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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

2014 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, 13 May 2014

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 31/03/2014****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		
	3 months ended		
	31 March 2014	31 March 2013	Change
	US\$'000	US\$'000	%
Revenue	30,183	29,134	3.6
Cost of sales	(20,476)	(20,032)	2.2
Gross profit	9,707	9,102	6.6
Other operating income	449	659	(31.9)
Distribution expenses	(4,215)	(4,159)	1.3
Administrative expenses	(6,576)	(6,497)	1.2
Share of results of an associate	-	(95)	NM
Finance expenses	(393)	(461)	(14.8)
Loss before income tax	(1,028)	(1,451)	(29.2)
Income tax credit	17	55	(69.1)
Loss for the period	(1,011)	(1,396)	(27.6)
Other comprehensive (expense) income:			
Exchange differences arising on translation of foreign operations	(64)	80	
Total comprehensive expense for the period	(1,075)	(1,316)	

NM: Not meaningful

	Group	
	3 months ended	
	31 March 2014	31 March 2013
	US\$'000	US\$'000
Loss for the period attributable to:		
Owners of the Company	(797)	(1,106)
Non-controlling interests	(214)	(290)
	<u>(1,011)</u>	<u>(1,396)</u>
Total comprehensive expense attributable to:		
Owners of the Company	(860)	(1,061)
Non-controlling interests	(215)	(255)
	<u>(1,075)</u>	<u>(1,316)</u>

Note:

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

	Group	
	3 months ended	
	31 March 2014	31 March 2013
	US\$'000	US\$'000
Depreciation of properties, plant and equipment	341	387
Amortisation of intangible assets	460	472
Interest expenses	393	461
Interest income	(3)	(4)
Net foreign exchange gain	<u>(345)</u>	<u>(583)</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 2014 US\$'000	31 December 2013 US\$'000	31 March 2014 US\$'000	31 December 2013 US\$'000
ASSETS				
Current assets:				
Cash and bank balances	12,071	14,682	47	47
Trade and other receivables	62,308	78,600	-	-
Inventories	37,042	28,402	-	-
Income tax recoverable	46	58	-	-
Amount due from an associate	2,230	2,033	-	-
Total current assets	113,697	123,775	47	47
Non-current assets:				
Properties, plant and equipment	13,419	13,322	-	-
Subsidiaries	-	-	26,180	26,288
Goodwill	3,166	3,166	-	-
Intangible assets	3,639	3,891	-	-
Available-for-sale investment	944	944	-	-
Deferred tax asset	67	67	-	-
Total non-current assets	21,235	21,390	26,180	26,288
Total assets	134,932	145,165	26,227	26,335
LIABILITIES AND EQUITY				
Current liabilities:				
Bank borrowings and overdrafts	26,120	31,272	-	-
Liabilities for trade bills discounted with recourse	1,800	5,042	-	-
Trade and other payables	26,972	27,737	-	12
Income tax payable	1,346	1,320	-	-
Total current liabilities	56,238	65,371	-	12
Non-current liabilities:				
Bank borrowings	10,280	10,283	-	-
Deferred tax liabilities	265	290	-	-
Total non-current liabilities	10,545	10,573	-	-
Capital, reserves and non-controlling interests:				
Share capital	11,625	11,625	11,625	11,625
Reserves	54,697	55,554	14,602	14,698
Equity attributable to owners of the Company	66,322	67,179	26,227	26,323
Non-controlling interests	1,827	2,042	-	-
Total equity	68,149	69,221	26,227	26,323
Total liabilities and equity	134,932	145,165	26,227	26,335

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 2014		As at 31 December 2013	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
286	25,834	348	30,924

Amount repayable after one year

As at 31 March 2014		As at 31 December 2013	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
3,294	6,986	3,301	6,982

