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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 THIRD 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 November 2014

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

TECHCOMP (HOLDINGS) LIMITED
Third Quarter Financial Statement for the Period Ended 30/09/2014
**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.

	3 months ended 30 September			9 months ended 30 September		
	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>2014</u>	<u>2013</u>	<u>Change</u>
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	35,362	42,915	(17.6)	103,003	111,749	(7.8)
Cost of sales	<u>(24,435)</u>	<u>(29,837)</u>	(18.1)	<u>(69,603)</u>	<u>(75,603)</u>	(7.9)
Gross profit	10,927	13,078	(16.4)	33,400	36,146	(7.6)
Other operating income (expenses)	220	(139)	N.M.	1,019	1,087	(6.3)
Distribution costs	(4,224)	(5,288)	(20.1)	(13,343)	(15,076)	(11.5)
Administrative expenses	(6,228)	(6,567)	(5.2)	(19,174)	(19,459)	(1.5)
Share of results of an associate	-	(21)	N.M.	-	(115)	N.M.
Finance costs	<u>(358)</u>	<u>(418)</u>	(14.4)	<u>(1,098)</u>	<u>(1,280)</u>	(14.2)
Profit before income tax	337	645	(47.8)	804	1,303	(38.3)
Income tax expense	<u>(43)</u>	<u>(36)</u>	19.4	<u>(117)</u>	<u>(66)</u>	77.3
Profit for the period	<u>294</u>	<u>609</u>	(51.7)	<u>687</u>	<u>1,237</u>	(44.5)
Other comprehensive income						
- exchange differences arising on translation of foreign operations	335	(169)	N.M.	(396)	804	N.M.
- share of exchange reserve of an associate	<u>-</u>	<u>-</u>	N.M.	<u>-</u>	<u>3</u>	N.M.
Other comprehensive income (expense) for the period, net of tax	<u>335</u>	<u>(169)</u>	N.M.	<u>(396)</u>	<u>807</u>	N.M.
Total comprehensive income for the period	<u>629</u>	<u>440</u>	43.0	<u>291</u>	<u>2,044</u>	(85.8)

	3 months ended 30 September			9 months ended 30 September		
	<u>2014</u> US\$'000	<u>2013</u> US\$'000	<u>Change</u> %	<u>2014</u> US\$'000	<u>2013</u> US\$'000	<u>Change</u> %
Profit for the period attributable to:						
Owners of the Company	283	699	(59.5)	1,017	1,906	(46.6)
Non-controlling interests	11	(90)	N.M.	(330)	(669)	(50.7)
	<u>294</u>	<u>609</u>	(51.7)	<u>687</u>	<u>1,237</u>	(44.5)
Total comprehensive income (expense) attributable to:						
Owners of the Company	620	532	16.5	667	2,615	(74.5)
Non-controlling interests	9	(92)	N.M.	(376)	(571)	(34.2)
	<u>629</u>	<u>440</u>	43.0	<u>291</u>	<u>2,044</u>	(85.8)
Earnings per share (US cents)						
- Basic				0.44	0.82	
- Diluted				0.43	0.81	

Note:

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

	3 months ended 30 September			9 months ended 30 September		
	<u>2014</u> US\$'000	<u>2013</u> US\$'000	<u>Change</u> %	<u>2014</u> US\$'000	<u>2013</u> US\$'000	<u>Change</u> %
Amortisation of intangible assets (included in administrative expenses)	427	408	4.7	1,301	1,354	(3.9)
Depreciation of properties, plant and equipment	250	279	(10.4)	800	824	(2.9)
Net foreign exchange (gain) loss	(99)	274	N.M.	(723)	(810)	(10.7)
Interest income	(7)	(4)	75.0	(16)	(12)	33.3
Finance costs	358	418	(14.4)	1,098	1,280	(14.2)
	<u> </u>	<u> </u>		<u> </u>	<u> </u>	

