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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **Topsearch International (Holdings) Limited** (the “**Company**”), you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.



### TOPSEARCH INTERNATIONAL (HOLDINGS) LIMITED

至卓國際(控股)有限公司\*

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 2323)

### VERY SUBSTANTIAL DISPOSAL 70% EQUITY INTERESTS IN TOPSEARCH PRINTED CIRCUITS (SHENZHEN) LTD

**Financial Advisor**



**WALLBANCK BROTHERS  
Securities (Hong Kong) Limited**

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A notice convening a special general meeting of the Company to be held at 3406, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on Tuesday, 18 December 2012, at 10:00 a.m. is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use at the special general meeting is also enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited ([www.hkex.com.hk](http://www.hkex.com.hk)) and the website of the Company ([www.topsearch.com.hk](http://www.topsearch.com.hk)).

Whether or not you are able to attend the special general meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the special general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting, or any adjournment thereof if you so wish.

29 November 2012

\* for identification purposes only

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## CONTENTS

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	<i>Page</i>
Definitions .....	1
Letter from the Board .....	4
Appendix I — Financial Information of Topsearch Shenzhen .....	I-1
Appendix II — Financial Information of the Group .....	II-1
Appendix III — Unaudited Pro Forma Financial Information of the Remaining Group .....	III-1
Appendix IV — Property Valuation .....	IV-1
Appendix V — General Information .....	V-1
Notice of SGM .....	SGM-1

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Topsearch International (Holdings) Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposal
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of 70% equity interest in Topsearch Shenzhen by Topsearch HK to the Transferees pursuant to the terms and conditions of the Framework Agreement
“Fantasia Holdings”	Fantasia Holdings Group Co., Limited (花樣年控股集團有限公司 <sup>†</sup> ), whose shares are listed on the Main Board of the Stock Exchange
“Framework Agreement”	the framework agreement dated 13 November 2012 entered into amongst Topsearch HK and the Transferees in respect of the Disposal
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	27 November 2012, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information in this circular

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## DEFINITIONS

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“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Cheok”	a Director and the chairman and controlling shareholder of the Company holding approximately 51.03% of the issued share capital of the Company as at the Latest Practicable Date
“PRC”	the People’s Republic of China, which, for the purposes of this circular does not include Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Remaining Group”	the Group excluding Topsearch Shenzhen
“Retained Asset(s)”	the assets which shall be retained by Topsearch Shenzhen as may be agreed by Topsearch HK and the Transferees upon Completion. These would include basically land parcels I and II and the properties erected thereat, but would exclude the indebtedness and liabilities incurred by Topsearch Shenzhen, its subsidiaries and its branches (if any) before Completion
“RMB, or Renminbi”	Renminbi, the lawful currency of the PRC
“Sale Equity”	70% of the equity interest in Topsearch Shenzhen, which includes land use rights of land parcel I and the properties numbered from one (1) to fourteen (14) erected thereat, as well as land use rights of land parcel II and Topsearch Building (至卓飛高大樓) erected thereat
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	shareholders of the Company
“Shenzhen Fantasia”	Shenzhen Fantasia Real Estate Group Limited <sup>†</sup> (深圳市花樣年地產集團有限公司), a wholly-owned subsidiary of Fantasia Holdings
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong

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## DEFINITIONS

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“SGM”	a special general meeting of the Company to consider and, if thought fit, to approve the Framework Agreement and the transactions contemplated thereunder
“Shanghai Yuxing”	上海譽星投資中心(有限合伙)(Shanghai Yuxing Investment Fund, LLP <sup>†</sup> ), a limited liability partnership established in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Topsearch HK”	Topsearch Printed Circuits (HK) Limited (至卓飛高線路板(香港)有限公司), a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Topsearch Qujiang”	Topsearch Printed Circuits (Qujiang) Limited <sup>†</sup> (至卓飛高線路板(曲江)有限公司), a wholly-foreign owned enterprise incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“Topsearch Shenzhen”	Topsearch Printed Circuits (Shenzhen) Ltd (至卓飛高線路板(深圳)有限公司), a wholly-foreign owned enterprise incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“Transferees”	Shenzhen Fantasia and Shanghai Yuxing
“USD”	United States dollars, the lawful currency of the United States of America
“%”	percentage.

*For illustration purposes, amounts in RMB in this circular have been translated into HK\$ at RMB1.00 = HK\$1.23 whereas amounts in USD have been translated into HK\$ at US\$1.00 = HK\$7.80. Such exchange rates do not constitute a representation that any amounts have been, or could have been, or may be exchanged at such or any other rates.*

<sup>†</sup> *denotes English translation of the name of a Chinese company, or vice versa, and is provided for identification purposes only*

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## LETTER FROM THE BOARD

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### TOPSEARCH INTERNATIONAL (HOLDINGS) LIMITED

### 至卓國際(控股)有限公司\*

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 2323)**

*Executive Director:*

Mr. Cheok Ho Fung

*(Chairman and Chief Executive Officer)*

*Registered Office:*

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

*Non-executive Directors:*

Mr. Tang Yok Lam, Andy

Mr. Ng Kwok Ying, Alvin

*Principal Place of Business in Hong Kong:*

3406, China Merchants Tower

Shun Tak Centre

168-200 Connaught Road Central

Hong Kong

*Independent non-executive Directors:*

Mr. Leung Shu Kin, Alfred

Mr. Wong Wing Kee

Mr. Ng Kee Sin

29 November 2012

*To the Shareholders*

Dear Sir or Madam,

### **VERY SUBSTANTIAL DISPOSAL 70% EQUITY INTERESTS IN TOPSEARCH PRINTED CIRCUITS (SHENZHEN) LTD**

#### **A. INTRODUCTION**

Reference is made to the announcement of the Company dated 16 November 2012 announcing that on 13 November 2012, Topsearch HK, a wholly-owned subsidiary of the Company entered into the Framework Agreement with the Transferees, pursuant to which Topsearch HK has conditionally agreed to sell and transfer an aggregate 70% equity interest in Topsearch Shenzhen to the Transferees for a consideration of RMB244,909,716 (approximately HK\$301,238,951).

\* for identification purposes only

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## LETTER FROM THE BOARD

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### B. THE FRAMEWORK AGREEMENT

The principal terms of the Framework Agreement are set out below:

#### 1. Date

13 November 2012

#### 2. Parties

Transferor : Topsearch HK

Transferees : Shenzhen Fantasia (as transferee of 61% interest in Topsearch Shenzhen)

Shanghai Yuxing (as transferee of 9% interest in Topsearch Shenzhen)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Transferees and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

On 13 November 2012, Topsearch HK and the Transferees entered into (i) an equity transfer agreement to implement the Disposal (the "**Equity Transfer Agreement**") and (ii) a joint venture contract regarding the governance of Topsearch Shenzhen after Completion (the "**JV Contract**"). Both the Equity Transfer Agreement and the JV Contract will become effective upon obtaining approval from the relevant PRC regulatory authorities.

#### 3. Assets to be disposed of

Topsearch Shenzhen is a company incorporated in the PRC, and an indirect wholly-owned subsidiary of the Company prior to the Disposal.

Subject to the terms and conditions of the Framework Agreement, the Transferor conditionally agreed to sell and the Transferees conditionally agreed to purchase the Sale Equity, of which 61% interest in Topsearch Shenzhen shall be transferred to Shenzhen Fantasia and 9% interest in Topsearch Shenzhen shall be transferred to Shanghai Yuxing. Upon Completion, the Group will continue to hold a 30% interest in Topsearch Shenzhen, which

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## LETTER FROM THE BOARD

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will be accounted for as an associate. As at the Latest Practicable Date, the Company does not have any agreement, arrangement, understanding, intention or negotiation (concluded or otherwise) about any disposal, termination, and/or scaling down of the existing business and major assets of the Remaining Group.

#### 4. Consideration and obligations of the parties prior to Completion

##### 4.1 Consideration and settlement

The aggregate consideration for the Disposal shall be RMB244,909,716 (approximately HK\$301,238,951). The aggregate consideration was determined after arm's length negotiations between Topsearch HK and the Transferees with reference to the estimated market value of land parcels I and II of RMB342,900,000 (based on the property valuation conducted by DTZ Debenham Tie Leung Limited) (the “**Appraised Value**”) and the net asset value of the Topsearch Shenzhen as at the date of Completion. As the Disposal would result in an indirect disposal of 70% of the Company's interest in land parcels I and II, in determining the consideration for the Disposal, the Directors had multiplied the Appraised Value by 70%, and agreed to the consideration of RMB244,909,716 (approximately HK\$301,238,951) after negotiation with Shenzhen Fantasia and Shanghai Yuxing. Given that the consideration slightly exceeds 70% of the Appraised Value, and that the consideration exceeds the Appraised Value of land parcels I and II by HK\$6,002,051, the Directors considered the consideration to be fairly acceptable and advantageous to the Company. Furthermore, the estimated (unaudited) gain on the Disposal is approximately HK\$186,522,051 as set out in the section headed “**F. FINANCIAL EFFECT OF THE DISPOSAL**” even after taking into account of the necessity of effecting waiver of inter-company debts due from Topsearch Shenzhen for bringing the relevant net assets value of Topsearch Shenzhen up to the targeted sum of RMB190,000,000 (approximately HK\$233,700,000) as set out in sub-paragraph B.5. below.

The aggregate consideration shall be payable in two installments:

- (a) the first installment of RMB19,909,716 (approximately HK\$24,488,951) is payable within five working days upon the signing of the Framework Agreement, of which RMB17,349,895



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## LETTER FROM THE BOARD

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(approximately HK\$21,340,371) is payable by Shenzhen Fantasia and RMB2,559,821 (approximately HK\$3,148,580) is payable by Shanghai Yuxing;

- (b) the remaining RMB225,000,000 (approximately HK\$276,750,000) is payable within five working days after: (i) completion of the steps outlined in (a) to (f) in 4.2 below; (ii) obtaining the approval of the Shareholders regarding the Framework Agreement and the transactions contemplated thereunder, and (iii) obtaining the approval from the relevant PRC regulatory authorities regarding the Disposal, the Equity Transfer Agreement, the JV Contract and the new articles of association of Topsearch Shenzhen and the capital injection in Topsearch Qujiang. Out of the remaining installment, a total of RMB196,071,429 (approximately HK\$241,167,858) is payable by Shenzhen Fantasia and RMB28,928,571 (approximately HK\$35,582,142) is payable by Shanghai Yuxing.

Topsearch HK is required to arrange to apply part of the cash consideration in the amount of RMB225,000,000 (approximately HK\$276,750,000) for capital injection in Topsearch Qujiang, a direct wholly-owned subsidiary of Topsearch HK, because the existing borrowings of Topsearch Qujiang with China Construction Bank Corporation Limited (Shaoguan Branch) amounting to around RMB300,000,000 in total (approximately HK\$369,000,000) have been arranged through the pledge of relevant lands and buildings owned by both Topsearch Qujiang and Topsearch Shenzhen as mortgage charge. With the capital injection into Topsearch Qujiang, Topsearch Qujiang will arrange to repay partially the outstanding bank loans so that the relevant mortgage charge on the lands and buildings owned by Topsearch Shenzhen could then be released for purposes of completing the Disposal.

