 2012
(a) Based on the weighted average number of shares	<u>(0.48) US cents</u>	<u>(0.52) US cents</u>
(b) On a fully diluted basis	<u>(0.47) US cents</u>	<u>(0.52) US cents</u>

The calculation of basic earnings per share is based on the Group's net loss for the period of US\$1,106,000 (2012: US\$1,208,000) divided by the weighted average number of ordinary shares of 232,500,000 (2012: 232,500,000) in issue during the period.

The calculation of fully diluted earnings per share is computed based on the weighted average number of ordinary shares during the period adjusted to assume conversion of all dilutive ordinary shares.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

- (a) current financial period reported on; and**
(b) immediately preceding financial year.

	Group		Company	
	31 March 2013	31 December 2012	31 March 2013	31 December 2012
Net asset value per ordinary share capital at the end of the financial period	26.4 US cents	26.8 US cents	10.0 US cents	10.1 US cents

The net asset value per share as at 31 March 2013 is computed using the shares in issue of 232,500,000 shares (31 December 2012: 232,500,000 shares).

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

(1) Revenue

Group revenue increased by 7.8% to US\$29,134,000 in 2013Q1 from US\$27,016,000 in 2012Q1. The increase was mainly due to the consolidation of the new subsidiary namely the Edinburgh Instruments Limited, which was acquired during the period.

(2) Gross profit

Gross profit increased by 11.1% to US\$9,102,000 in 2013Q1 from US\$8,195,000 in 2012Q1 contributed by the growth in revenue. Benefitting from the depreciation of Japanese Yen and better margins of products of IXRF and Edinburgh Instruments Limited, which were acquired in 2012Q1 and 2013Q1 respectively, the gross margin ratio increased to 31.2% in 2013Q1 from 30.3% in 2012Q1.

(3) Other operating income

Other operating income increased to US\$659,000 in 2013Q1 from US\$569,000 in 2012Q1. The increase in 2013Q1 was attributed to a net foreign exchange gain of US\$583,000 compared to a net foreign exchange gain of US\$473,000 in 2012Q1.

(4) Distribution expenses

Distribution expenses increased by 12.7% to US\$4,159,000 in 2013Q1 from US\$3,690,000 in 2012Q1 resulted from the increase in the business activities and general salaries increase.

(5) Administrative expenses

Administrative expenses increased by 4.2% to US\$6,497,000 in 2013Q1 from US\$6,236,000 in 2012Q1 resulted from the general salaries increase.

(6) Finance expenses

Finance expenses increased by 67.6% to US\$461,000 in 2013Q1 from US\$275,000 in 2012Q1 mainly due to higher average balance of bank borrowings and interest rates during the period.

Financial Position

(7) Goodwill

Goodwill increased by US\$1,594,000 to US\$3,433,000 as at 31 March 2013 compared to US\$1,839,000 as at 31 December 2012 resulting from the acquisition of Edinburgh Instrument Limited during the period.

(8) Inventories

Inventories increased by US\$8,320,000 to US\$40,445,000 as at 31 March 2013 compared to US\$32,125,000 as at 31 December 2012. More inventories were purchased to meet expected increase in business volume in the coming quarters due to the seasonal pattern in Group sales.

(9) Trade and other receivables

Trade and other receivables decreased by US\$8,350,000 to US\$60,318,000 as at 31 March 2013 compared to US\$68,668,000 as at 31 December 2012 resulted from payments received from customers for sales shipment made in the last quarter of the year.

(10) Trade and other payables

Trade and other payables increased by US\$1,407,000 to US\$29,434,000 as at 31 March 2013 compared to US\$28,027,000 as at 31 December 2012 due to more inventories purchased to meet orders anticipated for shipment in the coming quarters of the year.

(11) Bank borrowings

Bank borrowings decreased by US\$7,270,000 to US\$39,838,000 as at 31 March 2013 compared to US\$47,108,000 as at 31 December 2012 mainly due to the repayment of trade financing loans during the period.

(12) Cash flow

The net cash from operating activities increased to US\$4.4 million in 2013Q1 from operating cash outflow of US\$2.6 million in 2012Q1. The cash and cash equivalents decreased by US\$7.8 million in 2013Q1 mainly attributable to the repayment of bank borrowings of US\$7.5 million during the period and net cash used in investing activities of US\$4.8 million, which offset by the net cash from operating activities of US\$4.4 million.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

10. **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.**

Group revenue in first quarter of the year is traditionally lower than that of other quarters of the year due to the seasonal pattern of customers' demands. Similar to previous years, management expects the seasonal trend of a stronger second half-year to continue.

Management expects the continuing demand for the Group's products in China to be a key growth driver for its business. The depreciation of Japanese Yen against USD will continue to improve the gross margin of the Group's distribution business as a significant portion of the Group's distribution products are purchased in Japanese Yen.

In line with the Group's business strategy to expand into Europe market, the recent acquisition of Edinburgh Instrument Limited in the United Kingdom will enhance the Group's presence in Europe. It also allows the Group to acquire complimentary technology and to leverage on the brand equity of Edinburgh Instruments Limited.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommend, a statement to that effect.

No dividend has been recommended in the current financial period reported on.

13. Interested Person Transactions – Pursuant to Rule 920(1)(a)(ii) of the Listing Manual.

No mandate from shareholders has been obtained for IPTs.

Confirmation by the Board

The board of directors of the Company confirm to the best of their knowledge that nothing has come to the attention of the board of directors of the Company which may render the unaudited financial information of the Group and Company for the first quarter ended 31 March 2013 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Sin Sheung Nam Gilbert
Company Secretary
14 May 2013

** For identification purpose only*