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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

2012 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 2012

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**Third Quarter Financial Statement for the Period Ended 30/09/2012****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		
	2012	2011	Change	2012	2011	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	38,498	34,341	12.1	106,730	95,152	12.2
Cost of sales	(27,090)	(23,641)	14.6	(75,177)	(65,892)	14.1
Gross profit	<u>11,408</u>	<u>10,700</u>	6.6	<u>31,553</u>	<u>29,260</u>	7.8
Other operating expenses	(134)	(540)	(75.2)	(202)	(1,056)	(80.9)
Distribution costs	(3,632)	(3,224)	12.7	(11,220)	(9,916)	13.2
Administrative expenses	(6,164)	(5,541)	11.2	(16,926)	(15,788)	7.2
Share of results of an associate	(2)	(6)	(66.7)	(183)	(138)	32.6
Finance costs	<u>(365)</u>	<u>(168)</u>	117.3	<u>(999)</u>	<u>(496)</u>	101.4
Profit before income tax	1,111	1,221	(9.0)	2,023	1,866	8.4
Income tax expense	<u>(52)</u>	<u>(65)</u>	(20.0)	<u>(100)</u>	<u>(208)</u>	(51.9)
Profit for the period	<u>1,059</u>	<u>1,156</u>	(8.4)	<u>1,923</u>	<u>1,658</u>	16.0
Other comprehensive income						
- exchange differences arising on translation of foreign operations	(28)	235	N.M.	(495)	909	N.M.
- share of exchange reserve of an associate	<u>15</u>	<u>-</u>	N.M.	<u>15</u>	<u>8</u>	87.5
Other comprehensive (expense) income for the period, net of tax	<u>(13)</u>	<u>235</u>	N.M.	<u>(480)</u>	<u>917</u>	N.M.
Total comprehensive income for the period	<u>1,046</u>	<u>1,391</u>	(24.8)	<u>1,443</u>	<u>2,575</u>	(44.0)

	3 months ended 30 September			9 months ended 30 September		
	<u>2012</u>	<u>2011</u>	<u>Change</u>	<u>2012</u>	<u>2011</u>	<u>Change</u>
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Profit for the period attributable to:						
Owners of the Company	1,248	1,186	5.2	2,375	1,790	32.7
Non-controlling interests	(189)	(30)	530.0	(452)	(132)	242.4
	<u>1,059</u>	<u>1,156</u>	<u>(8.4)</u>	<u>1,923</u>	<u>1,658</u>	<u>16.0</u>
Total comprehensive income attributable to:						
Owners of the Company	1,237	1,355	(8.7)	1,931	2,669	(27.7)
Non-controlling interests	(191)	36	(630.6)	(488)	(94)	419.1
	<u>1,046</u>	<u>1,391</u>	<u>(24.8)</u>	<u>1,443</u>	<u>2,575</u>	<u>(44.0)</u>
Earnings per share (US cents)						
- Basic	<u>0.54</u>	<u>0.51</u>		<u>1.02</u>	<u>0.77</u>	
- Diluted	<u>0.53</u>	<u>0.50</u>		<u>1.00</u>	<u>0.75</u>	

Note:

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

	3 months ended 30 September			9 months ended 30 September		
	<u>2012</u>	<u>2011</u>	<u>Change</u>	<u>2012</u>	<u>2011</u>	<u>Change</u>
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Listing expenses	-	379	N.M	-	1,136	N.M
Amortisation of intangible assets (included in administrative expenses)	411	288	42.7	1,237	1,053	17.5
Depreciation of properties, plant and equipment	275	244	12.7	833	849	(1.9)
Net foreign exchange loss	160	236	(32.2)	423	324	30.6
Interest income	(3)	(1)	200.0	(8)	(25)	(68.0)
Finance costs	365	168	117.3	999	496	101.4
Provision (Reversal) for doubtful debts	10	5	100.0	(34)	-	N.M
Gain on disposal of investments carried at fair value through profit or loss	-	-	N.M	(13)	-	N.M
Gain in fair value changes of investments carried at fair value through profit or loss	<u>-</u>	<u>-</u>	<u>N.M</u>	<u>-</u>	<u>(8)</u>	<u>N.M</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 2012 US\$'000	31 December 2011 US\$'000	30 September 2012 US\$'000	31 December 2011 US\$'000
ASSETS				
Current assets:				
Cash and bank balances	8,268	8,515	-	-
Trade and other receivables	61,762	65,918	-	-
Inventories	39,439	32,000	-	-
Income tax recoverable	149	196	-	-
Investment carried at fair value through profit and loss	-	557	-	-
Amount due from an associate	3,363	754	-	-
Total current assets	<u>112,981</u>	<u>107,940</u>	<u>-</u>	<u>-</u>
Non-current assets:				
Properties, plant and equipment	12,242	12,292	-	-
Subsidiaries	-	-	21,409	24,854
Goodwill	512	512	-	-
Intangible assets	7,132	6,059	-	-
Available-for-sale investment	534	534	-	-
Deferred tax asset	208	208	-	-
Interest in an associate	201	384	-	-
Total non-current assets	<u>20,829</u>	<u>19,989</u>	<u>21,409</u>	<u>24,854</u>
Total assets	<u><u>133,810</u></u>	<u><u>127,929</u></u>	<u><u>21,409</u></u>	<u><u>24,854</u></u>