#### ***4.2 Obligations of the parties prior to Completion***

Within 90 days after payment in 4.1 (a) above, Topsearch HK shall complete the following (among other things):

- (a) terminate the labor contracts with all the employees of Topsearch Shenzhen and pay all wages, compensation and damages (if any) to the relevant employees;

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## LETTER FROM THE BOARD

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- (b) work with the Transferees to identify those agreement(s) of Topsearch Shenzhen which has (have) not been completed; except for those which Topsearch HK and the Transferees have both agreed to retain, terminate the agreement(s) which has (have) not been completed and make payments to the counter-party(ies) for early termination of the agreement(s);
- (c) dispose of the assets of Topsearch Shenzhen (other than the Retained Assets) and obtain from each of the creditors of Topsearch Shenzhen an acknowledgement of repayment of outstanding liabilities or an undertaking to waive all their rights or claims against Topsearch Shenzhen. After the above disposal, Topsearch Shenzhen shall have a net asset value of not less than RMB190,000,000 (approximately HK\$233,700,000);
- (d) complete the foreign investors qualification assessment of Topsearch HK with the relevant PRC regulatory authorities;
- (e) procure the expansion of the business scope of Topsearch Shenzhen to include property management; and
- (f) obtain approval from the relevant PRC regulatory authorities regarding the capital injection in Topsearch Qujiang.

Within three working days after the Transferees' confirming completion of (a) to (f) above, each of Topsearch HK and the Transferees shall apply to the relevant PRC regulatory authorities for approval of the Disposal, and to apply for registration of the transfer of the Sale Equity to the Transferees with the relevant administration bureau of industry and commerce (the "**AIC Registration**") within three working days after obtaining such approval.

Immediately but in any event no later than two working days following the payment of the remaining installment in 4.1(b) above, Topsearch HK undertakes to increase or procure the increase in the registered capital of Topsearch Qujiang by an amount of not less than RMB225,000,000 (approximately HK\$276,750,000). At the same time, Topsearch Qujiang shall arrange for the immediate repayment of the loan and release of the mortgage in favor of China Construction Bank Corporation Limited (Shaoguan Branch).

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## LETTER FROM THE BOARD

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In order to comply with 4.2(c) as mentioned above, all the assets and liabilities of Topsearch Shenzhen (other than the Retained Assets) will be transferred to the Remaining Group before Completion. The assets and liabilities to be transferred include property, plant and equipment (other than land, buildings and leasehold improvements), prepayments, deposits, inventories, other receivables, cash and cash equivalents, trade and other payables, accruals, provision, bank loans and deferred tax liabilities. However, it is mutually understood between Topsearch HK and the Transferees that certain uncontrollable asset items such as the collection of receivables and refund of value added tax from the tax authority etc. can be treated as Retained Assets if they are not yet transferred upon the expiry of the 90-day period as required in 4.2 above. The book values of these assets and liabilities as at 31 December 2011 and 30 June 2012 are net liabilities of approximately HK\$221 million and net assets of approximately HK\$51 million, respectively.

### **5. Other major terms**

The Company is required to give a covenant to Shenzhen Fantasia and Shanghai Yuxing that the net asset value of Topsearch Shenzhen as at Completion shall be no less than RMB190,000,000 (approximately HK\$233,700,000). This can be attained by retaining basically the existing lands and buildings of Topsearch Shenzhen and eliminating all relevant outstanding debts due from Topsearch Shenzhen to the other related companies of the Group which would be amounting to approximately HK\$511,094,000 (based on the unaudited proforma financials as at 30 June 2012) and as a result of which the net liability position of Topsearch Shenzhen will turn into net asset position upon Completion.

### **6. Completion**

Subject to (i) completion of the steps outlined in (a) to (f) in 4.2 above, (ii) obtaining the approval of the Shareholders regarding the Framework Agreement and the transactions contemplated thereunder, (iii) obtaining the approval from the relevant PRC regulatory authorities regarding the Disposal, the Equity Transfer Agreement, the JV Contract and the new articles of association of Topsearch Shenzhen and the capital injection in Topsearch Qujiang and (iv) the completion of the AIC Registration, Completion shall take place on the day immediately following the AIC Registration as set out in the paragraphs below.

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## LETTER FROM THE BOARD

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At Completion, Topsearch HK shall transfer such documents (including without limitation books and accounts, agreements, certificates and approvals) to Shenzhen Fantasia to enable Shenzhen Fantasia to have effective control over Topsearch Shenzhen and the relevant pieces of land (among other things).

Disposal shall be considered to be completed upon (i) the transfer of such documents by Topsearch HK to Shenzhen Fantasia to enable it to have effective control over Topsearch Shenzhen and the relevant pieces of land (among other things), (ii) the payment of the remaining installment in 4.1(b) above, (iii) the discharge of the mortgage of certain land and buildings of Topsearch Shenzhen in favor of China Construction Bank Corporation Limited (Shaoguan Branch), and (iv) the delivery of the original property ownership certificate (房地產證) as well as the land search results issued by the relevant bureau of land and resources (國土局的信息查詢單) evidencing the discharge of the said mortgage in favor of China Construction Bank Corporation Limited (Shaoguan Branch) in relation to land parcels I and II and Topsearch Building (至卓飛高大樓) to Shenzhen Fantasia.

### **7. Post Completion Matters**

Upon Completion, Topsearch Shenzhen will cease to be a subsidiary of the Group. According to the terms of the JV Contract, the day-to-day operations of Topsearch Shenzhen will be run by a board of directors comprising five members, of which Topsearch HK and Shanghai Yuxing shall each nominate one director, and the remaining three directors are to be appointed by Shenzhen Fantasia. The chief executive officer and the legal representative of Topsearch Shenzhen are to be appointed by Shenzhen Fantasia.

Topsearch HK and the Transferees will share in the dividends and risks of Topsearch Shenzhen in accordance with their respective equity interests. Dividends will be declared on an annual basis, if Topsearch Shenzhen recorded a distributable profit for the financial year, and after repayment of shareholders' loan or other funds or contribution from the shareholders of Topsearch Shenzhen.

The registered capital of Topsearch Shenzhen has been US\$50,000,000 (approximately HK\$390,000,000) and the portion attributable to Topsearch HK (and the Group) after Completion will be US\$15,000,000 (approximately HK\$117,000,000). According to the JV Contract, Shenzhen Fantasia, Shanghai Yuxing and Topsearch HK is required to provide in aggregate a further sum

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## LETTER FROM THE BOARD

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of RMB50,000,000 (approximately HK\$61,500,000) to fund all preliminary expenses relating to project or projects to be carried out soon by Topsearch Shenzhen, of which the portion attributable to Topsearch HK (and the Group) will be RMB15,000,000 (approximately HK\$18,450,000). Meanwhile, all parties to the Disposal agree that beyond the requisite initial funding such aforementioned, Shenzhen Fantasia will provide or cause to be provided additional financing to satisfy any further development and operating costs of Topsearch Shenzhen.

Additionally, each of Topsearch HK and the Transferees has agreed that after Completion it will not dispose of any interest in Topsearch Shenzhen for the time being owned by it to a third party unless such selling shareholder has first offered all other shareholders on the same or more favorable terms and such offer shall remain open for acceptance for a reasonable period, or that all other shareholders shall be entitled to dispose of their respective equity interests in Topsearch Shenzhen. The aforesaid restrictions on transfers of equity interests shall not apply to transfers of equity interests to related parties.

### **8. Termination and Share Buy-Back**

If the PRC regulatory approval or approval by the Shareholders of the transfer of the Sale Equity is not obtained within 12 months of the date of the Framework Agreement through no fault of any party to the Framework Agreement, the Framework Agreement will terminate and Topsearch HK shall refund to the Transferees the amounts paid to it, together with interest thereon within five working days of such termination.

If for reasons relating to Shenzhen Fantasia (other than events of force majeure), Topsearch Shenzhen fails to obtain the building construction project work permit within 36 months following Completion (the “**Effective Date**”), Topsearch HK shall, within 180 days of the Effective Date, be entitled (but not obliged) to serve a written notice to Shenzhen Fantasia to buy-back all equity interest in Topsearch Shenzhen held by Shenzhen Fantasia for a consideration with reference to the then valuation of Topsearch Shenzhen as determined by a mutually acceptable and credible property valuer, provided that Topsearch HK shall repay the shareholder loans (if any) advanced to Topsearch Shenzhen by Shenzhen Fantasia. The above right is not subject to any consent of Shenzhen Fantasia.

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## LETTER FROM THE BOARD

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The right of Topsearch HK in relation to the above buy-back constitutes an option under Rule 14.72 of the Listing Rules. In the event such right becomes exercisable and Topsearch HK decides to exercise such right, the Company will comply with all applicable announcement and/or shareholder approval requirements under the Listing Rules in relation to any such buy-back by Topsearch HK or other member of the Group depending on the percentage ratios calculated at that time.

### C. THE JOINT LIABILITY GUARANTEE AND LETTERS OF UNDERTAKING

On 13 November 2012, Topsearch Qujiang, an indirect wholly-owned subsidiary of the Company entered into a letter of guarantee (the “**Letter of Guarantee**”) in favor of the Transferees, and the Company and Mr. Cheok entered into a joint liability guarantee (the “**Joint Liability Guarantee**”) in favor of the Transferees, pursuant to which Topsearch Qujiang, the Company and Mr. Cheok will guarantee to the Transferees over the performance of Topsearch HK’s obligations under the Framework Agreement and the Equity Transfer Agreement.

On 13 November 2012, Topsearch HK and the Company entered into a letter of undertaking (the “**Topsearch Letter of Undertaking**”), pursuant to which each of Topsearch HK and the Company irrevocably undertakes that it will procure that Topsearch Qujiang will not engage in any equity transfer, material acquisition or disposal of its assets prior to Completion. Additionally, Mr. Cheok entered into a letter of undertaking (the “**Letter of Undertaking by Mr. Cheok**”), pursuant to which he irrevocably undertakes to vote in favor of the resolutions relating to the Framework Agreement and the transactions contemplated thereunder, and will procure that Topsearch Qujiang will not engage in any equity transfer, material acquisition or disposal of its assets prior to Completion.

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## LETTER FROM THE BOARD

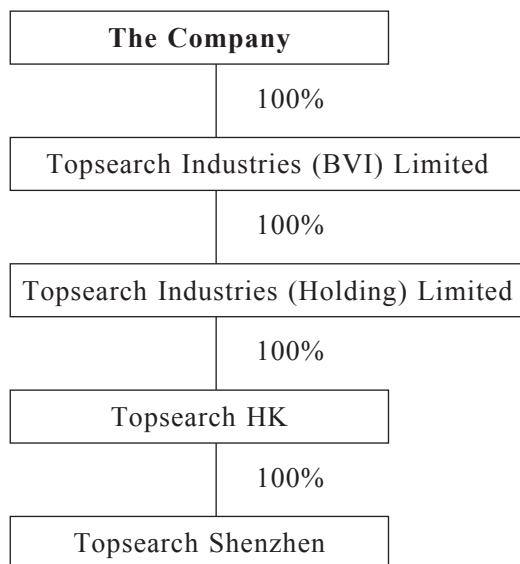
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### D. INFORMATION ON TOPSEARCH SHENZHEN

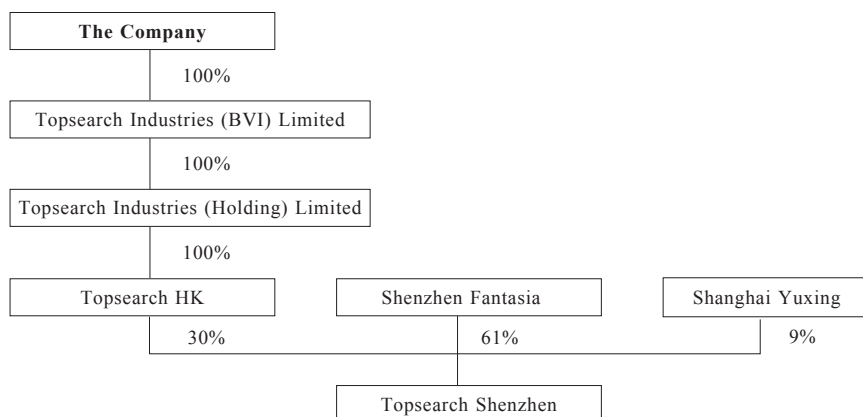
#### 1. Shareholding structure of Topsearch Shenzhen

