TOPSEARCH INTERNATIONAL (HOLDINGS) LIMITED
至卓國際(控股)有限公司 *

(Incorporated in Bermuda with limited liability)
(Stock Code: 2323)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

The board of directors ("Board" or "Directors") of Topsearch International (Holdings) Limited (the "Company") is pleased to announce the audited consolidated results and financial positions of the Company and its subsidiaries ("Group") for the year ended 31 December 2011 together with comparative figures of 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Year ended 31 December 2011

	Notes	**2011** *HK$'000*	2010 *HK$'000*
REVENUE	*4*	**1,135,320**	1,210,340
Cost of sales		**(1,133,034)**	(1,111,921)
Gross profit		**2,286**	98,419
Other income	*5*	**13,365**	11,099
Other gains and losses	*6*	**(238,713)**	(6,536)
Selling and distribution costs		**(84,037)**	(75,567)
Administrative expenses		**(83,044)**	(74,133)
Finance costs	*7*	**(31,876)**	(22,795)
Loss before tax	*8*	**(422,019)**	(69,513)
Income tax (expense) credit	*9*	**(17,608)**	2,683
Loss for the year		**(439,627)**	(66,830)
Other comprehensive income			
Exchange difference arising on translation		**47,334**	19,541
Total comprehensive expenses for the year		**(392,293)**	(47,289)
Loss attributable to:			
Owners of the Company		**(438,996)**	(66,830)
Non-controlling interests		**(631)**	—
		(439,627)	(66,830)
Total comprehensive expense attributable to:			
Owners of the Company		**(391,662)**	(47,289)
Non-controlling interests		**(631)**	—
		(392,293)	(47,289)
Loss per share			
Basic	*11*	**(48.42 HK cents)**	(6.95 HK cents)

* *for identification purpose only*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**856,604**	1,126,351
Prepaid land lease payments		**40,144**	38,741
Interests in associates		**4,396**	—
Rental and utility deposits		**107**	102
Prepaid rent		**324**	360
Available-for-sale financial assets		**1,857**	2,002
Deposits paid for acquisition of property, plant and equipment		**6,591**	4,364
Deferred tax assets		**—**	7,377
		910,023	1,179,297
CURRENT ASSETS			
Inventories		**175,621**	192,088
Prepaid lease payments		**988**	931
Trade receivables	*12*	**157,769**	234,318
Prepayments, deposits and other receivables		**76,275**	42,286
Amounts due from non-controlling shareholders		**4,000**	—
Pledged bank deposits		**—**	38,059
Bank balances and cash		**107,456**	69,987
		522,109	577,669
CURRENT LIABILITIES			
Trade payables	*13*	**173,693**	221,436
Other payables and accruals		**126,386**	127,530
Provision		**19,162**	—
Amount due to an associate		**4,396**	—
Tax payable		**2,469**	7,877
Interest-bearing bank loans		**438,312**	344,833
		764,418	701,676
NET CURRENT LIABILITIES		**(242,309)**	(124,007)
		667,714	1,055,290

	Notes	**2011**	2010
		HK$'000	*HK$'000*
CAPITAL AND RESERVES			
Share capital		**90,660**	90,660
Reserves		**516,738**	908,400
Equity attributable to owners of the Company		**607,398**	999,060
Non-controlling interests		**3,369**	—
Total Equity		**610,767**	999,060
NON-CURRENT LIABILITIES			
Shareholder's loans		**52,149**	49,000
Deferred tax liabilities		**4,798**	7,230
		56,947	56,230
		667,714	1,055,290

Notes:

1. GENERAL

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values. The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

2. BASIS OF PRESENTATION

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group incurred a net loss of HK$439,627,000 during the year ended 31 December 2011 and, as of that date, the current liabilities exceeded its current assets by HK$242,309,000.