	Group		Company	
	30 September 2012 US\$'000	31 December 2011 US\$'000	30 September 2012 US\$'000	31 December 2011 US\$'000
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Bank borrowings and overdrafts	32,542	26,875	-	-
Trade and other payables	31,089	28,645	457	1,287
Income tax payable	1,005	748	-	-
Amount due to non-controlling interest	-	1,244	-	-
Total current liabilities	64,636	57,512	457	1,287
Non-current liabilities:				
Bank borrowings	4,411	4,071	-	-
Deferred tax liabilities	250	360	-	-
	4,661	4,431	-	-
Capital, reserves and non-controlling interests:				
Share capital	11,625	11,625	11,625	11,625
Reserves	49,731	51,597	9,327	11,942
Equity attributable to Owners of the Company	61,356	63,222	20,952	23,567
Non-controlling interests	3,157	2,764	-	-
Total equity	64,513	65,986	20,952	23,567
Total equity and liabilities	133,810	127,929	21,409	24,854

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 2012		As at 31 December 2011	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
170	32,372	936	25,939

Amount repayable after one year

As at 30 September 2012		As at 31 December 2011	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
3,879	532	3,490	581

Details of any collateral

The Group has pledged its leasehold land and buildings with carrying amount of approximately US\$5,181,000 (31 December 2011: US\$5,282,000) 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 2012	30 September 2011
	US\$'000	US\$'000
Cash flows from operating activities:		
Profit before income tax	2,023	1,866
Adjustment for:		
Depreciation of properties, plant and equipment	833	849
Interest income	(8)	(25)
Finance costs	999	496
Amortisation of intangible assets	1,237	1,053
(Reversal) Allowance for doubtful debts	(34)	-
Gain on disposal of investment held for trading	(13)	-
Gain in fair value changes of investments carried at fair value through profit or loss	-	(8)
Share-based payment expense	349	566
Share of results of an associate	183	138
Operating cash flows before movements in working capital	5,569	4,935
Trade and other receivables	3,576	(5,681)
Inventories	(7,493)	(12,892)
Trade and other payables	3,933	3,477
Trade bills discounted with recourse	(1,266)	412
Amount due from an associate	(2,609)	(1,105)
Cash generated from (used in) operations	1,710	(10,854)
PRC Enterprises Income Tax paid	34	(164)
Hong Kong Profits Tax paid	-	(17)
Tax refund (paid) in other jurisdictions	60	(94)
Net cash generated from (used in) operating activities	1,804	(11,129)
Cash flows from investing activities:		
Acquisition of additional interest in subsidiaries	(2,646)	-
Acquisition of a subsidiary	(1,247)	-
Purchase of properties, plant and equipment	(313)	(515)
Development costs paid	(1,140)	(984)
Interest income received	8	25
Proceeds from disposal of investment carried at fair value through profit or loss	570	-
Net cash used in investing activities	(4,768)	(1,474)
Cash flows from financing activities:		
Proceeds from bank borrowings	84,497	41,449
Repayment of bank borrowings	(80,406)	(38,480)
Dividend paid	(1,848)	(1,890)
Interest paid	(999)	(496)
Repayment from non-controlling interest	-	735
Net cash from financing activities	1,244	1,318
Net decrease in cash and cash equivalents	(1,720)	(11,285)

	9 months ended	
	30 September 2012	30 September 2011
	US\$'000	US\$'000
Cash and cash equivalents at beginning of the period	7,298	16,813
Effect of foreign exchange rate changes	(443)	367
Cash and cash equivalents at end of the period	5,135	5,895
Cash and cash equivalents comprised:		
Cash and bank balances	8,268	7,598
Bank overdrafts	(3,133)	(1,703)
	5,135	5,895