Set out below are the shareholding structures of Topsearch Shenzhen (a) as at the Latest Practicable Date and (b) upon Completion:

*(a) As at the Latest Practicable Date*



*(b) Upon Completion*



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## LETTER FROM THE BOARD

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### 2. Topsearch Shenzhen

Topsearch Shenzhen is a wholly-foreign owned enterprise incorporated in the PRC. The principal business of Topsearch Shenzhen is the manufacture and sale of printed circuit boards. It is the legal and beneficial owner of land parcel I, which is designated for industrial and/or warehouse use, and comprises land use rights and the properties erected thereat. Land parcel I comprises land use area of approximately 13,137.8 square meters, and the properties numbered from one (1) to fourteen (14) erected thereat. The land use rights of the properties erected on land parcel I are valid for 30 to 50 years and will expire on or about 9 June 2014 or 9 June 2034, respectively. Land parcel I is situated at Shekou Industrial Zone, Nanshan District, Shenzhen, the PRC. Additionally, it is the legal and beneficial owner of industrial land and buildings located at land parcel II, which is located at the plot to the west of Dongliyuan Road and to the east of Shekou Road at Nanshan District, Shenzhen, the PRC, with an aggregate parcel area of approximately 11,208.5 square meters. The total gross floor area of Topsearch Building (至卓飛高大樓) erected on land parcel II is approximately 40,101.35 square metres. The land use rights of land parcel II are valid for 50 years and will expire on 14 September 2050. Save for the Disposal and the possible redevelopment proposal disclosed hereinbelow, as at the Latest Practicable Date, there are no plans for the construction, renovation, improvement or development of land parcels I and II and the properties erected thereat, nor are there any plans to dispose of or change the use of the said properties.

As at the Latest Practicable Date, all of the above land and buildings of Topsearch Shenzhen had been mortgaged to China Construction Bank Corporation Limited (Shaoguan Branch), and the outstanding amount under such mortgage is RMB224,000,000 (approximately HK\$275,520,000). Save as aforesaid, Topsearch Shenzhen is not subject to any other pledge, loan facilities or mortgage.



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## LETTER FROM THE BOARD

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### E. FINANCIAL INFORMATION OF TOPSEARCH SHENZHEN

For the two years ended 31 December 2011, the unaudited net loss before and after taxation and extraordinary items of Topsearch Shenzhen was as follows:

	For the year ended	
	31 December	
	2010	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Net loss before taxation and extraordinary items	(130,198)	(336,019)
Net loss after taxation and extraordinary items	(130,198)	(348,452)

According to the unaudited financial information of Topsearch Shenzhen, the net liability of Topsearch Shenzhen was approximately HK\$176,591,000 as at 31 December 2011 and HK\$222,628,000 as at 30 June 2012. The book value of the lands and properties of Topsearch Shenzhen is approximately HK\$237,730,000, based on the unaudited statement of financial position as at 30 June 2012, which is included in the financial information of Topsearch Shenzhen as reviewed by Tony C.M. Yau & Company, a certified public accountants firm. According to the property valuation report prepared by DTZ Debenham Tie Leung Limited, the valuation amount of the lands and properties held by Topsearch Shenzhen as at 30 September 2012 is RMB342,900,000 (approximately HK\$421,767,000).

### F. FINANCIAL EFFECT OF THE DISPOSAL

Based on the calculation of the consideration of RMB244,909,716 (approximately HK\$301,238,951) for the Disposal plus the fair value of the remaining 30% interest in Topsearch Shenzhen amounting to approximately HK\$126,530,100 after Completion, less (i) the unaudited deficiency in equity attributable to owner of Topsearch Shenzhen as at 31 December 2011 of approximately HK\$176,591,000; (ii) the waiver of the inter company debts due from Topsearch Shenzhen as at 30 June 2012 of approximately HK\$511,094,000 in total; (iii) realization of translation reserve of Topsearch Shenzhen as at 30 June 2012 of approximately HK\$97,556,000; and (iv) the related expenses of approximately HK\$4,300,000, it is expected that, upon Completion, for illustrative purpose, an unaudited gain before taxation of approximately HK\$186,522,051 will be recognized from the Disposal.

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## LETTER FROM THE BOARD

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Upon Completion, the Group's total assets would decrease by approximately 6.7% from approximately HK\$1,359 million as at 30 June 2012 to HK\$1,268 million. The Group's total liabilities would decrease by approximately 34.4% from approximately HK\$804 million as at 30 June 2012 to approximately HK\$528 million upon Completion.

Save as disclosed above, the Directors consider that the Disposal is expected to have no other impact on the earnings, assets and liabilities of the Group.

### **G. USE OF PROCEEDS**

The net proceeds from the Disposal are expected to be approximately HK\$300,000,000. The Directors expect that RMB225,000,000 (approximately HK\$276,750,000) of the net proceeds will be used as capital contribution to Topsearch Qujiang in order to enable Topsearch Qujiang to repay the relevant outstanding loans of China Construction Bank Corporation Limited (Shaoguan Branch) in exchange for the bank to release and discharge the mortgage in favor of the bank over Topsearch Shenzhen's land and buildings. Such capital contribution is conditional upon Topsearch HK obtaining the approval(s) of the relevant PRC regulatory authority(ies) in connection therewith. Part of the net proceeds in the amount of RMB18,741,613 (approximately HK\$23,052,184) will be used to finance the relevant costs paid towards Shenzhen Land Office for converting land use rights of land parcel II. Additionally, a sum of approximately HK\$3,000,000 will be paid immediately to an agent who is an independent third party for introducing the contracting parties to the Company for the Disposal, which will be funded by the available balance of the proceeds (as to HK\$197,816) and internal resources of the Group.

### **H. REASONS AND BENEFITS FOR ENTERING INTO THE FRAMEWORK AGREEMENT**

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacture and sale of a broad range of printed circuit boards.

As mentioned in the annual report of the Company for the year ended 31 December 2011, the Group has been relocating most of its production to the manufacturing plant in Qujiang to attain further cost reduction in production overheads by avoiding high labour costs in Shenzhen and better utilization of production facilities from consumption of available capacity in the factory in Topsearch Qujiang. During the current year of 2012, the manufacturing operation in Topsearch Shenzhen has ceased

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## LETTER FROM THE BOARD

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completely while the management considers it advantageous for the Group to dispose part of the equity interest of Topsearch Shenzhen and form joint venture arrangement with the Transferees with expertise in property development projects for attaining better deployment of existing land and buildings owned by Topsearch Shenzhen which have been located in the urban district of Nanshan in Shenzhen.

Furthermore, the Transferees have sound experiences and expertise in property development and investment management projects. By entering into the new joint venture arrangement after completion of the Disposal, the Company can focus on its traditional operations of the printed circuit boards manufacturing by the production facilities located in Qujiang and Tongliao, the PRC whilst taking advantage of the excellent opportunities of participation in real estate development project which can help diversify the business of the Group and which may result in substantial return. As at the Latest Practicable Date, while there are no definitive redevelopment proposals, which are subject to the decision of the management of Topsearch Shenzhen after Completion, it is currently envisaged that the joint venture will arrange to submit the redevelopment proposals for commercial development concerning the existing land use rights owned by Topsearch Shenzhen to the relevant governing authorities in the PRC and wishes to complete all such necessary formalities approval before the end of year 2014. Meanwhile, it is now targeted that the building/construction permit in respect of the whole redevelopment project can be granted on or before 30 June 2015 so that the construction works for the new buildings to be erected on the existing land sites will be completed by around the midst of year 2017. For the sake of launching this real estate investment as planned, the Company shall need to provide a new funding of RMB15,000,000 into the joint venture company whereas any additional funding demand for the project will be financed by bank borrowings or shareholder's loan to be advanced by Shenzhen Fantasia if required. In connection with the abovementioned possible redevelopment proposal, the Company will issue further announcement(s) to keep the Shareholders informed of any material progress of the redevelopment proposals as and when appropriate.

In addition, upon the completion of the Disposal, the Group will be able to reduce its overall bank borrowings and its net current liability position will improve significantly.

On these bases, the Directors (including the independent non-executive Directors) are of the view that the terms of the Framework Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### **I. INFORMATION ON THE TRANSFEREES**

To the knowledge of the Directors, Shenzhen Fantasia is one of the subsidiaries of Fantasia Holdings, which is principally engaged in investment holding, property development and investment in China. To the knowledge of the Directors, Fantasia Holdings is a leading property developer and property related service provider in China. Shanghai Yuxing, to the knowledge of the Directors, is principally engaged in investment and investment management in China.

### **J. LISTING RULES IMPLICATIONS**

As certain of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the transaction contemplated under the Framework Agreement exceed 75%, the Disposal constitutes a very substantial disposal for the Company pursuant to Chapter 14 of the Listing Rules and is subject to Shareholders' approval.

At the request of Shenzhen Fantasia after arm's length negotiations, Mr. Cheok provided certain undertakings and guarantees in favor of the Transferees in relation to Topsearch HK's obligations under the Framework Agreement and other matters, as set out in section C of this circular. Notwithstanding the above, the Framework Agreement and the transactions contemplated thereunder will not confer upon Mr. Cheok or his associate (as defined under the Listing Rules, other than the Group) any benefit (whether economic or otherwise) not available to the other Shareholders. Accordingly, Mr. Cheok does not have any material interest in the Framework Agreement and the transactions contemplated thereunder for the purposes of Rule 2.15 of the Listing Rules and is not required to abstain from voting at the SGM. As the Board is not aware of any Shareholder who has a material interest in the Framework Agreement and the transactions contemplated thereunder as at the Latest Practicable Date, no Shareholder is required to abstain from voting on the resolutions proposed at the SGM.

### **K. SGM**

A notice convening the SGM to be held at 3406, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on Tuesday, 18 December 2012 at 10:00 a.m., or any adjournment is set out from pages SGM-1 to SGM-3 of this circular.

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## LETTER FROM THE BOARD

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Whether or not you are able to attend the meeting in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjourned thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the SGM should you so wish.

Pursuant to the requirements under the Listing Rules, the voting on the resolutions proposed to the SGM shall be taken by poll at the meeting.

### **L. RECOMMENDATION**

The Directors (including the independent non-executive Directors) consider that the terms of the Framework Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favor of the resolution to be proposed at the SGM.

### **M. ADDITIONAL INFORMATION**

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,  
By Order of the Board  
**Topsearch International (Holdings) Limited**  
**Cheok Ho Fung**  
*Chairman and Chief Executive Officer*

**FINANCIAL INFORMATION OF TOPSEARCH SHENZHEN**

Set out below are the unaudited statement of financial position of Topsearch Shenzhen as at 31 December 2009, 2010 and 2011 and 30 June 2012 and the unaudited statement of comprehensive income, unaudited statement of changes in equity and unaudited statement of cash flows of Topsearch Shenzhen for the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, and certain explanatory notes (the “Unaudited Financial Information”). The Unaudited Financial Information has been presented on the basis set out on page I-8 and prepared in accordance with the accounting policies adopted by the Company and paragraph 68(2)(a)(i) of Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Unaudited Financial Information is prepared by the Directors solely for the purpose of inclusion in this circular in connection with the Disposal. The Unaudited Financial Information has been reviewed by the reporting accountant of the Company, Tony C.M. Yau & Company, Certified Public Accountants, Hong Kong, in accordance with Hong Kong Standard on Review Engagements 2400 “Engagements to Review Financial Statements” issued by the Hong Kong Institute of Certified Public Accountants. There was no qualification or modification in the review report issued by the reporting accountant.