Details of any collateral

The Group has pledged its leasehold land and buildings with carrying amount of approximately US\$5,219,000 (31 December 2013: US\$5,206,000) 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 2014 US\$'000	31 March 2013 US\$'000
Operating activities		
Loss before income tax	(1,028)	(1,451)
Adjustments for:		
Depreciation of properties, plant and equipment	341	387
Interest income	(3)	(4)
Finance costs	393	461
Amortisation of intangible assets	460	472
Share-based payment expenses	3	64
Share of results of an associate	-	95
Operating cash flows before movements in working capital	<u>166</u>	<u>24</u>
Trade and other receivables	16,507	10,821
Inventories	(8,558)	(5,619)
Trade bills discounted with recourse	(3,242)	(87)
Trade and other payables	(1,196)	(795)
Amount due from an associate	<u>(197)</u>	<u>211</u>
Cash from operations	3,480	4,555
Income tax refunded	30	26
Net cash from operating activities	<u>3,510</u>	<u>4,581</u>
Investing activities		
Purchase of properties, plant and equipment	(379)	(20)
Product development costs paid	(182)	(65)
Interest received	3	4
Acquisition of available-for-sale investments	-	(410)
Acquisition of subsidiaries (Note)	<u>-</u>	<u>(4,409)</u>
Net cash used in investing activities	<u>(558)</u>	<u>(4,900)</u>
Financing activities		
Repayment of bank borrowings	(4,402)	(7,044)
Interest paid	(393)	(461)
Proceeds from bank borrowings	<u>-</u>	<u>-</u>
Net cash used in financing activities	<u>(4,795)</u>	<u>(7,505)</u>
Net decrease in cash and cash equivalents	(1,843)	(7,824)
Cash and cash equivalents at beginning of the period	12,635	15,930
Effect of foreign exchange rate changes	32	(182)
Cash and cash equivalents at end of the period	<u>10,824</u>	<u>7,924</u>
Cash and cash equivalents comprised:		
Cash and bank balances	12,071	8,783
Bank overdrafts	<u>(1,247)</u>	<u>(859)</u>
	<u>10,824</u>	<u>7,924</u>

Note:

In January 2013 and February 2013, the Group entered into sale and purchase agreements for the acquisitions of 100% of the issued capital of Precisa Scientific Limited and Edinburgh Instruments Limited at purchase considerations amounting to approximately US\$279,000 and US\$4,860,000, respectively.

Consideration transferred

	3 months ended 31 March 2013
	US\$'000
Cash	<u>5,139</u>

Acquisition-related costs have been excluded from the total considerations 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	212
Inventories	2,437
Trade and other receivables	2,421
Cash and bank balances	730
Trade and other payables	(2,285)
Shareholders' loan	(247)
Debt assignment	<u>247</u>
Net assets acquired and liabilities assumed	<u>3,515</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
Total considerations transferred	5,139
Net assets acquired and liabilities assumed	<u>(3,515)</u>
Goodwill arising on acquisition of subsidiary	<u>1,624</u>

Goodwill of US\$1,624,000 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	5,139
Cash and bank balances acquired	<u>(730)</u>
Net assets outflow from acquisition of subsidiaries	<u>4,409</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	Warrant r eserve	Equity reserve	Share option reserve	Retained earnings	Attributable t o the owner of the Company	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	US\$'000
Balance as at 1 January 2014	11,625	8,099	394	(4,112)	4,075	535	3,003	26	(2,037)	2,002	43,569	67,179	2,042	69,221
Total comprehensive expense for the period:														
Loss for the period	-	-	-	-	-	-	-	-	-	-	(797)	(797)	(214)	(1,011)
Other comprehensive expense	-	-	-	-	(63)	-	-	-	-	-	-	(63)	(1)	(64)
	-	-	-	-	(63)	-	-	-	-	-	(797)	(860)	(215)	(1,075)
Transactions with owners, recognized directly in equity:														
Share-based payment expenses	-	-	-	-	-	-	-	-	-	3	-	3	-	3
Balance as at 31 March 2014	11,625	8,099	394	(4,112)	4,012	535	3,003	26	(2,037)	2,005	42,772	66,322	1,827	68,149
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:														
Loss for the period	-	-	-	-	-	-	-	-	-	-	(1,106)	(1,106)	(290)	(1,396)
Other comprehensive income	-	-	-	-	45	-	-	-	-	-	-	45	35	80
	-	-	-	-	45	-	-	-	-	-	(1,106)	(1,062)	(255)	(1,316)
Transactions with owners, recognized directly in equity:														
Share-based payment expenses	-	-	-	-	-	-	-	-	-	64	-	64	-	64
Balance as at 31 March 2013	11,625	8,099	394	(4,112)	3,315	488	3,003	-	(2,037)	1,823	38,810	61,407	2,604	64,011

Company

	Share capital	Share premium	Contributed surplus	Share option reserve	Warrant reserve	Retained earnings	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 January 2014	11,625	8,099	394	2,002	26	4,177	26,323
Total comprehensive expense for the period	-	-	-	-	-	(99)	(99)
Transactions with owners, recognized directly in equity: Share-based payment expenses	-	-	-	3	-	-	3
Balance as at 31 March 2014	11,625	8,099	394	2,005	26	4,078	26,227
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)
Transactions with owners, recognized directly in equity: Share-based payment expenses	-	-	-	64	-	-	64
Balance as at 31 March 2013	11,625	8,099	394	1,823	-	1,333	23,274

- 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 2014 is 21,835,000 (31 December 2013: 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 was 232,500,000 as at 31 March 2014. (31 December 2013: 232,500,000)

There were no treasury shares as at 31 December 2013 and 31 March 2014.