In order to improve the Group's financial position, to provide liquidity and cash flows and to sustain the Group as a going concern, the directors of the Company have taken the following measures:

(a) the Group is currently in the process of renewing the existing factoring loan facilities of RMB200,000,000 with Bank of China, Shenzhen Branch ("BOC") for the next twelve months period after renewal. The Group also obtained a letter of understanding from the BOC that BOC agreed not to demand repayment of the amount of HK$191,398,000 owing to them as at 31 December 2011 until the renewal is approved;

(b) the Group is also in the process of renewing the existing term loans facility of RMB100,000,000 with China Construction Bank, Shenzhen Branch which is targeted to be completed by end of May 2012 for the purpose of re-financing part of the existing loans which will be fully repaid by June 2012;

(c) the Group has signed a pledged facility agreement with Industrial and Commercial Bank of China, Shaoguan Branch ("ICBC") for banking and trade facilities in a total amount of RMB98,500,000 that will be granted on the condition that certain of the land and buildings amounting to HK$261,993,000 of the Group will be pledged to ICBC upon repayment of an outstanding loan amount of RMB30,000,000 to China Construction Bank, Shenzhen Branch;

(d) the Group originally expected to receive in the next twelve months from 31 December 2010 the remaining balance of consideration in connection with the disposal of a portion of a parcel of industrial land and buildings in Tongliao, currently included in prepaid lease payments and property, plant and equipment, as announced on 31 December 2010. The purchaser has paid the initial deposit of RMB20 million already during the year ended 31 December 2011 whereas the remaining balance of RMB31 million should be paid on or before 31 December 2011 according to the property assignment agreement signed by both parties on 31 December 2010. The directors of the Company believe that the aforesaid consideration balance of RMB31 million will be settled by the end of year 2012;

(e) the Group has been relocating most of its production to the manufacturing plant in Quijiang during the year 2012 to attain further cost reduction in production overheads from avoiding high labour costs in Shenzhen and better utilisation of production facilities from consumption of available capacity in the factory of Quijang; and

(f) the controlling shareholder of the Company has provided shareholder's loans of HK$52,149,000 to the Company on 31 December 2011 which will be repayable in 2013. The controlling shareholder also agreed in writing to continue to provide financial support for financing the working capital of the Group when needed in the foreseeable future.

The directors of the Company consider that after taking into account the above, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (Revised 2009)	Related Party Disclosures
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC) — Int 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKAS 24 Related Party Disclosures (Revised 2009)

HKAS 24 (Revised 2009) has been revised on the following two aspects: (a) HKAS 24 (Revised 2009) has changed the definition of a related party and (b) HKAS 24 (Revised 2009) introduces a partial exemption from the disclosure requirements for government-related entities.

The Company and its subsidiaries are not government-related entities. The application of the revised definition of related party set out in HKAS 24 (Revised 2009) in the current year has no impact to the financial statements.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 7	Disclosures — Transfers of Financial Assets[1]
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities[2]

HKFRS 9	Financial Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[5]
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets[4]
HKAS 19 (Revised 2011)	Employee Benefits[2]
HKAS 27 (Revised 2011)	Separate Financial Statements[2]
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[6]
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2015
[4] Effective for annual periods beginning on or after 1 January 2012
[5] Effective for annual periods beginning on or after 1 July 2012
[6] Effective for annual periods beginning on or after 1 January 2014

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The directors anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets but not financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (Revised 2011) and HKAS 28 (Revised 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC) — Int 12 *Consolidation — Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC) — Int 13 *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements.

In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements.

However, the directors have not yet performed a detailed analysis of the impact of the application of these Standards and hence have not yet quantified the extent of the impact.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The directors of the Company anticipate that the application of the other new and revised Standards, Amendments or Interpretation will have no material impact on the consolidated financial statements.

4. SEGMENT INFORMATION

No segment information is presented as the manufacture and sale of printed circuit boards is the only operating segment of the Group. The Group's chief operating decision maker (the Chief Executive Officer of the Group) regularly reviews the consolidated result of the Group as a whole for the purposes of resource allocation and assessment of performance. The Group considered that there is only one operating segment with the segment revenue, segment results, segment assets and segment liabilities equal the revenue, loss for the year, total assets and total liabilities respectively as reported in the consolidated financial statements.