**FINANCIAL INFORMATION OF TOPSEARCH SHENZHEN**

***UNAUDITED STATEMENT OF COMPREHENSIVE INCOME***

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	303,200	346,416	295,371	192,483	14,883
Cost of sales	(394,336)	(435,869)	(416,428)	(232,469)	(41,273)
Gross loss	(91,136)	(89,453)	(121,057)	(39,986)	(26,390)
Other income	2,072	608	1,405	270	208
Other gains and losses	(8,397)	321	(166,711)	6,902	984
Selling and distribution costs	(2,616)	(3,617)	(2,885)	(1,758)	(598)
Administrative expenses	(31,326)	(24,436)	(28,603)	(11,925)	(11,178)
Finance costs	(11,046)	(13,621)	(18,168)	(6,685)	(9,063)
Loss before tax	(142,449)	(130,198)	(336,019)	(53,182)	(46,037)
Income tax expense	—	—	(12,433)	(12,433)	—
Loss for the year/period	<u>(142,449)</u>	<u>(130,198)</u>	<u>(348,452)</u>	<u>(65,615)</u>	<u>(46,037)</u>
Total comprehensive loss for the year/period	<u>(142,449)</u>	<u>(130,198)</u>	<u>(348,452)</u>	<u>(65,615)</u>	<u>(46,037)</u>

**APPENDIX I FINANCIAL INFORMATION OF TOPSEARCH SHENZHEN**

**UNAUDITED STATEMENT OF FINANCIAL POSITION**

	As at 31 December			As at
	2009	2010	2011	30 June
	HK\$'000	HK\$'000	HK\$'000	2012
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	514,944	469,007	285,342	274,963
Prepaid lease payments	16,839	16,796	17,372	17,141
Prepaid rent	720	361	324	210
Deposits paid for acquisition of property, plant and equipment	1,002	2,991	435	607
	<u>533,505</u>	<u>489,155</u>	<u>303,473</u>	<u>292,921</u>
<b>CURRENT ASSETS</b>				
Inventories	64,149	68,020	30,878	8,955
Prepaid lease payments	425	434	461	461
Prepayments, deposits and other receivables	13,849	16,184	22,945	28,904
Amounts due from fellow subsidiaries	362,606	292,795	239,481	51,586
Pledged bank deposits	—	18,158	—	—
Cash and cash equivalents	25,011	9,693	18,073	8,715
Tax recoverable	954	976	—	—
	<u>466,994</u>	<u>406,260</u>	<u>311,838</u>	<u>98,621</u>
<b>CURRENT LIABILITIES</b>				
Amounts due to fellow subsidiaries	—	51,249	68,703	166,748
Trade payables	39,541	34,792	18,649	11,771
Other payables and accruals	36,870	37,084	43,452	29,406
Provision	—	—	19,162	5,515
Amount due to immediate holding company	424,196	372,163	370,487	395,932
Interest-bearing bank loans	200,833	227,460	266,651	—
	<u>701,440</u>	<u>722,748</u>	<u>787,104</u>	<u>609,372</u>
<b>NET CURRENT LIABILITIES</b>	<u>(234,446)</u>	<u>(316,488)</u>	<u>(475,266)</u>	<u>(510,751)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>299,059</u>	<u>172,667</u>	<u>(171,793)</u>	<u>(217,830)</u>

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**APPENDIX I FINANCIAL INFORMATION OF TOPSEARCH SHENZHEN**


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	<b>As at 31 December</b>			<b>As at</b>
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>30 June</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
<b>CAPITAL AND RESERVES</b>				
Share capital	378,339	378,339	378,339	378,339
Reserves	<u>(83,683)</u>	<u>(210,075)</u>	<u>(554,930)</u>	<u>(600,967)</u>
<b>TOTAL EQUITY</b>	294,656	168,264	(176,591)	(222,628)
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities	<u>4,403</u>	<u>4,403</u>	<u>4,798</u>	<u>4,798</u>
	<u>4,403</u>	<u>4,403</u>	<u>4,798</u>	<u>4,798</u>
	<u>299,059</u>	<u>172,667</u>	<u>(171,793)</u>	<u>(217,830)</u>



**APPENDIX I FINANCIAL INFORMATION OF TOPSEARCH SHENZHEN**

**UNAUDITED STATEMENT OF CHANGES IN EQUITY**

	Share capital <i>HK\$'000</i> <i>(unaudited)</i>	Property revaluation reserve <i>HK\$'000</i> <i>(unaudited)</i>	Translation reserve <i>HK\$'000</i> <i>(unaudited)</i>	Statutory reserve fund <i>HK\$'000</i> <i>(unaudited)</i>	Accumulated losses <i>HK\$'000</i> <i>(unaudited)</i>	Total equity <i>HK\$'000</i> <i>(unaudited)</i>
At 1 January 2009	378,339	18,351	90,153	22,673	(72,411)	437,105
Loss for the year	—	—	—	—	(142,449)	(142,449)
Total comprehensive loss for the year	—	—	—	—	(142,449)	(142,449)
At 31 December 2009 and at 1 January 2010	378,339	18,351	90,153	22,673	(214,860)	294,656
Loss for the year	—	—	—	—	(130,198)	(130,198)
Exchange difference arising on translation and other comprehensive income for the year	—	—	3,806	—	—	3,806
Total comprehensive income (expense) for the year	—	—	3,806	—	(130,198)	(126,392)
At 31 December 2010 and at 1 January 2011	378,339	18,351	93,959	22,673	(345,058)	168,264
Loss for the year	—	—	—	—	(348,452)	(348,452)
Exchange difference arising on translation and other comprehensive income for the year	—	—	3,597	—	—	3,597
Total comprehensive income (expense) for the year	—	—	3,597	—	(348,452)	(344,855)
At 31 December 2011 and at 1 January 2012	378,339	18,351	97,556	22,673	(693,510)	(176,591)
Loss for the period	—	—	—	—	(46,037)	(46,037)
Total comprehensive loss for the period	—	—	—	—	(46,037)	(46,037)
At 30 June 2012	<u>378,339</u>	<u>18,351</u>	<u>97,556</u>	<u>22,673</u>	<u>(739,547)</u>	<u>(222,628)</u>

**APPENDIX I FINANCIAL INFORMATION OF TOPSEARCH SHENZHEN**

**UNAUDITED STATEMENT OF CASH FLOWS**

	Year ended 31 December			Six months ended	
	2009	2010	2011	2011	2012
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
<b>OPERATING ACTIVITIES</b>					
Loss before tax	(142,449)	(130,198)	(336,019)	(53,182)	(46,037)
Adjustments for:					
Depreciation of property, plant and equipment	85,278	65,683	57,898	28,871	11,175
Interest income	(561)	(57)	(297)	(51)	(17)
Finance costs	11,046	13,621	18,168	6,686	8,471
Write off/loss (gain) on disposal of property, plant and equipment	1,575	20	88,606	—	(295)
Release of prepaid lease payments	460	426	448	221	231
Allowance (reversal of allowance) for obsolete inventories	9,131	3,710	(1,280)	(113)	—
Impairment loss of property, plant and equipment	6,465	—	62,131	—	—
Impairment loss on consumables	—	—	6,951	—	—
Provision for severance payment	—	—	21,378	—	—

**APPENDIX I FINANCIAL INFORMATION OF TOPSEARCH SHENZHEN**

	Year ended 31 December			Six months ended	
	2009	2010	2011	30 June	
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Operating cash outflows before movements in working capital	(29,055)	(46,795)	(82,016)	(17,568)	(26,472)
Decrease (increase) in prepaid rental	211	369	57	(54)	114
Decrease (increase) in inventories	3,754	(6,046)	34,674	13,502	21,923
Decrease (increase) in prepayments, deposits and other receivables	9,260	(1,975)	(5,623)	(8,894)	(5,989)
Decrease in amounts due from fellow subsidiaries	568,386	76,813	69,668	9,302	187,896
Decrease in trade payables	(34,599)	(5,565)	(17,849)	(2,631)	(6,879)
Increase (decrease) in other payables and accruals	7,383	(631)	3,980	(14,329)	(14,045)
Utilisation of provision	—	—	(2,216)	—	(13,647)
Increase in amounts due to fellow subsidiaries	—	50,313	13,945	18,668	98,046
(Decrease) increase in amount due to immediate holding company	(632,399)	(60,768)	(24,054)	(2,453)	25,444
Cash (used in) generated from operations	(107,059)	5,715	(9,434)	(4,457)	266,391
Income tax paid	—	—	(11,581)	(11,581)	—
<b>NET CASH (USED IN) FROM OPERATING ACTIVITIES</b>	<b>(107,059)</b>	<b>5,715</b>	<b>(21,015)</b>	<b>(16,038)</b>	<b>266,391</b>

**APPENDIX I FINANCIAL INFORMATION OF TOPSEARCH SHENZHEN**

	Year ended 31 December			Six months ended	
	2009	2010	2011	30 June	
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
<b>INVESTING ACTIVITIES</b>					
Interest received	561	57	297	51	17
Deposits received on disposal of land and buildings	309	—	—	—	—
Proceeds from disposal of property, plant and equipment	3,345	814	10,430	—	795
Purchase of property, plant and equipment	(1,195)	(7,137)	(1,984)	(1,009)	(1,265)
Deposits paid for property, plant and equipment	—	(4,168)	(1,008)	(846)	(173)
Release of pledged bank deposits	82,092	1,717	18,814	18,480	—
<b>NET CASH FROM (USED IN) INVESTING ACTIVITIES</b>	<b>85,112</b>	<b>(8,717)</b>	<b>26,549</b>	<b>16,676</b>	<b>(626)</b>
<b>FINANCING ACTIVITIES</b>					
New bank loans drawdown	371,661	293,833	590,123	305,188	—
Repayment of bank loans	(320,203)	(291,820)	(565,578)	(288,246)	(266,652)
Interest paid	(11,046)	(13,621)	(18,168)	(6,686)	(8,471)
<b>NET CASH FROM (USED IN) FINANCING ACTIVITIES</b>	<b>40,412</b>	<b>(11,608)</b>	<b>6,377</b>	<b>10,256</b>	<b>(275,123)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>					
Effect of foreign exchange rate changes	—	(708)	(3,531)	(632)	—
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD</b>	<b>6,546</b>	<b>25,011</b>	<b>9,693</b>	<b>9,693</b>	<b>18,073</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD</b>					
Represented by bank balances and cash	25,011	9,693	18,073	19,955	8,715

**NOTES TO THE FINANCIAL INFORMATION OF TOPSEARCH SHENZHEN**

On 13 November 2012, the Group has entered into the Framework Agreement with Shenzhen Fantasia and Shanghai Yuxing where the Group has conditionally agreed to dispose the 70% interest in Topsearch Shenzhen as of completion date of the Disposal for a cash consideration of RMB244,909,716 (“Consideration”).

Topsearch Shenzhen is engaged in the manufacture of printed circuit boards.

**BASIS OF PREPARATION OF THE UNAUDITED FINANCIAL INFORMATION OF TOPSEARCH SHENZHEN**

The Unaudited Financial Information of Topsearch Shenzhen has been prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purpose of inclusion in this circular in connection with the Disposal.