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)	Share option reserve	Equity reserve ^(d)	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 30 June 2012	11,625	8,099	394	(4,112)	3,434	274	3,003	1,547	(2,335)	38,063	59,992	3,348	63,340
Total comprehensive (expense) income for the period	-	-	-	-	(11)	-	-	-	-	1,248	1,237	(191)	1,046
Share-based payment expenses	-	-	-	-	-	-	-	127	-	-	127	-	127
Balance as at 30 September 2012	11,625	8,099	394	(4,112)	3,423	274	3,003	1,674	(2,335)	39,311	61,356	3,157	64,513
Balance as at 1 January 2012	11,625	8,099	394	(4,112)	3,867	274	3,003	1,325	(37)	38,784	63,222	2,764	65,986
Total comprehensive (expense) income for the period	-	-	-	-	(444)	-	-	-	-	2,375	1,931	(488)	1,443
Dividend paid	-	-	-	-	-	-	-	-	-	(1,848)	(1,848)	-	(1,848)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	283	283
Acquisition of additional interest in subsidiaries	-	-	-	-	-	-	-	-	(2,298)	-	(2,298)	598	(1,700)
Share-based payment expenses	-	-	-	-	-	-	-	349	-	-	349	-	349
Balance as at 30 September 2012	11,625	8,099	394	(4,112)	3,423	274	3,003	1,674	(2,335)	39,311	61,356	3,157	64,513

	Share capital	Share premium	Contributed surplus	Merger reserve ^(a)	Currency translation reserve	Legal reserve ^(b)	Capital reserve ^(c)	Share option reserve	Equity reserve ^(d)	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 30 June 2011	11,625	8,099	394	(4,112)	3,194	274	3,003	963	(37)	30,974	54,377	2,617	56,994
Total comprehensive income for the period	-	-	-	-	169	-	-	-	-	1,186	1,355	36	1,391
Share-based payment expenses	-	-	-	-	-	-	-	192	-	-	192	-	192
Balance as at 30 September 2011	11,625	8,099	394	(4,112)	3,363	274	3,003	1,155	(37)	32,160	55,924	2,653	58,577
Balance as at 1 January 2011	11,625	8,099	394	(4,112)	2,484	274	3,003	589	(37)	32,260	54,579	2,952	57,531
Total comprehensive income (expense) for the period	-	-	-	-	879	-	-	-	-	1,790	2,669	(94)	2,575
Dividend paid	-	-	-	-	-	-	-	-	-	(1,890)	(1,890)	(205)	(2,095)
Share-based payment expenses	-	-	-	-	-	-	-	566	-	-	566	-	566
Balance as at 30 September 2011	11,625	8,099	394	(4,112)	3,363	274	3,003	1,155	(37)	32,160	55,924	2,653	58,577

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	Retained earnings	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 30 June 2012	11,625	8,099	394	1,547	(383)	21,282
Total comprehensive expense for the period	-	-	-	-	(457)	(457)
Share-based payment expenses	-	-	-	127	-	127
Balance as at 30 September 2012	11,625	8,099	394	1,674	(840)	20,952
Balance as at 1 January 2012	11,625	8,099	394	1,325	2,124	23,567
Total comprehensive expense for the period	-	-	-	-	(1,116)	(1,116)
Dividend paid	-	-	-	-	(1,848)	(1,848)
Share-based payment expenses	-	-	-	349	-	349
Balance as at 30 September 2012	11,625	8,099	394	1,674	(840)	20,952
Balance as at 30 June 2011	11,625	8,099	394	963	3,492	24,573
Total comprehensive expense for the period	-	-	-	-	(1,173)	(1,173)
Share-based payment expenses	-	-	-	192	-	192
Balance as at 30 September 2011	11,625	8,099	394	1,155	2,319	23,592
Balance as at 1 January 2011	11,625	8,099	394	589	6,207	26,914
Total comprehensive expense for the period	-	-	-	-	(1,998)	(1,998)
Dividend paid	-	-	-	-	(1,890)	(1,890)
Share-based payment expenses	-	-	-	566	-	566
Balance as at 30 September 2011	11,625	8,099	394	1,155	2,319	23,592

- 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 30 September 2012 is 21,835,000 (31 December 2011: 21,835,000). No further option will be granted under the 2004 Share Option Scheme.

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 30 September 2012. (31 December 2011: 232,500,000)

There were no treasury shares as at 31 December 2011 and 30 September 2012.

- 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 2011.

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	
	2012	2011	2012	2011
	US cents	US cents	US cents	US cents
(a) Based on the weighted average number of shares	<u>0.54</u>	<u>0.51</u>	<u>1.02</u>	<u>0.77</u>
(b) On a fully diluted basis	<u>0.53</u>	<u>0.50</u>	<u>1.00</u>	<u>0.75</u>

The calculation of basic earnings per share is based on the Group's net profit for the 3 months ended period of US\$1,248,000 (30 September 2011: US\$1,186,000) divided by the weighted average number of ordinary shares of 232,500,000 (30 September 2011: 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\$2,375,000 (30 September 2011: US\$1,790,000) divided by the weighted average number of ordinary shares of 232,500,000 (30 September 2011: 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 2012 US cents	31 December 2011 US cents	30 September 2012 US cents	31 December 2011 US cents
Net asset value per ordinary share capital at the end of the financial period	26.4	27.2	9.0	10.1

The net asset value per share as at 30 September 2012 is computed using the shares in issue of 232,500,000 shares (31 December 2011: 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 increased by 12.1% to US\$38,498,000 in 3Q2012 from US\$34,341,000 in 3Q2011. As a result, the Group's revenue increased by 12.2% to US\$106,730,000 for the nine months ended 30 Sep 2012 from US\$95,152,000 for the nine months ended 30 Sep 2011. Increase in revenue was mainly attributable to increased demand in PRC and the inclusion of the new subsidiary, IXRF Inc., which was acquired during the period.