(a) Geographical information

The following table provides an analysis of the Group's sales by geographical market based on the location of customers:

	2011	2010
	HK$'000	*HK$'000*
The People's Republic of China ("PRC")	**244,095**	254,461
Singapore	**207,375**	217,355
Hong Kong	**100,857**	131,647
Thailand	**174,438**	121,742
Malaysia	**152,554**	255,271
Korea	**59,276**	75,560
Germany	**57,562**	54,614
United States of America	**39,586**	30,340
Taiwan	**57,079**	7,399
Others	**42,498**	61,951
	1,135,320	1,210,340

Notes:

(i) Revenue represents the amounts received and receivable for goods sold by the Group to outside customers, less discounts and sales related taxes.

(ii) Non-current assets other than available-for-sale financial assets and deferred tax assets amounting to HK$908,166,000 (2010: HK$1,169,918,000) are located in the entities' countries of domicile, the PRC and Hong Kong.

(b) Information about major customers

Revenue from customers individually contributing over 10% of the total sales of the Group is as follows:

	2011	2010
	HK$'000	*HK$'000*
Customer A	**169,263**	183,561
Customer B	**111,666**	192,778

(c) No product analysis is presented as the group has only single product type from operation.

5. OTHER INCOME

	2011 *HK$'000*	2010 *HK$'000*
Interest income	**555**	239
Government grant *(Note)*	**5,309**	4,898
Tuning service income	**5,965**	4,946
Others	**1,536**	1,016
	13,365	11,099

Note: The government grants mainly represent reimbursement of export credit insurance paid under a concession policy in Guangdong province, PRC as well as the reimbursement of land use tax paid in Shaoguan, PRC.

6. OTHER GAINS AND LOSSES

	2011 *HK$'000*	2010 *HK$'000*
Impairment loss of interest in an associate	—	(523)
Net exchange gain (loss)	**5,383**	(6,701)
(Provision) reversal of allowance for doubtful debts	**(2,371)**	691
Loss on restructuring of a manufacturing facility *(Note)*:		
— Impairment loss of property, plant and equipment	**(124,487)**	—
— Write off/Disposal of property, plant and equipment	**(82,360)**	(3)
— Impairment loss of consumables	**(13,500)**	—
— Employee severance payment expenses	**(21,378)**	—
	(238,713)	(6,536)

Note: During the year, the directors reviewed the business strategy and the carrying amounts of the Group's manufacturing assets, and determine that a number of those assets were impaired due to the plan for closure of a production facility and relocate to existing factories of the Group in other inner areas in PRC for cost saving. The existing production was substantially ceased in December 2011 and the relocation of the production line would commence in first quarter of 2012. Accordingly, the management has prepared an assessment of impairment of the manufacturing assets. The recoverable amount of the property, plant and equipment has been mainly determined on the basis of their fair values less costs to sell evaluated by Equipnet Asia Pacific Ltd., an independent valuer. The evaluation included consideration of transactions involving sales of similar assets, as well as their availability on second hand market taking into account of the overall condition, quality of the assets and adjustments for age, condition, economic or functional obsolescence existing at the end of the reporting period. In addition, certain items of immovable property, plant and machinery were identified as obsolete and loss from write off/disposal of the property, plant and equipment of HK$82,360,000 has been recognised in the year.

In addition, employee severance payment which are assessed in accordance with the relevant rules and regulations and the agreements with the counterparties, are expected to be incurred for the removal of the production line.

7. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings wholly repayable within five years	**28,850**	21,907
Finance leases	**—**	41
Shareholder's loan	**3,026**	847
	31,876	22,795

8. LOSS BEFORE TAX

Loss before tax has been arrived at after charging (crediting):

	2011	2010
	HK$'000	*HK$'000*
Staff costs (excluding directors' remuneration)		
Wages and salaries	**209,725**	182,221
Employee severance payment expenses (included in loss on restructuring of a manufacturing facility *(Note 6)*)	**21,378**	—
Other staff costs	**925**	7,504
Retirement benefit scheme contributions	**14,594**	10,923
Less: Forfeited contributions	**—**	(26)
	246,622	200,622
Auditor's remuneration	**1,845**	1,750
Allowance for obsolete inventories		
— included in cost of sales	**4,016**	3,359
— included in loss on restructuring of a manufacturing facility *(Note 6)*	**13,500**	—
Cost of inventories recognised as an expense	**1,133,034**	1,111,921
Depreciation of property, plant and equipment	**136,937**	149,947
Minimum lease payments under operating leases on land and buildings	**7,393**	6,114
Release of prepaid lease payments	**967**	953

9. INCOME TAX EXPENSE (CREDIT)

	2011	2010
	HK$'000	*HK$'000*
The income tax expense (credit) comprises:		
PRC Enterprise Income Tax		
Current year	**4,625**	—
Under-provision in respect of prior years	**7,767**	1,594
	12,392	1,594
Deferred taxation	**5,216**	(4,277)
	17,608	(2,683)

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits arising in Hong Kong for both years. No Macau profits tax has been provided as the Macau subsidiary of the Company is exempted from Macau Complementary Tax for both years.

Under the Law of the PRC on Enterprise Income Tax ("EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

The under-provision in respect of prior years mainly includes EIT imposed on transfer pricing arrangement of the Group from 2003 to 2010 by the relevant tax authority in PRC.

10. DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 December 2011 (2010: Nil).

11. LOSS PER SHARE

The calculation of the basic loss per share is based on the following:

	2011	2010
	HK$'000	*HK$'000*
Loss:		
Loss for the purpose of basic loss per share	**(438,996)**	(66,830)
Weighted average number of shares:		
Weighted average number of shares for the purpose of basic loss per Share	**906,600,000**	961,360,548

12. TRADE RECEIVABLES

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**164,843**	240,257
Less: Allowance for doubtful debts	**(7,074)**	(5,939)
	157,769	234,318

Credit is offered to customers following a financial assessment by the Group. Periodic reviews of credit limits are performed with regard to the customers' established payment records. The Group's credit period varies and depends on individual trade customers, ranging from 30 to 120 days. The Group closely monitors its outstanding trade receivables. Overdue balances are reviewed regularly by senior management. The following is an aged analysis of trade receivable presented based on the invoice date at the end of the reporting period:

	2011	2010
	HK$'000	*HK$'000*
0 — 30 days	**55,736**	90,389
31 — 60 days	**57,910**	87,614
61 — 90 days	**33,074**	51,968
Over 90 days	**11,049**	4,347
	157,769	234,318

13. TRADE PAYABLES

The following is an aged analysis of trade payables based on the invoice date at the end of the reporting period.

	2011	2010
	HK$'000	*HK$'000*
0 — 30 days	**47,196**	87,270
31 — 60 days	**57,810**	65,788
61 — 90 days	**29,045**	24,553
Over 90 days	**39,642**	43,825
	173,693	221,436

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group audited consolidated financial statements to the year ended 31 December 2011.

“Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2 to the consolidated financial statements which indicates that the Group incurred a net loss of HK$439,627,000 during the year ended 31 December 2011 and, as of that date, the Group’s current liabilities exceeded its current assets by HK$242,309,000. The directors of the Company are taking several measures as disclosed in Note 2 to the consolidated financial statements, some of which have already been implemented, to improve the financial position of the Group and after taking into account these steps, the directors of the Company consider that the Group will have sufficient working capital to finance its operations and to pay its financial obligations as and when fall due. The sufficiency of the working capital of the Group is dependent on their ability to successfully implement the measures set forth in Note 2 to the consolidated financial statements, and, therefore, this indicates the existence of a material uncertainty in relation to the going concern of the Group.”