The Unaudited Financial Information has been prepared in accordance with the relevant accounting policies adopted by the Company for the relevant years or periods in the preparation of the consolidated financial statements and condensed consolidated financial statements of the Company. The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 “Presentation of Financial Statements” nor a set of condensed financial statements as defined in Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

## 1. FINANCIAL INFORMATION

The financial information of the Group for each of the years ended 31 December 2009, 2010 and 2011 and the six-month period ended 30 June 2012 can be referred to in the respective annual reports and interim report of the Company, which have been published on both the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the website of the Company ([www.topsearch.com.hk](http://www.topsearch.com.hk)).

## 2. INDEBTEDNESS STATEMENT

As at the close of business on 31 October 2012, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had outstanding borrowings of approximately HK\$483,644,717 and outstanding commitments of approximately HK\$7,099,807, details of which are as follows:

### **Borrowings**

As at 31 October 2012, the Group had outstanding borrowings of approximately HK\$483,644,717 which comprised (i) secured bank loans of approximately HK\$381,466,122 of which approximately HK\$13,853,900 is a guaranteed loan; and (ii) unsecured, unguaranteed and interest-bearing loans from a controlling shareholder of approximately HK\$102,178,595.

### **Commitments**

As at 31 October 2012, the Group had outstanding capital commitments of approximately HK\$815,363 and HK\$1,209,383 which represented the capital and other expenditure, contracted for but not provided, in respect of the construction of factory buildings and the acquisition of plant and machinery respectively.

As at 31 October 2012, the Group had outstanding operating lease commitments of approximately HK\$5,075,061 which represented the total future minimum lease payments under non-cancellable operating leases in respect of rented premises.

Save as aforesaid and apart from intra-group liabilities and normal trade and other payables, the Group did not have any outstanding loan, or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures or other loan capital, mortgages, charges, hire purchase commitments, guarantees or other contingent liabilities as at 31 October 2012.

### **3. WORKING CAPITAL**

The Directors are of the opinion that after taking into account of the proceeds from the Disposal, the available credit facilities and the internal resources of the Group, the Group will, following completion of the Disposal, have sufficient working capital for its present requirements for at least 12 months from the date of this circular.

### **4. MATERIAL ADVERSE CHANGE**

The Directors confirm that, as at the Latest Practicable Date, save for the loss for the six-month period ended 30 June 2012 as disclosed in the interim report of the Company for the six-month period ended 30 June 2012, there was no material adverse change in the financial or trading position of the Group since 31 December 2011, being the date to which the latest published audited consolidated financial statements of the Company were made up.

### **5. FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP**

As set out in the section headed “FINANCIAL EFFECT OF THE DISPOSAL” in the Letter from the Board in this circular, it is estimated that the Remaining Group would record an accounting gain of approximately HK\$186.5 million as a result of the Disposal, which is calculated with reference to the consideration to be received, the estimated fair value of the remaining 30% interests in Topsearch Shenzhen, the carrying amounts of assets and liabilities of Topsearch Shenzhen and the estimated legal and professional expenses and taxes related to the Disposal, after the release of exchange reserve of approximately HK\$97.6 million.

According to the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to this circular, the Remaining Group’s total assets and total liabilities as at 30 June 2012 would become approximately HK\$1,268,312,000 and HK\$527,588,000 respectively assuming that the Disposal was completed on 30 June 2012.

The Company believes that the Disposal would represent a good opportunity for the Remaining Group to reallocate its resources, including proceeds from the Disposal, for the continuing development of the existing printed circuit boards business of the Remaining Group. The printed circuit board manufacturing operation in the Shekou plant as owned by Topsearch Shenzhen has ceased entirely during 2012 so that the management can relocate all of the available production facilities and manpower to another wholly owned subsidiary of the Group in Qujiang, Shaoguan City, Guangdong Province of the PRC where the overall production costs have been much lower than such for the same operations in Shenzhen. Meanwhile, the Disposal will bring in 100% cash consideration which can reduce the relevant bank borrowings of the Remaining Group and thus leading to considerable saving in future finance costs. Furthermore, the Remaining Group can attain additional cost reduction in both the depreciation and amortization charges in relation to the land and buildings as well as the leasehold improvement of the Shekou plant and the PRC real estate tax for the usage of the plant buildings.

After the Disposal, the Remaining Group shall focus all its efforts in making improvement of the printed circuit board manufacturing operations in Topsearch Qujiang as mentioned above. Up to the Latest Practicable Date, the Company has not identified any investment targets (besides the new joint venture to be engaged in real estate development project via Topsearch Shenzhen after the Disposal) and/or entered into any agreements, contracts, arrangement, or in negotiation which any investment opportunities as at the Latest Practicable Date.

In respect of the printed circuits boards business, the Directors are of the view that the outlook may improve starting September of 2012 when the inventories issues of the Company's major customers will be resolved. Moreover, 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.

As set out in the section headed "USE OF PROCEEDS" in the Letter from the Board in this circular, the net proceeds from the Disposal are estimated to be about HK\$300 million. The Remaining Group intends to use approximately HK\$276,750,000 for the repayment of bank loans, thus saving around HK\$1,000,000 interest expenses monthly.



## 6. MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Set out below is the management discussion and analysis on the Remaining Group for each of the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012 (the “Reporting Periods”). The financial data in respect of the Remaining Group, for the purpose of this circular, is derived from the audited consolidated financial statements of the Company for the years ended 31 December 2009, 2010 and 2011 and the unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2012.

### BUSINESS AND FINANCIAL REVIEW

The Remaining Group reported revenue of approximately HK\$1,190 million, HK\$1,210 million, HK\$1,135 million for each of the years ended 31 December 2009, 2010 and 2011, respectively and approximately HK\$449 million for the six-months period ended 30 June 2012. The Remaining Group reported a year-on-year growth of revenue of approximately 1.7% for 2010 but a year-on-year decline of revenue of approximately 6.2% for 2011. For the six-months period ended 30 June 2012, the Remaining Group also reported a decline of revenue of approximately 32%, as compared with the corresponding period of last year.

The gross profit margin of the Remaining Group shall be approximately 18%, 15%, 10% for each of the years ended 31 December 2009, 2010 and 2011, respectively and approximately 12% for the six-month period ended 30 June 2012.

### LIQUIDITY AND FINANCIAL RESOURCES

As at the end of each of the Reporting Periods, the Remaining Group’s current assets amounted to HK\$496 million, HK\$465 million, HK\$450million and HK\$425 million respectively.

As at the end of each of the Reporting Periods, the Remaining Group’s current liabilities amounted to HK\$466 million, HK\$403 million, HK\$417 million and HK\$753 million respectively.

As at the end of each of the Reporting Periods, the Remaining Group's cash and cash equivalents amounted to HK\$33 million, HK\$60 million, HK\$89 million and HK\$105 million respectively.

As at the end of each of the Reporting Periods, the Remaining Group's interest-bearing borrowings amounted to HK\$242 million, HK\$166 million, HK\$224 million and HK\$417 million respectively.

As at each of the Reporting Periods, the gearing ratio of the Remaining Group, defined as 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) over total equity plus net debt, of 28%, 24%, 24% and 36% respectively.

### INTEREST-BEARING BORROWINGS

As at the end of each of the Reporting Periods, the Remaining Group had the interest-bearing borrowings as follows:

	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>30 June</b>
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amounts payable				
Within one year	194,534	117,373	171,661	417,139
In the second year	47,545	49,000	52,149	—
Total	<u>242,079</u>	<u>166,373</u>	<u>223,810</u>	<u>417,139</u>

For the year ended 31 December 2009, HKD denominated loans amounted for 51%, RMB denominated accounted for 41% and USD denominated loans accounted for 8%.

For the year ended 31 December 2010, HKD denominated loans amounted for 28%, RMB denominated accounted for 50% and USD denominated loans accounted for 22%.

For the year ended 31 December 2011, HKD denominated loans amounted for 22%, RMB denominated accounted for 18% and USD denominated loans accounted for 60%.

For the period ended 30 June 2012, HKD denominated loans amounted for 24%, RMB denominated accounted for 45% and USD denominated loans accounted for 31%.

### **FOREIGN EXCHANGE EXPOSURE**

During the Reporting Periods, sales of the Remaining 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. 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. The Group has not entered into any financial instrument for hedging purpose.

### **FUTURE PLAN FOR MATERIAL INVESTMENT**

The Group's future plan for material investment is the joint venture amongst Shenzhen Fantasia, Shanghai Yuxing and Topsearch HK. According to the JV Contract, Shenzhen Fantasia, Shanghai Yuxing and Topsearch HK will need to provide in aggregate a further sum of RMB50,000,000 to fund all preliminary expenses relating to project or projects to be carried out soon by Topsearch Shenzhen, of which the portion attributable to Topsearch HK (and the Group) will therefore be RMB15,000,000. Topsearch HK's contribution to the joint venture is expected to be funded by the Group's internal resources. Meanwhile, all parties to the Disposal agree that beyond the requisite initial funding such aforementioned, Shenzhen Fantasia will provide or cause to be provided additional financing to satisfy any further development and operating costs of Topsearch Shenzhen.

During each of the Reporting Periods, the Group has no future plan for material investment in the coming year.

**MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND ASSOCIATES**

During the Reporting Periods, the Remaining Group neither held any significant non-consolidated investments nor underwent any material acquisitions or disposals of subsidiaries and associates.

The Group is not expected that there will be any material capital investment for the next 12 months period except for the injection of RMB15 million funding into the new joint venture company as mentioned under the JV Contract.

**NUMBER AND REMUNERATION OF EMPLOYEES**

During the Reporting Periods, under the Remaining 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 Remaining Group.

The Remaining Group operated a share option scheme for the purpose of providing incentives and rewards to eligible participants including any employees of the Remaining Group. As at the end of each of the Reporting Periods, no share options were outstanding under the scheme. The existing share option scheme, with life of 10 years from its date of adoption on 30 May 2002, has expired on 30 May 2012.

The Remaining 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 Remaining Group's businesses.

During the Reporting Periods, the total remuneration expenses in respect of the Remaining Group's employees amounted to approximately HK\$106 million, HK\$119 million, HK\$132 million and HK\$82 million respectively.

As at the end of each of the Reporting Periods, the total number of employees of the Remaining Group, excluding the associate, was 3,591, 3,331, 2,540 and 3,272 respectively.

**CAPITAL COMMITMENTS**

As at the end of each of the Reporting Periods, the Remaining Group's capital commitments contracted but not provided for amounted to HK\$11 million, HK\$1 million, HK\$7million and HK\$3 million respectively. All of these capital commitments were related to construction of factory buildings and acquisition of plant and machinery.

**CONTINGENT LIABILITIES**

During the year ended 31 December 2010, the Remaining Group took legal proceedings against a customer for breach of sales agreement. In a reply letter received from the customer, a counter claim of approximately US\$1.45 million (equivalent to HK\$11,242,000) was raised for an alleged non-delivery of goods and agreement to cancel the original purchase order entered by the subsidiary of the Remaining Group.

The customer has failed to supply any clarifications of her allegations and relevant documents in support of the said allegations and representations. A full provision of impairment loss of the outstanding balance receivable from the customer has been recognised. In the opinion of the directors, it is considered not probable that the customer will succeed in the claim. Thus, no additional provision has been made in the consolidated financial statements for the year ended 31 December 2010.

As at the end of the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, the Remaining Group did not have any significant contingent liabilities.

**CHARGE ON ASSETS**

The Remaining Group's buildings are situated in the PRC and are held under medium lease terms of 30 to 50 years. As at the end of each of the Reporting Periods, the Remaining Group's buildings with a carrying amount of approximately HK\$247,208,000, HK\$248,326,000, HK\$258,126,000 and HK\$255,515,000 respectively were pledged to secure the bank loans granted to the Remaining Group.