N.M.: Not meaningful

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	
	30 September 2014 US\$'000	31 December 2013 US\$'000	30 September 2014 US\$'000	31 December 2013 US\$'000
ASSETS				
Current assets				
Cash and bank balances	9,793	14,682	2	47
Trade and other receivables	63,192	78,600	-	-
Inventories	39,521	28,402	-	-
Income tax recoverable	44	58	-	-
Amount due from an associate	2,015	2,033	-	-
Total current assets	114,565	123,775	2	47
Non-current assets				
Properties, plant and equipment	12,829	13,322	-	-
Subsidiaries	-	-	25,887	26,288
Goodwill	3,166	3,166	-	-
Intangible assets	2,990	3,891	-	-
Available-for-sale investment	944	944	-	-
Deferred tax asset	65	67	-	-
Deposits paid for acquisition of additional interests in a subsidiary/an associate	636	-	-	-
Total non-current assets	20,630	21,390	25,887	26,288
Total assets	135,195	145,165	25,889	26,335
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Bank borrowings and overdrafts	28,192	31,272	-	-
Liabilities for trade bills discounted with recourse	4,361	5,042	-	-
Trade and other payables	24,394	27,737	-	12
Income tax payable	1,575	1,320	-	-
Total current liabilities	58,522	65,371	-	12
Non-current liabilities				
Bank borrowings	6,943	10,283	-	-
Deferred tax liabilities	215	290	-	-
Total non-current liabilities	7,158	10,573	-	-
Capital, reserves and non-controlling interests				
Share capital	11,625	11,625	11,625	11,625
Reserves	56,224	55,554	14,264	14,698
Equity attributable to Owners of the Company	67,849	67,179	25,889	26,323
Non-controlling interests	1,666	2,042	-	-
Total equity	69,515	69,221	25,889	26,323
Total liabilities and equity	135,195	145,165	25,889	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 30 September 2014		As at 31 December 2013	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
87	28,105	348	30,924

Amount repayable after one year

As at 30 September 2014		As at 31 December 2013	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
3,182	3,761	3,301	6,982

Details of any collateral

The Group has pledged its leasehold land and buildings with carrying amount of approximately US\$5,010,000 (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.**

	9 months ended	
	30 September 2014	30 September 2013
	US\$'000	US\$'000
Operating activities:		
Profit before income tax	804	1,303
Adjustments for:		
Depreciation of properties, plant and equipment	800	824
Interest income	(16)	(12)
Finance costs	1,098	1,280
Amortisation of intangible assets	1,301	1,354
Share-based payment expense	3	183
Share of results of an associate	-	115
Operating cash flows before movements in working capital	3,990	5,047
Trade and other receivables	14,993	14,636
Inventories	(11,588)	(4,934)
Trade and other payables	(2,777)	425
Trade bills discounted with recourse	(681)	(3,369)
Amount due from an associate	(30)	610
Cash generated from operations	3,907	12,415
PRC Enterprises Income Tax refund	35	24
Tax refund in other jurisdictions	45	17
Net cash generated from operating activities	3,987	12,456
Investing activities		
Deposits paid for acquisition of additional interests in a subsidiary/an associate	(636)	-
Purchase of properties, plant and equipment	(587)	(251)
Development costs paid	(524)	(902)
Interest income received	16	12
Acquisition of a subsidiary	-	(4,452)
Purchase of available-for-sale investments	-	(410)
Net cash used in investing activities	(1,731)	(6,003)
Financing activities		
Proceeds from bank borrowings	69,824	67,220
Repayment of bank borrowings	(76,127)	(76,616)
Interest paid	(1,098)	(1,280)
Net cash used in financing activities	(7,401)	(10,676)
Net decrease in cash and cash equivalents	(5,145)	(4,223)
Cash and cash equivalents at beginning of the period	12,635	15,930
Effect of foreign exchange rate changes	279	(34)
Cash and cash equivalents at end of the period	7,769	11,673
Cash and cash equivalents comprised:		
Cash and bank balances	9,793	13,537
Bank overdrafts	(2,024)	(1,864)
	7,769	11,673

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 ^(a)	Currency translation reserve	Legal reserve ^(b)	Capital reserve ^(c)	Warrant reserve	Equity reserve ^(d)	Share option reserve	Retained earnings	Attributable to owners 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 at 30 June 2014	11,625	8,099	394	(4,112)	3,388	535	3,003	26	(2,037)	2,005	44,303	67,229	1,657	68,886
Total comprehensive income (expense) for the period:														
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	-	283	283	11	294
Other comprehensive expense	-	-	-	-	337	-	-	-	-	-	-	337	(2)	335
	-	-	-	-	337	-	-	-	-	-	283	620	9	629
Balance at 30 September 2014	11,625	8,099	394	(4,112)	3,725	535	3,003	26	(2,037)	2,005	44,586	67,849	1,666	69,515
Balance 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 income (expense) for the period:														
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	-	1,017	1,017	(330)	687
Other comprehensive income	-	-	-	-	(350)	-	-	-	-	-	-	(350)	(46)	(396)
	-	-	-	-	(350)	-	-	-	-	-	1,017	667	(376)	291
Transactions with owners, recognised directly in equity:														
Share-based payment expenses	-	-	-	-	-	-	-	-	-	3	-	3	-	3
	-	-	-	-	-	-	-	-	-	3	-	3	-	3
Balance at 30 September 2014	11,625	8,099	394	(4,112)	3,725	535	3,003	26	(2,037)	2,005	44,586	67,849	1,666	69,515