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

The financial performance of the Group for year 2011 reflects the faltering global economy caused by the sovereign debt problems in the Euro areas and the temporary stoppage of production of our main customers’ Thailand facilities due to flooding. Therefore, for the year ended 31 December 2011, the Group achieved sales of HK$1,135 million, representing a decrease of 6.2% over that of last year. Operating loss before interest and tax was HK$390 million, as compared to operating loss before interest and tax of HK$47 million in 2010. Loss attributable to shareholders amounted to HK$440 million, as compared to loss of HK$67 million in 2010. Basic loss per share was 48.42 Hong Kong cents, as compared to a loss per share of 6.95 Hong Kong cent in 2010.

Business Review

Revenue decreased by 6.2% from HK$1,210 million in 2010 to HK$1,135 million in 2011. The gross profit decreased by 98% over that of 2010 due to the increase in the material costs and labor costs which affected adversely on the Group’s performance during the year, leading to the gross profit margin reduced from 8.1% in 2010 to 0.2% in 2011.

To improve the Group’s financial position, the Group has been implementing various sales strategies to increase the sales turnover and profit margins of its products. The Group shall continue to enhance its marketing efforts to expand its market coverage and will further improve its product mix. The Group has been taking various cost control measures to tighten the costs of operations and various general and administrative expenditures.

To improve the Group’s cashflow, the Group has been currently in the process of renewing the factoring loan facilities with Bank of China (Shenzhen Branch) for a total facility amount of RMB200,000,000 with effect for a twelve months period once renewed. In the meantime, the Group has started renewing the RMB term loans facility with China Construction Bank (Shenzhen Branch) for an amount of RMB100,000,000 which will be targeted to be completed by the end of May 2012. In addition to these new banking facilities, the Group has been obtaining a banking and trade facility in a total amount of RMB98,500,000 under Industrial and Commercial Bank of China (Shaoguan Branch).

Meanwhile, the Group has been negotiating closely with various banks in both the PRC and Hong Kong for different banking facilities arrangement to cope with the funding demand for completing bank loans repayment which will be due during the period of June 2012 and for providing the working capital requirements of the Group.

Same as previous years, a controlling shareholder of the Company has continued to maintain a total advance of HK$52 million to the Group and would promise to continue providing additional financial support throughout the whole year of 2012 for financing the working capital of the Group when needed.

To further improve the Group's cashflow so as to finance its general working capital and in view of the fact that the facilities and space of the Group's existing plant in Tongliao of PRC cannot be fully utilized in the near future for meeting its production capacity. On 31 December 2010, Topsearch Printed Circuits (Tongliao) Limited ("Vendor") (an indirect wholly owned subsidiary of the Company) entered into a Property Assignment Agreement with Tongliao Xudong Solar Technology Company Limited ("Purchaser"), an independent third party, for selling a portion of a parcel of industrial land located in Tongliao of PRC with a site area of approximately 74,214 square metres (the exact figure of the site area is subject to the confirmation of the relevant regulatory bodies) and the buildings erected thereon at the consideration of RMB51 million (approximately HK$59.3 million).

The Vendor had already paid the initial deposit of RMB20 million during the year 2011 but not the remaining balance of RMB31 million which should also need to be paid as well on or before 31 December 2011 according to the Property Assignment Agreement. The directors of the Company believe that the aforesaid consideration balance of RMB31 million will be settled in full, taking into consideration the statements given by the local government bodies of Tongliao dated 21 March 2012 that they would pay directly to the Group's Tongliao subsidiary the sums of RMB10 million and RMB21 million during the first and second half of year 2012 respectively should the Purchaser fail to tender full settlement by end of May 2012.

Prospects

In our last Interim Results Announcement for the year 2011 published on 16 August 2011, it stated that "All signs indicate that the PCB market will face a difficult time in the second half of the year, and data in the first two months of the second half has proven this to be the case". Unfortunately, this has become very real for the Group as the flood happened in Thailand in the last quarter of 2011 has seriously affected the production of two of our major customers there. Consequently our orders level in the last quarter of 2011 has hit record low for a usually strong season in the year. Businesses from these two customers have gradually picked up again starting from March 2012.

