

## Listed Company Information

TOPSEARCH INT'L<02323> - Results Announcement

Topsearch International (Holdings) Limited announced on 19/09/2003:

(stock code: 02323 )

Year end date: 31/12/2003

Currency: HKD

Auditors' Report: N/A

Review of Interim Report by: Audit Committee

	(Unaudited ) Current Period from 01/01/2003 to 30/06/2003 Note ('000 )	(Unaudited ) Last Corresponding Period from 01/01/2002 to 30/06/2002 ( '000 )
Turnover	: 547,863	508,005
Profit/(Loss) from Operations	: 14,199	57,196
Finance cost	: (4,843)	(6,313)
Share of Profit/(Loss) of Associates	: N/A	N/A
Share of Profit/(Loss) of Jointly Controlled Entities	: N/A	N/A
Profit/(Loss) after Tax & MI	: 6,056	46,505
% Change over Last Period	: -87 %	
EPS/(LPS)-Basic (in dollars)	: 0.01	0.1
-Diluted (in dollars)	: N/A	N/A
Extraordinary (ETD) Gain/(Loss)	: N/A	N/A
Profit/(Loss) after ETD Items	: 6,056	46,505
Interim Dividend per Share	: NIL	NIL
(Specify if with other options)	: N/A	N/A
B/C Dates for Interim Dividend	: N/A	
Payable Date	: N/A	
B/C Dates for (-) General Meeting	: N/A	
Other Distribution for Current Period	: N/A	
B/C Dates for Other Distribution	: N/A	

Remarks:

### 1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The Company was incorporated as an exempted company with limited liability in Bermuda on 12 May, 1998 under the Companies Act 1981 of Bermuda (as amended). Pursuant to a reorganisation scheme (the "Group Reorganisation") to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the companies now comprising the Group on 29 May 2002.

The comparative condensed combined financial statements have been prepared under the merger basis of accounting as a result of the Group

Reorganisation as mention above. On this basis, the Company has been treated as the holding company of its subsidiaries prior to that date of their acquisition pursuant to the Group Reorgansiation on 29 May 2002. Accordingly, the condensed combined results and cash flows of the Group for the period ended 30 June 2002 include the results and cash flows of the Company and its subsidiaries with effect from 1 January 2002, or since their respective dates of incorporation/establishment, where this is a shorter period, as if the existing Group structure had been in existence throughout the period ended 30 June 2002.

The unaudited interim report has been prepared on a basis consistent with the principal accounting policies adopted in the 2002 annual report except for the accounting policy on deferred taxation. With the introduction of HK SSAP 12 (revised) "Income taxes", provision for deferred taxation is made for all taxable temporary differences instead of timing differences as previously adopted. This change in accounting policy does not have any impact on the Group's results and net assets for the current or prior periods.

The Interim Financial Statements of the Group have been prepared in accordance with SSAP 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants ("HKSA") and the requirements of the Main Board ListingRules of the Stock Exchange (the "Listing Rules").

## 2. TURNOVER

Turnover represents the net invoiced value of goods sold net of discounts and returns. The Group's principal activity during the Period was the manufacture and sale of printed circuit boards with production facilities in Guangdong Province, the People's Republic of China ("PRC"). Accordingly, no analysis of the Group's turnover by principal activities is provided.

The turnover of the Group by geographical area is analysed as follows:-

	For the six months ended	
	30 June 2003 (Unaudited) HK\$'000	30 June 2002 (Unaudited) HK\$'000
South East Asia	230,861	234,368
Taiwan	108,605	52,398
The PRC and Hong Kong	93,218	102,231
North America	78,114	94,079
Europe	37,065	24,929
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	547,863	508,005

Note: The location of the customer is determined by the location of the entity placing the orders for the purchase of the Group's products.

The contribution to profit from operating activities by geographical area is substantially in line with the overall rate of contribution to turnover and accordingly a geographical analysis of contribution pursuant to Listing Rules requirements is not presented.

## 3. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived after charging / (crediting):-

For the six months ended	
30 June 2003 (Unaudited) HK\$'000	30 June 2002 (Unaudited) HK\$'000

Depreciation	63,379	56,926
Exchange differences	487	395
Interest income	(186)	(94)
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#### 4. FINANCE COSTS

	For the six months ended	
	30 June	30 June
	2003	2002
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest expenses on:-		
Bank loans and overdrafts wholly repayable within five years	4,500	3,907
Bank loans repayable beyond five years	30	158
Finance leases	2,251	4,295
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Total interest	6,781	8,360
Less: Interest capitalised	(1,938)	(2,047)
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	4,843	6,313
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#### 5. TAX

	For the six months ended	
	30 June	30 June
	2003	2002
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Hong Kong	-	3,115
PRC, other than Hong Kong	3,000	4,263
Refund of 5% corporate income tax	-	(3,000)
Deferred tax	300	-
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Tax charge for the Period	3,300	4,378
	=====	=====

Hong Kong profits tax has been provided at the rate of 17.5% (2002: 16%) on the estimated assessable profits arising in Hong Kong in respect of the Period.

Corporate income tax is also provided on the assessable profits generated by a subsidiary in Shekou, the PRC, at the rate of 15% (2002:15%) during the Period.

In July 2003, the Inland Revenue Department ("IRD") issued additional assessments for the 3 years ended 31 December 2001 to a subsidiary of the Company (the "subsidiary") to demand tax payments totalling HK\$33 million.

In issuing the additional assessments, the IRD adopted a tax assessment basis that was different from the one agreed with the subsidiary in prior years. Furthermore, contentious items were disallowed on a general basis.

The subsidiary has lodged an objection to the IRD in August 2003. As at the date of the interim financial statements, the IRD has still been considering the objection. After considering the advice from a leading tax counsel, the directors of the Company consider that the subsidiary has valid arguments in this case. As it is not possible to estimate the outcome of the objection with reasonable certainty at this stage, the directors of the Company consider that no provision for tax should be made in the interim financial statements.

#### 6. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2003 (2002: Nil).

## 7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the consolidated net profit from ordinary activities attributable to shareholders of approximately HK\$6,056,000 for the six months ended 30 June, 2003 (2002: HK\$46,505,000) and the weighted average number of ordinary shares in issue during the Period of 640,000,000 (2002: 487,955,800). There were no potential dilutive ordinary shares in existence for the six months ended 30 June 2003 and 2002. Accordingly, no diluted earnings per share have been presented.

## 8. SUBSEQUENT EVENTS

In addition to the event as detailed in Note 5, on 17 September 2003, Mr. Cheok Ho Fung, a director of the Company, entered into a loan agreement with the Company to provide a loan facility to the Company of up to HK\$30 million. The loan was unsecured, interest bearing at HIBOR rate and repayable by twelve monthly repayments, together with interest thereon, commencing from 18 October 2005. The loan facility has not been utilized up the date of the interim report.