
HISTORY AND DEVELOPMENT

The Group was founded by Mr. Cheok in August 1984 when he set up Topsearch Industries in Hong Kong to engage in the manufacture and sale of PCBs. In 1985, Topsearch Industries commenced production of PCBs in its production plant in Hong Kong. At that time, the Group produced double-sided and four to six layer PCBs in Hong Kong.

In 1987, Topsearch Industries entered into a joint venture agreement (the “JV Agreement”) with Fisher and Paykel Pacific Limited (“F&P”) to set up PCB manufacturing facilities in the PRC for export. At that time, F&P was a subsidiary of Fisher & Paykel Industries Limited, a company incorporated in New Zealand and the shares of which are listed on the New Zealand Stock Exchange. Pursuant to the JV Agreement, Topsearch HK (then known as Topsearch F&P (HK) Limited) was established as a joint venture company, with Topsearch Industries holding approximately 49.9% interests and F&P holding approximately 50.1% interests. As part of the transactions contemplated under the JV Agreement, Topsearch Shenzhen (then known as Topsearch F & P (China) Ltd) was registered in the PRC as a foreign enterprise wholly-owned by Topsearch HK in 1987. Topsearch Shenzhen was set up to carry out production activities in Shekou, Shenzhen, the PRC.

The Group established its production facilities in Shekou, Shenzhen, the PRC in 1987. In 1988, Topsearch Shenzhen began the production of double-sided PCBs. The production facilities in Shekou, Shenzhen, the PRC then became the Group’s primary production site for double-sided PCBs. Since then, the Group has gradually increased the scale of its production.

In 1991, to counter the rising labour and overhead costs in Hong Kong, Topsearch Industries made a strategic decision to centralise production activities in Shekou, Shenzhen, the PRC. In 1992, the Group completed its technology transfer from its Hong Kong plant to the Shenzhen plant, enabling the latter to begin the manufacture of four to six layer PCBs. All of the production facilities of the Group in Hong Kong were then relocated to the PRC. This transfer of technology represented a final shift in the Group’s production base from Hong Kong to the PRC. Since then, Topsearch HK has focused on the sourcing of raw materials and sale of PCBs for Topsearch Shenzhen.

In June 1994, Topsearch Shenzhen was awarded the ISO 9002 certification. Topsearch HK, which carries on marketing, purchasing and shipping functions in Hong Kong, was awarded the ISO 9002 certification in June 1995. In August 1994, Topsearch Singapore was incorporated in Singapore as a wholly-owned subsidiary of Topsearch Industries and has been functioning as a marketing arm of the Group for liaison with customers in Singapore.

In February 1996, Topsearch Industries acquired F&P’s interest in Topsearch HK. As a result, Topsearch HK became a wholly-owned subsidiary of Topsearch Industries.

In July 1997, Topsearch Malaysia and Topsearch UK were incorporated in Malaysia and UK respectively, both as wholly-owned subsidiaries of Topsearch HK and have been functioning as marketing arms of the Group for liaison with customers in Malaysia and UK respectively.

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In May 1998, Topsearch Thailand was incorporated in Thailand and since then, has been functioning as a marketing arm of the Group for liaison with customers in Thailand. Topsearch Thailand is owned as to 49% by Topsearch HK. In August 1998, Topsearch USA was incorporated in the US as a wholly-owned subsidiary of Topsearch HK and has been functioning as a marketing arm of the Group for liaison with customers in the US.

The Company was incorporated in Bermuda on 12 May, 1998 under the Companies Act as an exempted company with limited liability. In December 1998, Topsearch Taiwan was incorporated in Taiwan and it has since been functioning as a marketing arm of the Group for liaison with customers in Taiwan. In May 1999, Topsearch HK and Topsearch Shenzhen were awarded the QS 9000 certification for their quality management systems.

In December 2000, Shenzhen Foreign Investment Bureau (深圳市外商投資局) and Ministry of Foreign Trade and Economic Cooperation (中華人民共和國對外貿易經濟合作部) approved the application of Topsearch Shenzhen to increase investment capital from US\$40 million to US\$76 million and registered capital from US\$20 million to US\$32 million. The Group is required to pay up the registered capital on or before 31 December, 2002. As at the Latest Practicable Date, the Group has paid up the registered capital of US\$20 million. The Company and Topsearch HK have undertaken to pay up the remaining balance of US\$12 million on or before 31 December, 2002. Accordingly, the rights and interests represented by the balance of the registered capital of Topsearch Shenzhen to be paid up will not be reflected in the financial statements of the Group until such registered capital is fully paid up. On 31 March, 2000, Topsearch Shenzhen entered into a Land Use Right Transfer Agreement with Shenzhen China Merchants Chuangye Co. Ltd (“Shenzhen China Merchants”), an Independent Third Party, pursuant to which Topsearch Shenzhen purchased from Shenzhen China Merchants a 50-year land use right over a plot of industrial land of approximately 11,208 sq.m., which is estimated to yield gross floor area of over 40,000 sq.m.. On 21 September, 2000, the Nanshan Division of the Shenzhen Land Planning Bureau issued the Reply on Land Use Right Transfer which approved the transfer of the land use right to Topsearch Shenzhen for a term of 50 years commencing on 15 September, 2000. On 11 July, 2001, the land use fee of approximately RMB3.7 million was paid in full by Topsearch Shenzhen. In March 2001, construction of the new production facility on the land commenced.

Since its establishment, the Group has gradually increased its sales volume. The Group was ranked 15th amongst PCB companies in the Asia Pacific region (excluding Japan) and 52nd amongst the top 100 largest PCB companies in the world based on revenue generated in the year 2000. Among these top 100 largest PCB companies, 25 PCB companies were from the Asia Pacific region (excluding Japan).

In 2000, Topsearch Shenzhen was ranked by the Ministry of Foreign Trade and Economic Co-operation (對外貿易經濟合作部) of the PRC as one of the largest 500 exporting enterprises in the PRC.

On 29 May, 2002 and pursuant to the Reorganisation, the Company became the holding company of the Group. Details of the Reorganisation are set forth in Appendix IV to this prospectus.