The industrial actions happened in our Shenzhen plant during the first two weeks of December 2011 has also seriously disrupted the operations of the Group and our Management has spent considerable time in mitigating such impact in the first quarter of this current year of 2012. This event, although definitely a misfortune for everyone, has nevertheless offered us an opportunity to resolve the contingent liability which the Group has to bear as the Management has been able to negotiate a fair package to allow certain number of employees in our Shenzhen plant to terminate their employment in an amicable way. Since then our Shenzhen plant is only focused in producing high mix low volume products and with a much smaller production capacity, costs and overheads will be substantially reduced comparing to the same of last year.

At the end of last fiscal year, the Management has also decided to make certain amount of non-cash impairment to the book carrying value of its plant and equipment, based on an independent valuer's professional appraisal valuation, orders loading status and discounted cash flow projection analysis of the Group. This will substantially reduce the depreciation charge to the Group's profit and loss in the ensuing years and thereby bringing the profit/loss level of the Group closer to its EBITDA (i.e. Earnings Before Interest, Taxes, Depreciation and Amortization).

Financial Review

During the year under review, the Group's turnover decreased by 6.2%. Material costs and labour costs increased due to the increase in prices of major raw materials such as copper, as well as the increase in labour wages in the PRC. Overall, the gross margin dropped from 8.1% in 2010 to 0.2% in 2011.

Liquidity and Financial Resources

The Group generally finances its operations through a combination of internally generated cash flows, shareholders' equity and borrowings from banks.

As at 31 December 2011, the Group had total equity of HK$611 million (31 December 2010: HK$999 million) and net debt (trade payables, other payables and accruals, interest-bearing borrowings, amount due to an associate, provision, shareholder's loan less cash and cash equivalents) of HK$707 million (31 December 2010: HK$673 million), representing a gearing ratio, defined as net debt over total equity plus net debt, of 54% (31 December 2010: 40%).

The Group's net current liabilities of HK$242 million (31 December 2010: HK$124 million) consisted of current assets of HK$522 million (31 December 2010: HK$578 million) and current liabilities of HK$764 million (31 December 2010: HK$702 million), representing a current ratio of 0.68 (31 December 2010: 0.82).

As at 31 December 2011, the Group's current assets consisted of HK$107 million (31 December 2010: HK$70 million) held as cash and cash equivalents, of which 1% was in Hong Kong dollars ("HKD"), 54% was in US Dollars ("USD"), 44% was in Renminbi ("RMB") and 1% in other currencies.

The Group's current assets also consisted of HK$158 million (31 December 2010: HK$234 million) as trade receivables from its customers. Debtors turnover days decreased to 63 days (31 December 2010: 72 days).

As at 31 December 2011, the Group's inventories decreased to HK$176 million (31 December 2010: HK$192 million). Inventory turnover days was 59 days (31 December 2010: 64 days). Trade payables decreased to HK$174 million from HK$221 million in 2010. Creditors turnover days was approximately 64 days (31 December 2010: 71 days).

Interest-bearing Borrowings

As at 31 December 2011, the Group had the interest-bearing borrowings as follows:

	31 December 2011	31 December 2010
	HK$'000	*HK$'000*
Amounts payable:		
Within one year	**438,312**	344,833
In the second year	**52,149**	49,000
	490,461	393,833
Less: Portion classified as current liabilities	**438,312**	344,833
Long term portion	**52,149**	49,000

Of the total interest-bearing borrowings, HKD denominated loans accounted for 10% (31 December 2010: 12%), USD denominated loans accounted for 39% (31 December 2010: 14%) and the 51% balance was RMB denominated loans (31 December 2010: 74%) as at 31 December 2011. Almost all of the interest-bearing borrowings are charged with floating rates. The Board does not recognize a significant seasonality of borrowing requirements.

The bank loans and other banking facilities of the Group are secured by:

(i) certain buildings and leasehold land held by the Group; and

(ii) the assignment of trade receivables of a subsidiary of the Group.