	Share capital	Share premium	Contributed surplus	Merger reserve ^(a)	Currency translation reserve	Legal reserve ^(b)	Capital reserve ^(c)	Warrant reserve	Equity reserve ^(d)	Share option reserve	Retained earnings	Attributable to owners 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 at 30 June 2013	11,625	8,099	394	(4,112)	4,145	488	3,003	-	(2,037)	1,882	41,123	64,610	2,380	66,990
Total comprehensive income (expense) for the period:														
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	-	699	699	(90)	609
Other comprehensive expense	-	-	-	-	(167)	-	-	-	-	-	-	(167)	(2)	(169)
	-	-	-	-	(167)	-	-	-	-	-	699	532	(92)	440
Transactions with owners, recognised directly in equity:														
Share-based payment expenses	-	-	-	-	-	-	-	-	-	60	-	60	-	60
	-	-	-	-	-	-	-	-	-	60	-	60	-	60
Balance at 30 September 2013	11,625	8,099	394	(4,112)	3,978	488	3,003	-	(2,037)	1,942	41,822	65,202	2,288	67,490
Balance 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 income (expense) for the period:														
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	-	1,906	1,906	(669)	1,237
Other comprehensive income	-	-	-	-	709	-	-	-	-	-	-	709	98	807
	-	-	-	-	709	-	-	-	-	-	1,906	2,615	(571)	2,044
Transactions with owners, recognised directly in equity:														
Share-based payment expenses	-	-	-	-	-	-	-	-	-	183	-	183	-	183
	-	-	-	-	-	-	-	-	-	183	-	183	-	183
Balance at 30 September 2013	11,625	8,099	394	(4,112)	3,978	488	3,003	-	(2,037)	1,942	41,822	65,202	2,288	67,490

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.

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 30 June 2014	11,625	8,099	394	2,005	26	3,822	25,971
Total comprehensive expense for the period	-	-	-	-	-	(82)	(82)
Balance as at 30 September 2014	11,625	8,099	394	2,005	26	3,740	25,889
Balance as at 1 January 2014	11,625	8,099	394	2,002	26	4,177	26,323
Total comprehensive expense for the period	-	-	-	-	-	(437)	(437)
Transaction with owners, recognised directly in equity: Share-based payment expenses	-	-	-	3	-	-	3
Balance as at 30 September 2014	11,625	8,099	394	2,005	26	3,740	25,889

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 30 June 2013	11,625	8,099	394	1,882	-	1,112	23,112
Total comprehensive expense for the period	-	-	-	-	-	(144)	(144)
Transaction with owners, recognised directly in equity: Share-based payment expenses	-	-	-	61	-	-	61
Balance as at 30 September 2013	11,625	8,099	394	1,943	-	968	23,029
Balance as at 1 January 2013	11,625	8,099	394	1,759	-	1,679	23,556
Total comprehensive expense for the period	-	-	-	-	-	(711)	(711)
Transaction with owners, recognised directly in equity: Share-based payment expenses	-	-	-	184	-	-	184
Balance as at 30 September 2013	11,625	8,099	394	1,943	-	968	23,029

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 (the "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 30 September 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 (the "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 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.

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

On 22 October, 2014, the Group issued an aggregate of 34,875,000 shares at a placement price of HK\$2.4 (US\$0.31) and raised a net proceed of approximately US\$10.7 million.

- 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 30 September 2014. (31 December 2013: 232,500,000)

There were no treasury shares as at 31 December 2013 and 30 September 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 30 September		9 months ended 30 September	
	2014	2013	2014	2013
	US cents	US cents	US cents	US cents
(a) Based on the weighted average number of shares	<u>0.12</u>	<u>0.30</u>	<u>0.44</u>	<u>0.82</u>
(b) On a fully diluted basis	<u>0.12</u>	<u>0.30</u>	<u>0.43</u>	<u>0.81</u>

The calculation of basic earnings per share is based on the Group's net profit for the 3 months ended period of US\$283,000 (30 September 2013: US\$699,000) divided by the weighted average number of ordinary shares of 232,500,000 (30 September 2013: 232,500,000) in issue during the period.

The calculation of basic earnings per share is based on the Group's net profit for the 9 months ended period of US\$1,017,000 (30 September 2013: US\$1,906,000) divided by the weighted average number of ordinary shares of 232,500,000 (30 September 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	
	30 September 2014 US cents	31 December 2013 US cents	30 September 2014 US cents	31 December 2013 US cents
Net asset value per ordinary share capital at the end of the financial period	29.2	28.9	11.1	11.3

The net asset value per share as at 30 September 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

Revenue decreased 17.6% to US\$35,362,000 in 3Q2014 from US\$42,915,000 in 3Q2013. As a result, the Group's revenue decreased 7.8% to US\$103,003,000 for the nine months ended 30 Sep 2014 from US\$111,749,000 for the nine months ended 30 Sep 2013. Decrease in revenue was mainly attributable to the decrease in revenue in the PRC during the period resulting from the lengthened approval cycles for the fund release in the PRC.