(2) Gross profit and gross profit margin

Gross profit increased by 6.6% to US\$11,408,000 in 3Q2012 from US\$10,700,000 in 3Q2011 whereas the Group's gross profit increased by 7.8% to US\$31,553,000 for the nine months ended 30 Sep 2012 from US\$29,260,000 for the nine months ended 30 Sep 2011 which was primarily due to the growth in revenue. The overall gross margin achieved for the period ended 30 Sep 2012 decreased by 1.2 percentage points to 29.6% compared with 30.8% for the 9 months ended 30 Sep 2011 primarily because of increased cost of sales due to the appreciation of Japanese Yen and greater pricing support for promotion of the Group's products in Europe.

(3) Other operating income (expenses)

Other operating expenses decreased by 80.9% to US\$202,000 for the nine months ended 30 Sep 2012 from US\$1,056,000 for the nine months ended 30 Sep 2011 due to the absence of listing expenses of US\$1,136,000 incurred in the previous period in connection with the Company's dual primary listing of its shares in the SEHK, which was partially offset by the increase of net foreign exchange loss by US\$99,000 in the current period.

(4) Distribution expenses

Distribution expenses in 3Q2012 increased 12.7% to US\$ 3,632,000 whereas that in the nine months ended 30 Sep 2012 increased by 13.2% to US\$11,220,000, mainly arising from the increase in the sales and marketing activities during the current period.

(5) Administrative expenses

In tandem with the general business growth, administrative expenses increased by 7.2% to US\$16,926,000 for the nine months ended 30 Sep 2012 from US\$15,788,000 for the nine months ended 30 Sep 2011.

(6) Finance expenses

Finance expenses increased by 101.4% to US\$999,000 for the nine months ended 30 Sep 2012 from US\$496,000 for the nine months ended 30 Sep 2011 resulting from higher average balances of bank borrowings and interest rates during the current period.

Financial Position

(7) Inventories

Inventories increased by US\$7,439,000 to US\$39,439,000 as at 30 September 2012 compared to US\$32,000,000 as at 31 December 2011. More inventories were purchased 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\$4,156,000 to US\$61,762,000 as at 30 September 2012 compared to US\$65,918,000 as at 31 December 2011 owing to the seasonal pattern of the Group's business where higher portion of sales were realized in fourth quarter of the year.

(9) Trade and other payables

Trade and other payables increased by US\$2,444,000 to US\$31,089,000 as at 30 September 2012 compared to US\$28,645,000 as at 31 December 2011 which was in line with the business growth.

(10) Bank borrowings

Bank borrowings increased by US\$6,007,000 to US\$36,953,000 as at 30 September 2012 compared to US\$30,946,000 as at 31 December 2011 mainly due to the increase in trade finance loans and term loans to finance the expansion in the Group's business.

(11) Cash flow

The cash and cash equivalents decreased by US\$1,720,000 for the nine months ended 30 Sep 2012 mainly attributable to the net cash used in investing activities of US\$4,768,000 and the dividend of US\$1,848,000 paid during the period. It was partially offset by the net proceeds from bank borrowings of US\$4,091,000 and the cash generated from operating activities of US\$1,804,000 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.

The recent tense Sino-Japan relations had negatively impacted the Company's orders received of Japanese products in PRC. Hence, the management expects the sales of Japanese products in the fourth quarter of the year will be adversely affected.

Given that a significant portion of our distribution products are Japanese products and the Group's revenue in fourth quarter of the year is traditionally much higher than that of other quarters of the year due to the seasonal pattern of its customers' demand in PRC, we expect the revenue as well as the profitability of our distribution business will be adversely affected in FY2012. The Company's distribution business will continue to be affected in the event that the negative sentiment persists. The Group is taking steps to mitigate this impact by diversifying its supply chain.

Though more enquires from the Europe customers were received currently, the Group believes the trading condition in Europe market will remain challenging. The Group will continue to leverage on its low cost manufacturing base in the PRC to achieve cost savings and operational synergy for its operations in Europe.

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 2012 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Sin Sheung Nam Gilbert
Company Secretary
13 November 2012