- 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 2013.

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 2014	31 March 2013
(a) Based on the weighted average number of shares	<u>(0.34) US cents</u>	<u>(0.48) US cents</u>
(b) On a fully diluted basis	<u>(0.34) US cents</u>	<u>(0.47) US cents</u>

The calculation of basic earnings per share is based on the Group's net loss for the period of US\$797,000 (2013: US\$1,106,000) divided by the weighted average number of ordinary shares of 232,500,000 (2013: 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 2014	31 December 2013	31 March 2014	31 December 2013
Net asset value per ordinary share at the end of the financial period	28.5 US cents	28.9 US cents	11.3 US cents	11.3 US cents

The net asset value per share as at 31 March 2014 is computed using the shares in issue of 232,500,000 shares (31 December 2013: 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 3.6% to US\$30,183,000 in 2014Q1 from US\$29,134,000 in 2013Q1. The increase was mainly due to the consolidation of the new subsidiary namely Edinburgh Instruments Limited, which was acquired in February 2013.

(2) Gross profit

Gross profit increased by 6.6% to US\$9,707,000 in 2014Q1 from US\$9,102,000 in 2013Q1 due to the growth in revenue. Benefitting from the higher revenue mix of manufactured products, of which the margins are relatively higher, the gross margin ratio increased to 32.2% in 2014Q1 from 31.2% in 2013Q1.

(3) Other operating income

Other operating income decreased by 31.9% to US\$449,000 in 2014Q1 from US\$659,000 in 2013Q1 mainly due to the decrease in net foreign exchange gain by US\$238,000 to US\$345,000 in 2014Q1 from US\$583,000 in 2013Q1.

(4) Distribution expenses

Distribution expenses increased by 1.3% to US\$4,215,000 in 2014Q1 from US\$4,159,000 in 2013Q1 due to the general salaries increase.

(5) Administrative expenses

Administrative expenses increased by 1.2% to US\$6,576,000 in 2014Q1 from US\$6,497,000 in 2013Q1 due to the increase in business activities and the higher research and development costs incurred for the period.

(6) Finance expenses

Finance expenses decreased by 14.8% to US\$393,000 in 2014Q1 from US\$461,000 in 2013Q1 mainly due to lower average balance of bank borrowings during the period.

(7) Loss for the period

In view of the above, the loss for the period attributable to owners of the Company decreased by 27.9% to US\$797,000 in 2014Q1 from US\$1,106,000 in 2013Q1.

Financial Position

(8) Inventories

Inventories increased by US\$8,640,000 to US\$37,042,000 as at 31 March 2014 from US\$28,402,000 as at 31 December 2013. 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\$16,292,000 to US\$62,308,000 as at 31 March 2014 from US\$78,600,000 as at 31 December 2013 due to payments received from customers for sales made in the last quarter of the year 2013.

(10) Trade and other payables

There were no material variances in trade and other payables as at 31 March 2014 and 31 December 2013.

(11) Bank borrowings

Bank borrowings decreased by US\$5,155,000 to US\$36,400,000 as at 31 March 2014 from US\$41,555,000 as at 31 December 2013 mainly due to the repayment of trade financing loans and overdrafts during the period.

(12) Cash flow

The cash and cash equivalents decreased by US\$1,843,000 in 2014Q1 mainly attributable to the repayment of bank borrowings of US\$4,402,000 during the period and net cash used in investing activities of US\$558,000, which was offset by the net cash from operating activities of US\$3,510,000.

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.

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

The demand for scientific instrument in PRC will continue to grow in tandem with increased investments in quality control systems and third party testing services. The Group expects the market demand in PRC for its products as a key growth driver for its business in spite of possible deterioration of Sino-Japan relations, which remain a major risk factor for the Group's business in PRC. The lack-luster economic condition in India and political instability in Thailand have contributed to the uncertainty in the group revenue for other Asian markets.

Notwithstanding the challenging market conditions in Europe, management is optimistic that the revenue contribution from Europe will improve in view of the increase in interest received to-date. Additionally, management will continue to explore measures to further optimize and consolidate the operations in Europe and PRC to exploit any potential synergy between these operations..

In January 2014, the Group entered into share purchase agreements with the other shareholder of Techcomp Jingke Scientific Instruments (Shanghai) Co., Ltd. and Techcomp Jingke Trading (Shanghai) Co., Ltd. to acquire the remaining equity interests in these companies at a total consideration of RMB13,313,000 (equivalent to US\$2,130,000). There is a slight delay in concluding the transactions, but management believes there is no significant financial impact resulting from such delay.

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 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Sin Sheung Nam Gilbert
Company Secretary
13 May 2014

** For identification purpose only*