(2) Gross profit and gross profit margin

Gross profit decreased 16.4% to US\$10,927,000 in 3Q2014 from US\$13,078,000 in 3Q2013 whereas the Group's gross profit decreased by 7.6% to US\$33,400,000 for the nine months ended 30 Sep 2014 from US\$36,146,000 for the nine months ended 30 Sep 2013, which was in line with the decrease with revenue for the period. The overall gross margin achieved for the period ended 30 Sep 2014 was 32.4%, and this was consistent with the 32.3% registered for the 9 months ended 30 Sep 2013.

(3) Other operating income (expenses)

Other operating income decreased 6.3% to US\$1,019,000 for the nine months ended 30 Sep 2014 from US\$1,087,000 for the nine months ended 30 Sep 2013 primarily due to decrease in a net foreign exchange gain by US\$87,000 for the period.

(4) Distribution costs

Distribution costs decreased 20.1% to US\$4,224,000 in 3Q2014 and 11.5% to US\$13,343,000 in the nine months ended 30 Sep 2014, primarily due to the rationalization of the sales and service network as well as the decrease in sales and marketing activities in certain markets during the period.

(5) Administrative expenses

Administrative expenses decreased 5.2% to US\$6,228,000 in 3Q2014 and 1.5% to US\$19,174,000 in the nine months ended 30 Sep 2014, mainly due to the decrease in entertainment and travelling expenses during the period.

(6) Finance expenses

Finance expenses decreased 14.2% to US\$1,098,000 for the nine months ended 30 Sep 2014 from US\$1,280,000 for the nine months ended 30 Sep 2013 resulting from lower average balances of bank borrowings during the period.

Financial Position

(7) Inventories

Inventories increased by US\$11,119,000 to US\$39,521,000 as at 30 September 2014 compared to US\$28,402,000 as at 31 December 2013. More inventories were held to meet anticipated increase in business volume in the following quarter due to the seasonal pattern in Group sales.

(8) Trade and other receivables

Trade and other receivables decreased by US\$15,408,000 to US\$63,192,000 as at 30 September 2014 compared to US\$78,600,000 as at 31 December 2013 owing to the seasonal pattern of the Group's business where a higher portion of sales was typically generated in the last quarter of the year.

(9) Trade and other payables

Trade and other payables decreased by US\$3,343,000 to US\$24,394,000 as at 30 September 2014 compared to US\$27,737,000 as at 31 December 2013 due to decrease in purchases during the period.

(10) Bank borrowings

Bank borrowings decreased by US\$6,420,000 to US\$35,135,000 as at 30 September 2014 compared to US\$41,555,000 as at 31 December 2013 mainly due to the repayment of bank loans during the period.

(11) Cash flow

The cash generated from operating activities amounted to US\$3,987,000 during the period compared to US\$12,456,000 for the nine months ended 30 September 2013. However, the cash and cash equivalents decreased by US\$5,145,000 for the nine months ended 30 Sep 2014 mainly attributable to the net cash used in investing activities of US\$1,731,000 including deposits paid for acquisition of additional interests in subsidiary/associate US\$636,000 for the acquisition of subsidiary and the net cash used in financing activities of US\$7,401,000 during the period.

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.

Notwithstanding the increased investments in quality control systems and third party testing services in the PRC, the lengthened approval procedures and anti-corruption campaign by the authorities have delayed government purchase decisions. While management expects improvement in the last quarter of the year, the lengthened approval cycles for the fund release may slow down the execution of the orders.

Management believes the demand for Group's product in the Asian markets other than the PRC will remain stable. In line with management's plan to pursue growth, the Group plans to step up its marketing activities to deepen its markets in Korea and Taiwan for future. For its European business, management will continue to seek greater revenue contribution through strengthening its distribution network.

On 22 October, 2014, the Group has fulfilled all the conditions of the Subscription Agreements for the issuance of 34,875,000 Subscription Shares, which raised net proceeds of approximately US\$10.7 million. The Company used the entire net proceeds from the Subscription to partially finance the acquisition of the assets in relation to the business of the gas chromatograph and the gas chromatograph mass spectrometry single-quad products (the "Transaction") for expanding its market in Asia, North America and Europe. The Transaction was completed on 1 November 2014.

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 nine months ended 30 September 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Sin Sheung Nam Gilbert
Company Secretary
13 November 2014

** For identification purpose only*