**7. PROPERTY INTERESTS AND VALUATION**

DTZ Debenham Tie Leung Limited, an independent property valuer, has valued the property interests held by Topsearch Shenzhen as at 30 September 2012. Details of the valuation report are set out in Appendix IV to this circular. Disclosure of the reconciliation of the valuation figure and the book value of such property interests as required under Rule 5.07 of the Listing Rules is set out below.

	<i>HK\$'000</i>
Book value as at 30 June 2012 (as extracted from Appendix I to this circular)	237,730
Depreciation/amortization	(3,079)
Changes with valuation	108,249
Valuation as at 30 September 2012 (as extracted from Appendix IV to this circular)	342,900

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**APPENDIX III                      UNAUDITED PRO FORMA FINANCIAL INFORMATION  
OF THE REMAINING GROUP**

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**A.    UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE  
REMAINING GROUP**

**INTRODUCTION**

The unaudited pro forma financial information (the “Unaudited Pro Forma Financial Information”) presented below is prepared to illustrate (a) the financial position of the Remaining Group as if the Disposal had been completed on 30 June 2012; and (b) the results and cash flows of the Remaining Group for the year ended 31 December 2011 as if the Disposal had been completed on 1 January 2011. This Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not purport to represent the true picture of the financial position of the Remaining Group as at 30 June 2012 or at any future date had the Disposal been completed on 30 June 2012 or the results and cash flows of the Remaining Group for the year ended 31 December 2011 or for any future period had the Disposal been completed on 1 January 2011.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2012 extracted from the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2012 as set out in the 2012 interim report of the Group, the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2011 extracted from the audited consolidated financial statements of the Group for the year ended 31 December 2011 as set out in the 2011 annual report of the Group, and the Unaudited Financial Information of Topsearch Shenzhen as set out in Appendix I to this circular after giving effect to the pro forma adjustments described in the notes and is prepared in accordance with Rules 4.29 and 14.68(2)(a)(ii) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

**APPENDIX III                      UNAUDITED PRO FORMA FINANCIAL INFORMATION  
OF THE REMAINING GROUP**

***UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL  
POSITION OF THE REMAINING GROUP***

*As at 30 June 2012*

	Unaudited condensed consolidated statement of financial position of the Group as at 30 June 2012	Pro forma adjustments			Unaudited pro forma condensed consolidated statement of financial position of the Remaining Group as at 30 June 2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Note 1</i>	<i>Note 2</i>	<i>Note 3</i>	<i>Note 4</i>	
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	836,446	(220,128)			616,318
Prepaid lease payments	39,649	(17,141)			22,508
Interest in associates	4,396			126,530	130,926
Rental and utility deposits	107				107
Prepaid rent	210				210
Available-for-sale financial assets	1,857				1,857
Deposits paid for acquisition of property, plant and equipment	4,669				4,669
	887,334				776,595
<b>CURRENT ASSETS</b>					
Inventories	162,218				162,218
Prepaid lease payments	988	(461)			527
Trade receivables	147,994				147,994
Prepayments, deposits and other receivables	43,191				43,191
Amounts due from non- controlling shareholders	4,000				4,000
Cash and cash equivalents	113,749		(4,451)	24,489	133,787
	472,140				491,717



	Unaudited condensed consolidated statement of financial position of the Group as at 30 June 2012	Pro forma adjustments			Unaudited pro forma condensed consolidated statement of financial position of the Remaining Group as at 30 June 2012
		HK\$'000 Note 1	HK\$'000 Note 2	HK\$'000 Note 3	HK\$'000 Note 4
CURRENT LIABILITIES					
Trade payables	244,204				244,204
Other payables and accruals	127,384				127,384
Provision	5,515				5,515
Amount due to an associate	4,372				4,372
Tax payable	926				926
Interest-bearing bank loans	305,698			(276,750)	28,948
Shareholder's loans	111,441				111,441
	<u>799,540</u>				<u>522,790</u>
NET CURRENT LIABILITIES	<u>(327,400)</u>				<u>(31,073)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
	<u>559,934</u>				<u>745,522</u>
CAPITAL AND RESERVES					
Share capital	90,660				90,660
Reserves	462,207	(97,556)	(4,451)	287,595	647,795
Equity attributable to owners of the Company	552,867				738,455
Non-controlling interests	2,269				2,269
TOTAL EQUITY	555,136				740,724
NON-CURRENT LIABILITIES					
Deferred tax liabilities	4,798				4,798
	<u>4,798</u>				<u>4,798</u>
	<u>559,934</u>				<u>745,522</u>

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME OF THE REMAINING GROUP***For the year ended 31 December 2011*

	Audited consolidated statement of comprehensive income of the Group for the year ended 31 December 2011		Pro forma adjustments			Unaudited pro forma consolidated statement of comprehensive income of the Remaining Group for the year ended 31 December 2011	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	Note 5	Note 3	Note 6	Note 7	Note 8		
Revenue	1,135,320					1,135,320	
Cost of sales	(1,133,034)		8,887			(1,124,147)	
Gross profit	2,286					11,173	
Other income	13,365					13,365	
Other gains and losses	(238,713)		7,660			(231,053)	
Gain on disposal of Topsearch Shenzhen	—	(4,442)			264,127	259,685	
Selling and distribution costs	(84,037)					(84,037)	
Administrative expenses	(83,044)		2,060			(80,984)	
Finance costs	(31,876)					(31,876)	
Share of loss of an associate	—				(5,582)	(5,582)	
Loss before tax	(422,019)					(149,309)	
Income tax expense	(17,608)					(17,608)	
Loss for the year	(439,627)					(166,917)	

	Pro forma adjustments					Unaudited pro forma consolidated statement of comprehensive income of the Remaining Group for the year ended 31 December 2011
	Audited consolidated statement of comprehensive income of the Group for the year ended 31 December 2011					HK\$'000
	HK\$'000 Note 5	HK\$'000 Note 3	HK\$'000 Note 6	HK\$'000 Note 7	HK\$'000 Note 8	HK\$'000
Other comprehensive income (expense)						
Exchange difference arising on translation	47,334		(14,135)			33,199
Reclassification of translation reserve upon disposal of Topsearch Shenzhen	—				(93,959)	(93,959)
Share of other comprehensive income of an associate	—			4,240		4,240
	<u>47,334</u>					<u>(56,520)</u>
Other comprehensive income (expense) for the year						
Total comprehensive expense for the year	<u>(392,293)</u>					<u>(223,437)</u>
Loss attributable to:						
Owners of the Company	(438,996)					(166,286)
Non-controlling interests	<u>(631)</u>					<u>(631)</u>
	<u>(439,627)</u>					<u>(166,917)</u>
Total comprehensive expense attributable to:						
Owners of the Company	(391,662)					(222,806)
Non-controlling interests	<u>(631)</u>					<u>(631)</u>
	<u>(392,293)</u>					<u>(223,437)</u>

**APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION  
OF THE REMAINING GROUP**

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS  
OF THE REMAINING GROUP**

*For the year ended 31 December 2011*

	Audited consolidated statement of cash flows of the Group for the year ended 31 December 2011	Pro forma adjustments			Unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Note 5	Note 3	Note 6	Note 9	
OPERATING ACTIVITIES					
Loss before tax	(422,019)	(4,442)	18,607	258,545	(149,309)
Adjustments for:					
Depreciation of property, plant and equipment	136,937		(8,439)		128,498
Interest income	(555)				(555)
Finance costs	31,876				31,876
Write off/loss on disposal of property, plant and equipment	82,360		(7,660)		74,700
Release of prepaid lease payments	967		(448)		519
Allowance for obsolete inventories	4,016				4,016
Allowance for doubtful debts	2,371				2,371
Impairment loss of property, plant and equipment	124,487				124,487
Impairment loss on consumables	13,500				13,500
Provision for severance payment	21,378				21,378
Share of loss of an associate	—			5,582	5,582
Gain on disposal of Topsearch Shenzhen	—	4,442		(264,127)	(259,685)

**APPENDIX III                      UNAUDITED PRO FORMA FINANCIAL INFORMATION  
OF THE REMAINING GROUP**

	Audited consolidated statement of cash flows of the Group for the year ended 31 December 2011 <i>HKS'000</i> <i>Note 5</i>	Pro forma adjustments			Unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2011 <i>HKS'000</i>
		<i>HKS'000</i> <i>Note 3</i>	<i>HKS'000</i> <i>Note 6</i>	<i>HKS'000</i> <i>Note 9</i>	
Operating cash flows before movements in working capital	(4,682)				(2,622)
Increase in rental and utility deposits	(5)				(5)
Decrease in prepaid rental	36				36
Decrease in inventories	10,808				10,808
Decrease in trade receivables	74,178				74,178
Increase in prepayments, deposits and other receivables	(31,379)				(31,379)
Decrease in trade payables	(61,412)				(61,412)
Decrease in other payables and accruals	(33,707)				(33,707)
Utilisation of provision	(2,216)				(2,216)
	<hr/>				<hr/>
Cash used in operations	(48,379)				(46,319)
Income tax paid	(17,800)				(17,800)
	<hr/>				<hr/>

**APPENDIX III                      UNAUDITED PRO FORMA FINANCIAL INFORMATION  
OF THE REMAINING GROUP**

	Audited consolidated statement of cash flows of the Group for the year ended 31 December 2011 <i>HK\$'000</i> <i>Note 5</i>	Pro forma adjustments			Unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2011 <i>HK\$'000</i>
		<i>HK\$'000</i> <i>Note 3</i>	<i>HK\$'000</i> <i>Note 6</i>	<i>HK\$'000</i> <i>Note 9</i>	
NET CASH USED IN OPERATING ACTIVITIES	(66,179)				(64,119)
INVESTING ACTIVITIES					
Interest received	555				555
Deposits received on disposal of land and buildings	24,691				24,691
Purchase of property, plant and equipment	(6,283)				(6,283)
Deposits paid for property, plant and equipment	(6,591)				(6,591)
Release of pledged bank deposits	38,059				38,059
Proceeds from disposal of available-for- sale financial assets	145				145
Proceed from disposal of Topsearch Shenzhen	—	(4,442)		284,779	280,337
NET CASH FROM INVESTING ACTIVITIES	50,576				330,913
FINANCING ACTIVITIES					
New bank loans drawdown	438,312				438,312
Repayment of bank loans	(355,476)			(261,628)	(617,104)
Raise new shareholder's loans	3,149				3,149
Interest paid	(31,876)				(31,876)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	54,109				(207,519)

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**APPENDIX III                      UNAUDITED PRO FORMA FINANCIAL INFORMATION  
OF THE REMAINING GROUP**

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	Audited consolidated statement of cash flows of the Group for the year ended 31 December 2011 <i>HK\$'000</i> <i>Note 5</i>	Pro forma adjustments			Unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2011 <i>HK\$'000</i>
		<i>HK\$'000</i> <i>Note 3</i>	<i>HK\$'000</i> <i>Note 6</i>	<i>HK\$'000</i> <i>Note 9</i>	
NET INCREASE IN CASH AND CASH EQUIVALENTS	38,506				59,275
Effect of foreign exchange rate changes	(1,037)				(1,037)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>69,987</u>				<u>69,987</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR Represented by bank balances and cash	<u><u>107,456</u></u>				<u><u>128,225</u></u>

**APPENDIX III                      UNAUDITED PRO FORMA FINANCIAL INFORMATION  
OF THE REMAINING GROUP**

*Notes:*

1. The amounts are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2012 as set out in the published unaudited interim report of the Group for the six months ended 30 June 2012 (“Interim Report 2012”).
2. The pro forma adjustment reflects the exclusion of the land and buildings and the related leasehold improvements and prepaid lease payments of Topsearch Shenzhen and the reclassification of translation reserve to the profit or loss as at 30 June 2012, as if the Disposal had been completed on 30 June 2012. All other assets and liabilities of Topsearch Shenzhen including other property, plant and equipment, prepayments, deposits, other receivables, inventories, trade and other payables, accruals, provision and deferred tax liabilities are expected to be retained and assumed by the Group upon the Disposal (note 4). Figures are extracted from the unaudited financial statements of Topsearch Shenzhen as at 30 June 2012 as set out in Appendix I to this circular.
3. The pro forma adjustment reflects the transaction costs of HK\$4,300,000 (including but not limited to legal and professional fees) directly attributable to the Disposal estimated by the Directors of the Company as well as a stamp duty of 0.05% on the cash consideration of RMB244,909,716 as imposed by Shenzhen Local Taxation Bureau on transfer of properties.