Foreign Exchange Exposure

Sales of the Group's products are principally denominated in USD and the purchases of materials and payments of operational expenses are mainly denominated in USD, HKD and RMB. Approximately 44% and 81% of the Group's purchases and expenses, respectively, are denominated in RMB. As the Group imported a substantial portion of its major and important raw materials and machines from overseas which were non-RMB denominated, this would help to mitigate the overall effects arising from RMB appreciation.

At present, the Group has not entered into any financial instrument for hedging purpose. Nevertheless, the Board will continue to monitor foreign exchange exposure in the future and will consider hedging such exposure to minimize exchange risk should the need arise.

Number and Remuneration of Employees

As at 31 December 2011, excluding the associate, the Group had approximately 2,848 employees (31 December 2010: 5,082). For the year ended 31 December 2011, total staff costs amounted to HK$247 million. Under the Group's remuneration policy, employees are rewarded in line with market rate and in compliance with statutory requirements of all jurisdictions where it operates. Employees are also granted discretionary bonus subject to the individual's performance and business results of the Group.

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants including any employees of the Group. As at 31 December 2011, no share options were outstanding under the scheme. The existing share option scheme, which life is 10 years from its date of adoption on 30 May 2002, will be expired on 30 May 2012.

The Group follows a policy of encouraging its subsidiaries to send their staff to attend training classes or seminars that are related directly or indirectly to the Group's businesses.

Capital Commitments

As at 31 December 2011, the Group's capital commitments contracted but not provided for amounted to HK$8 million (31 December 2010: HK$3 million) and there is no capital commitment authorised but not contracted for (31 December 2010: HK$36 million). All of these capital commitments were related to construction of factory buildings and acquisition of plant and machinery.

Dividend

The Directors do not recommend the payment of any dividend for the year ended 31 December 2011 (2010: Nil).

Closure of Register of Members

The register of Members of the Company will be closed from 30 May 2012 (Wednesday) to 1 June 2012 (Friday), both days inclusive. In order to qualify for the attendance of the forthcoming annual general meeting of the Company, share transfer forms accompanied by relevant share certificates must be lodged with the Company's Branch Share Registrar and Transfer Office in Hong Kong, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 10:00 a.m. on 30 May 2012 (Wednesday).

Purchase, Sales or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year of 2011.

CODE ON CORPORATE GOVERNANCE PRACTICES ("CG CODE")

The Directors confirm that, for the financial year ended 31 December 2011, the Company has complied with the code provisions set out in the CG Code contained in Appendix 14 of the Listing Rules save for the deviation mentioned below:

Mr. Cheok Ho Fung is the Chairman as well as the Chief Executive Officer of the Company. This arrangement deviates from the provision of A.2.1 of the CG Code, which provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

The Directors are of the opinion that the current arrangement will provide stronger leadership of the management for the Group and enable effective business planning. The Directors believe that it does not have a material adverse impact on the corporate governance of the Company.

The Board will carry out a regular review and propose any amendment, if necessary, to ensure compliance with the CG Code provisions as set out in the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS ("MODEL CODE")

The Company has adopted its own code of conduct ("Own Code") regarding securities transactions by Directors on 7 April 2005 and was revised by the Directors on 10 September 2009 on terms no less exacting than the required standard set out in the Model Code.

The Company, having made specific enquiries, confirms that members of the Board have complied with the Own Code throughout the year 2011. Members of the Company's senior management, who, due to their positions in the Company, are likely to be in possession of unpublished price sensitive information, have also complied with the provisions of the Own Code.

AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") is composed of three Independent Non-executive Directors and two Non-executive Directors. The chairman of the Audit Committee has the appropriate professional qualifications and experience in accounting and related financial management as required by the Listing Rules. The Audit Committee discharges its responsibilities as follows and in accordance with its terms of reference being adopted by the Board:

1. reviewing and monitoring the integrity of the interim and annual results and financial statements of the Company and of the Group and reviewing significant financial reporting judgements;

2. reviewing and monitoring the reporting, accounting and financial policies and practices, risk management and internal control aspects of the Company;

3. reviewing the appointment, re-appointment, retirement, resignation or removal of the Company's external auditors and reviewing their remuneration and terms of engagement, discussing their audit plan and scope of audit, and monitoring the external auditor's independence and effectiveness of the audit process up to standard, and also reporting the issues raised by the external auditor, including but not limited to those stated in their management letter addressed to the Board, implementing policy on engaging external auditor to supply non-audit services;

4. reporting directly to the Board;

5. ensuring full access by the respective responsible teams of the Group under corporate governance function of any concerns that may have arisen during the course of their corporate governance works;

6. conducting annual review of the effectiveness of the Group's internal control and risk management systems as delegated by the Board and considering any findings of major investigation of internal control matters; and

7. ensuring the management has discharged its duty to have an effective internal control system including the adequacy of resources, qualifications and experience of staff from the Group.

As at the date hereof, the members of the audit committee are Mr. Ng Kee Sin (Chairman), Mr. Ng Kwok Ying, Alvin, Mr. Leung Shu Kin, Alfred, Mr. Wong Wing Kee and Mr. Xiang Dong.

During the year ended 31 December 2011, two Audit Committee meetings were held to review the financial results and reports for the year ended 31 December 2010 and for the six months ended 30 June 2011, the budget for the year of 2012, risk management and internal control processes, related party transactions, continuing connected transactions and discloseable transactions, roles and responsibilities as well as works performed by the teams under corporate governance function, and the re-election of the external auditor.

The Audit Committee has reviewed consolidated annual results and financial statements of the Group for the year ended 31 December 2011, including the accounting principles and practices adopted by the Group, in conjunction with Deloitte Touche Tohmatsu, the Group's external auditor, whose agreement to the aforesaid has been obtained.

THE BOARD OF DIRECTORS

As at the date of the publication of this final results announcement, the Board consists of eight Directors with a variety and a balance of skills and experience in accounting, manufacturing, marketing, finance, investment and legal professions. The detailed composition of the Board of Directors is as follows:

Name of Directors	Position
Executive Directors	
Mr. Cheok Ho Fung	Chairman of the Board and Executive Committee and Chief Executive Officer
Mr. Liu Wai On	Member of Executive Committee
Non-Executive Directors	
Mr. Tang Yok Lam, Andy	Member of Remuneration Committee and Nomination Committee
Mr. Ng Kwok Ying, Alvin	Member of Audit Committee
Mr. Xiang Dong	Member of Audit Committee
Independent Non-Executive Directors	
Mr. Leung Shu Kin, Alfred	Chairman of Remuneration Committee, member of Audit Committee and Nomination Committee
Mr. Wong Wing Kee	Chairman of Nomination Committee and member of Audit Committee and Remuneration Committee
Mr. Ng Kee Sin	Chairman of Audit Committee

Publication of Annual Report on the website of the Stock Exchange

The 2011 annual report of the Company containing all the information required by the Listing Rules will be published on the respective websites of the Company (www.topsearch.com.hk) and of the Stock Exchange of Hong Kong Limited (www.hkex.com.hk) in due course.

Appreciation

On behalf of the Board, I would like to extend our gratitude and sincere appreciation to all management and staff members for their diligence and dedication, and also to our business partners and the Company's shareholders for their continuing support.

On behalf of the Board
Topsearch International (Holdings) Limited
Cheok Ho Fung
Chairman and Chief Executive Officer

Hong Kong, 27 March, 2012

As at the date of this announcement, the Board comprises Mr. Cheok Ho Fung, and Mr. Liu Wai On being executive directors, Mr. Tang Yok Lam, Andy, Mr. Ng Kwok Ying, Alvin and Mr. Xiang Dong being non-executive directors, and Mr. Leung Shu Kin, Alfred, Mr. Wong Wing Kee, Mr. Ng Kee Sin as independent non-executive directors.