For the purpose of the presentation of the unaudited pro forma statement of financial position, conversion of RMB to HK\$ is calculated at an exchange rate of approximately HK\$1:RMB0.81 as at 30 June 2012, as if the Disposal had been completed on 30 June 2012, and for the purpose of the presentation of the unaudited pro forma statement of comprehensive income and statement of cash flows, conversion of RMB to HK\$ is calculated at an exchange rate of approximately HK\$1:RMB0.86 as at 1 January 2011, as if the Disposal had been completed on 1 January 2011.

4. The pro forma adjustment reflects the recognition of the gain on the Disposal and the fair value of the remaining 30% equity interest in Topsearch Shenzhen of RMB102,870,000 as interest in associates, as if the Disposal had been completed on 30 June 2012.

The gain on the Disposal is calculated as follows:

	<i>HK\$'000</i>
Cash consideration (RMB244,909,716)	301,239
Fair value of the remaining 30% equity interest in Topsearch Shenzhen (RMB102,870,000)	126,530
Net liabilities of Topsearch Shenzhen as at 30 June 2012	222,628
Property, plant and equipment of Topsearch Shenzhen retained by the Group	54,835
Cash and cash equivalents of Topsearch Shenzhen retained by the Group	8,715
Other assets of Topsearch Shenzhen including prepayments, deposits, other receivables and inventories retained by the Group	38,676
Liabilities of Topsearch Shenzhen assumed by the Group	(51,490)
Reclassification of translation reserve upon disposal of Topsearch Shenzhen	97,556
The Group’s amount due from Topsearch Shenzhen	(511,094)
Gain on the Disposal (excluding transaction costs as stated in note 3)	287,595



On 13 November 2012, the Group has entered into the Framework Agreement with Shenzhen Fantasia and Shanghai Yuxing where the Group has conditionally agreed to dispose the 70% equity interest in Topsearch Shenzhen as of completion date of the Disposal for a cash consideration of RMB244,909,716 (“Consideration”).

The fair value of the remaining 30% equity interest in Topsearch Shenzhen (RMB102,870,000) is arrived at based on the estimated market value of land parcels I and II and the buildings erected held by Topsearch Shenzhen of RMB342,900,000 as at 30 September 2012 as valued by an independent property valuer, DTZ Debenham Tie Leung Limited in its report as set out in Appendix IV to this circular.

The assets, liabilities and translation reserve of Topsearch Shenzhen and the Group’s amount due from Topsearch Shenzhen as at 30 June 2012 are extracted from the unaudited financial statements of Topsearch Shenzhen as at 30 June 2012 as set out in Appendix I to this circular.

According to the Framework Agreement, part of the Consideration of RMB225,000,000 (approximately HK\$276,750,000) is used as capital contribution to Topsearch Qujiang to enable Topsearch Qujiang to repay the relevant outstanding loans of China Construction Bank Corporation Limited (Shaoguan Branch) in exchange for the bank to release and discharge the mortgage in favor of the bank over Topsearch Shenzhen’s land and buildings.

For the purpose of the presentation of the unaudited pro forma statement of financial position, conversion of RMB to HK\$ is calculated at an exchange rate of approximately HK\$1.23:RMB1.00 as at 30 June 2012, as if the Disposal had been completed on 30 June 2012.

5. The amounts are extracted from the audited consolidated statement of comprehensive income and audited consolidated statement of cash flows of the Group for the year ended 31 December 2011 as set out in the 2011 annual report of the Group.
6. For the purpose of the preparation of the unaudited pro forma statement of comprehensive income and statement of cash flows, the result and cash flows of Topsearch Shenzhen for the year ended 31 December 2011 are deconsolidated and excluded from the Group as if the Disposal had been completed on 1 January 2011 to the extent of the items as stated in note 7 below, which are solely related to the land and buildings and the related leasehold improvements and prepaid lease payments of Topsearch Shenzhen because all other assets and liabilities of Topsearch Shenzhen (other than the land and buildings and the related leasehold improvements and prepaid lease payments) are retained and assumed by the Remaining Group upon the Disposal and therefore it is expected that the overall production capacity of the Group remains the same.

The pro forma adjustment reflects only the exclusion of the depreciation and amortization and write-off of land and buildings and the related leasehold improvements and prepaid lease payments, land use tax, real estate tax and exchange difference arising on translation of the financial statements of Topsearch Shenzhen, as if the Disposal had been completed on 1 January 2011. Figures are included in the unaudited financial statements of Topsearch Shenzhen for the year ended 31 December 2011 as set out in Appendix I to this circular.

**APPENDIX III                      UNAUDITED PRO FORMA FINANCIAL INFORMATION  
OF THE REMAINING GROUP**

7. The pro forma adjustment reflects the share of loss and other comprehensive income of Topsearch Shenzhen as an associate as follows, as if the Disposal had been completed on 1 January 2011:

	<i>HK\$'000</i>
Depreciation of property, plant and equipment	8,439
Amortisation of prepaid lease payments	448
Land use tax and real estate tax	2,060
Write-off of property, plant and equipment	7,660
	<u>18,607</u>
30% share of loss of an associate as included in profit or loss	<u>5,582</u>
Exchange difference arising on translation	<u>14,135</u>
30% share of comprehensive income as included in other comprehensive expense	<u>4,240</u>

For the purpose of the preparation of the unaudited pro forma statement of comprehensive income, only 30% of the items as stated above, which are solely related to the land and buildings and the related leasehold improvements and prepaid lease payments of Topsearch Shenzhen are accounted for by the Remaining Group because all other assets and liabilities of Topsearch Shenzhen (other than the land and buildings and the related leasehold improvements and prepaid lease payments) are retained and assumed by the Remaining Group upon the Disposal.

Figures are included in the unaudited financial statements of Topsearch Shenzhen for the year ended 31 December 2011 as set out in Appendix I to this circular.

8. The pro forma adjustment reflects the gain on the Disposal as follows, as if the Disposal had been completed on 1 January 2011:

	<i>HK\$'000</i>
Cash consideration (RMB244,909,716)	284,779
Fair value of the remaining 30% equity interest in Topsearch Shenzhen (RMB102,870,000)	119,616
Net assets of Topsearch Shenzhen as at 1 January 2011	(168,264)
Property, plant and equipment of Topsearch Shenzhen retained by the Group	252,010
Cash and cash equivalents of Topsearch Shenzhen retained by the Group	9,693
Other assets of Topsearch Shenzhen including prepayments, deposits, other receivables, inventories, pledged bank deposits and tax recoverable retained by the Group	106,690
Liabilities of Topsearch Shenzhen assumed by the Group	(303,739)
Reclassification of translation reserve upon disposal of Topsearch Shenzhen	93,959
The Group's amount due from Topsearch Shenzhen	<u>(130,617)</u>
Gain on the Disposal (excluding transaction costs as stated in note 3)	<u>264,127</u>

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**APPENDIX III                      UNAUDITED PRO FORMA FINANCIAL INFORMATION  
OF THE REMAINING GROUP**

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On 13 November 2012, the Group has entered into the Framework Agreement with Shenzhen Fantasia and Shanghai Yuxing where the Group has conditionally agreed to dispose the 70% equity interest in Topsearch Shenzhen as of completion date of the Disposal for a cash consideration of RMB244,909,716 (“Consideration”).

The fair value of the remaining 30% equity interest in Topsearch Shenzhen (RMB102,870,000) is arrived at based on the estimated market value of land parcels I and II and the buildings erected held by Topsearch Shenzhen of RMB342,900,000 as at 30 September 2012 as valued by an independent property valuer, DTZ Debenham Tie Leung Limited in its report as set out in Appendix IV to this circular.

The assets, liabilities and translation reserve of Topsearch Shenzhen and the Group’s amount due from Topsearch Shenzhen as at 1 January 2011 are extracted from the unaudited financial statements of Topsearch Shenzhen as at 31 December 2010 as set out in Appendix I to this circular.

According to the Framework Agreement, part of the Consideration of RMB225,000,000 (approximately HK\$276,750,000) is used as capital contribution to Topsearch Quijiang to enable Topsearch Quijiang to repay the relevant outstanding loans of China Construction Bank Corporation Limited (Shaoguan Branch) in exchange for the bank to release and discharge the mortgage in favor of the bank over Topsearch Shenzhen’s land and buildings.

For the purpose of the presentation of the unaudited pro forma statement of comprehensive income and statement of cash flows, conversion of approximately RMB to HK\$ is calculated at an exchange rate of approximately HK\$1.16:RMB1.00 as at 1 January 2011, as if the Disposal had been completed on 1 January 2011.

9. The following items which the details have already been stated in notes 7 and 8 above reflect the adjustments to the unaudited pro forma statement of cash flows, as if the Disposal had been completed on 1 January 2011:

	<i>HK\$'000</i>
a. Share of loss of an associate ( <i>note 7</i> )	5,582
b. Gain on the Disposal (excluding transaction costs as stated in note 3) ( <i>note 8</i> )	(264,127)
c. Cash flow arising from the Disposal (excluding transaction costs as stated in note 3), comprising Cash consideration ( <i>note 8</i> )	284,779
Repayment of bank loans ( <i>note 8</i> )	(261,628)

10. Except for share of loss and other comprehensive income of an associate as stated in notes 7 and 9a above which are expected to have a continuing effect on the Remaining Group in the subsequent reporting period, all other pro forma adjustments to the unaudited pro forma statement of comprehensive income and statement of cash flows are merely due to the Disposal and not expected to have a continuing effect on the Remaining Group.

**B.     REPORT FROM THE REPORTING ACCOUNTANT**

**ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL  
INFORMATION**

**TO THE DIRECTORS OF TOPSEARCH INTERNATIONAL (HOLDINGS)  
LIMITED**

We report on the unaudited pro forma financial information of Topsearch International (Holdings) Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the proposed disposal of the 70% issued capital of Topsearch Printed Circuits (Shenzhen) Limited, an indirectly wholly-owned subsidiary of the Company might have affected the financial information presented, for inclusion as in Appendix III to the circular of Topsearch International (Holdings) Limited dated 29 November 2012 (the “Circular”). The basis of preparation of the unaudited pro forma financial information is set out on page III-1 to the Circular.

**Respective Responsibilities of Directors of the Company and Reporting  
Accountants**

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

**Basis of Opinion**

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements (HKSIR) 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The unaudited pro forma financial information is for illustrative purposes only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of the financial position of the Group after the partial disposal of Topsearch Printed Circuits (Shenzhen) Limited (the “Remaining Group”) as at 30 June 2012 or any future date; or the results and cash flows of the Remaining Group for the year ended 31 December 2011 or any future periods.

**Opinion**

In our opinion :

- (a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Tony C.M. Yau & Company  
Certified Public Accountants  
Hong Kong

29 November 2012

*The following is the text of a letter, summary of valuations and valuation certificates prepared for the purpose of incorporation in this Circular received from DTZ Debenham Tie Leung Limited, an independent property valuer, in connection with its opinion of market value of the property interests of the Group as at 30 September 2012.*



16th Floor  
Jardine House  
1 Connaught Place  
Central  
Hong Kong

29 November 2012

The Directors  
Topsearch International (Holdings) Ltd.  
Unit 3406, 34/F  
China Merchants Tower  
Shun Tak Centre  
Nos. 168-200 Connaught Road Central  
Hong Kong

Dear Sirs,

#### **INSTRUCTIONS, PURPOSE & DATE OF VALUATION**

In accordance with your instructions for us to value the properties in which Topsearch International (Holdings) Ltd. (referred to as the “Company”) and its subsidiaries (hereinafter together referred to as the “Group”) have property interests in the People’s Republic of China (the “PRC”) (as more particularly described in the valuation certificates), we confirm that we have inspected the properties, made relevant enquiries and obtained such further information as we consider necessary to provide you with our opinion of the values of such properties as at 30 September 2012 (the “date of valuation”).

**DEFINITION OF MARKET VALUE**

Our valuation of each of the properties represents its market value which in accordance with The HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors is defined as “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

**VALUATION BASIS AND ASSUMPTIONS**

Our valuations exclude an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities published by The Stock Exchange of the Hong Kong Limited and the HKIS Valuation Standards on Properties (First Edition 2005) issued by the Hong Kong Institute of Surveyors.

In the course of our valuation of the properties in the PRC, we have assumed that, unless otherwise stated, the transferable land use rights of the properties for their respective terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have relied on the information provided by the Group and the advice provided by Jun He Law Offices, the Group’s legal advisor, regarding the title to each of the properties and the interests of the Group in the properties. In valuing the properties, we have assumed that the Group has an enforceable title to each of the properties and has free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired land use term as granted.

In respect of the properties situated in the PRC, the status of titles and grant of major certificates approvals and licences, in accordance with the information provided by the Group are set out in the notes of the respective valuation certificates.

We have not been provided with information in relation to plans for construction, renovation, improvement, redevelopment and plans to dispose of other than the subject disposal and change the use of the properties.



The tax liabilities for disposal of property interests in the PRC comprises of business tax, stamp duty, land appreciation tax and enterprise income tax (if any). The Group advises that in respect of the properties held and occupied by the Group in the PRC of the summary of valuations, the potential tax liabilities is estimated to be approximately RMB 65 million would arise if such properties were to be sold at the amount of the valuations. The above amounts are for indicative purposes and are calculated based on prevailing rules and information available as at the Latest Practicable Date.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

Our valuations are each on an entire interest basis.

#### **METHOD OF VALUATION**

The properties held by the Group in the PRC have been valued either on the basis of capitalization of net income derived from the existing tenancies with allowance for the reversionary income potential of the properties or by reference to comparable market transactions.

#### **SOURCE OF INFORMATION**

We have been provided by the Group with extracts of documents in relation to the titles to the properties. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us.

In the course of our valuation, we have relied to a very considerable extent on the information given to us by the Group in respect of the properties in the PRC and have accepted advice given by the Group on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, completion date of buildings, number of car parking spaces, particulars of occupancy, site and floor areas, interest attributable to the Group and all other relevant matters.

Dimensions, measurements and areas included in the valuation certificates are based on information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuations. We were also advised by the Group that no material facts and any other information considered material for investors have been omitted from the information provided.

**TITLE INVESTIGATION**

We have been provided with extracts of documents relating to the titles of the properties in the PRC, but no searches have been made in respect of the properties. We have not searched the original documents to verify ownership or to ascertain any amendment which may not appear on the copies handed to us. We are also unable to ascertain the title of the properties in the PRC and we have therefore relied on the advice given by the Group regarding the Group's interests in the PRC properties.

**SITE INSPECTION**

Our DTZ Hong Kong Office valuer Peter Loi who is a Registered Professional Surveyor (General Practice Division) and a Registered China Real Estate Appraiser inspected the exterior and, wherever possible, the interior of the properties in November 2012. No structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Unless otherwise stated, we have not been able to carry out on-site measurements to verify the site and floor areas of the properties and we have assumed that the area shown on the documents handed to us are correct.

**CURRENCY**

Unless otherwise stated, all money amounts indicated herein our valuations are in Renminbi (RMB), official currency of the PRC.

We enclose herewith a summary of our valuations and our valuation certificates.

Yours faithfully,

for and on behalf of

**DTZ Debenham Tie Leung Limited**

**Andrew K.F. Chan**

Registered Professional Surveyor (GP)

Registered China Real Estate Appraiser

*MSc., M.H.K.I.S., M.R.I.C.S.*

*Senior Director*

*Note:*

*Mr. Andrew K. F. Chan is a Registered Professional Surveyor (General Practice Division) who has over 25 years' of experience in the valuation of properties in Hong Kong and the PRC.*

## SUMMARY OF VALUATIONS

<b>Property</b>	<b>Capital value in existing state as at 30 September 2012 (RMB)</b>
<b>Properties held by the Group in the PRC</b>	
1. Major portions of Block No. 5 of Xinghua Industrial Building, Nanhai Avenue, Shekou, Nanshan District, Shenzhen City, Guangdong Province, the PRC  中國廣東省深圳市南山區蛇口南海大道興華工業大廈5棟大部分	21,500,000
2. Topsearch Building, east of Industry Avenue and west of Liyuan Road, Shekou, Nanshan District, Shenzhen City, Guangdong Province, the PRC  中國廣東省深圳市南山區蛇口工業大道東荔園路西至卓飛高大樓	321,400,000
<b>Total :</b>	<b><u>342,900,000</u></b>

## VALUATION CERTIFICATE

## Properties held by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2012
1. Major portions of Block No. 5 of Xinghua Industrial Building, Nanhai Avenue, Shekou, Nanshan District, Shenzhen City, Guangdong Province, the PRC  中國廣東省深圳市南山區蛇口南海大道興華工業大廈5棟大部分	The property comprises major portions of an 8-storey industrial building known as Block No. 5 of Xinghua Industrial Building erected on a parcel of land with a total site area of approximately of 13,137.80 sq m.  Completed in 1985, the property has a total gross floor area of approximately 37,489.75 sq m.  The property is held with land use rights for industrial and storage uses. For details, please see Note (1) below.	As at the date of valuation, the property was vacant.	RMB21,500,000

## Notes :

- (1) According to fourteen Real Estate Title Certificates issued by the Shenzhen People's Government, the land use rights and ownership of the following portions of the building known as Block No. 5 of Xinghua Industrial Building (興華工業大廈5棟) have been vested in 至卓飛高線路板(深圳)有限公司 (Topsearch Printed Circuits (Shenzhen) Co., Ltd.) for industrial and storage use with a site area of approximately 13,137.8 sq m and the details are set out as follows:

Certificate No.	Date of issue	Portion of Block No. 5 Xinghua Industrial Building	Expiry date of land use term	Gross floor area (sq m)
6018640	6 Mar 1998	Portion D on Levels 1 and 2	8 June 2014	4,545.00
4000002534	3 June 1998	Portion E on Level 1	9 June 2014	1,979.85
4000002533	3 June 1998	Portion E on Level 2	9 June 2014	2,519.90
6016731	4 Nov 1997	Portions A and B on Level 3	8 June 2014	3,333.50

Certificate No.	Date of issue	Portion of Block No. 5 Xinghua Industrial Building	Expiry date of land use term	Gross floor area (sq m)
4000035404	5 Sept 2000	Portion C on Level 3	9 June 2034	1,712.50
6016728	4 Nov 1997	Portion D on Level 4	8 June 2014	2,526.00
4000003328	25 June 1998	Portion E on Level 4	9 June 2014	2,520.00
6016729	16 Dec 1997	Portion D on Level 5	8 June 2014	2,526.00
4000006213	18 Aug 1998	Portion E on Level 5	9 June 2014	2,520.00
4000035405	5 Sept 2000	Portion B on Level 6	9 June 2014	1,850.00
4000025759	24 Aug 1999	Portion G on Level 6	9 June 2014	1,365.00
4000025760	7 Sept 1999	Portions A, B & C on Level 7	9 June 2014	5,046.00
4000035406	5 Sept 2000	Portion D on Level 8	9 June 2034	2,526.00
4000003325	N/A	Portion E on Level 8	9 June 2014	2,520.00
			Total	<u>37,489.75</u>

- (2) According to Business Licence No. 440301503313020 dated 16 June 2008, 至卓飛高線路板(深圳)有限公司 (Topsearch Printed Circuits (Shenzhen) Co., Ltd.) was established as a foreign enterprise with a registered capital of USD50,000,000 and an operating period from 25 September 1987 to 25 September 2057.
- (3) We have been provided with a legal opinion issued by the Company's PRC legal advisor, Jun He Law Offices, which contains, inter alia, the following information :
- (i) The Real Estate Title Certificates are valid, legal and enforceable under the PRC laws;
  - (ii) The land use rights and building ownership of the property, comprising a site area of 13,137.8 sq m and a gross floor area of 37,489.75 sq m have been vested in 至卓飛高線路板(深圳)有限公司 (Topsearch Printed Circuits (Shenzhen) Co., Ltd.);
  - (iii) The property is subject to a legal charge in favour of 中國建設銀行股份有限公司韶關市分行 (China Construction Bank (Shaoguan Branch));
  - (iv) The current land use planning of the property is industrial use; and
  - (v) 至卓飛高線路板(深圳)有限公司 (Topsearch Printed Circuits (Shenzhen) Co., Ltd.) has the right to freely occupy, use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property.
- (4) The status of the title and grant of major approvals and licences in accordance with the information provided to us are as follows:

Real Estate Title Certificates	Yes
Business Licence	Yes

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2012
2. Topsearch Building, east of Industry Avenue and west of Liyuan Road, Shekou, Nanshan District, Shenzhen City, Guangdong Province, the PRC  (中國廣東省深圳市南山區蛇口工業大道東、荔園路西至卓飛高大樓)	The property comprises an 8-storey industrial building plus 3 levels of basement, known as Topsearch Building, erected on a parcel of land with a total site area of approximately of 11,208.50 sq m.  Completed in 2004, the building has a total gross floor area of approximately 40,101.35 sq m.	As at the date of valuation, Levels 1 and 8 of the property with approximately gross floor area of 7,000 sq m were occupied by the Group as office and the remaining portion of the property was vacant.	RMB321,400,000
	The property is held with land use rights for a term of 50 years from 15 September 2000 to 14 September 2050 for industrial use.		

*Notes :*

- (1) According to Real Estate Title Certificate No. 4000200804 issued by Shenzhen Real Estate Registration Centre, the land use rights and ownership of the building known as Topsearch Building (至卓飛高大樓) have been vested in 至卓飛高線路板(深圳)有限公司 (Topsearch Printed Circuits (Shenzhen) Co., Ltd.) for a term of 50 years due to expire on 14 September 2050 for industrial use with a site area of approximately 11,208.5 sq m and a total gross floor area of approximately 40,101.35 sq m.

The property is prohibited from sale whilst any lease or mortgage of the property shall be subject to compliance with relevant regulations.

In the course of our valuation, we have taken into account the advice from the Group (see Note (2) below) and have assumed that the aforesaid restriction on alienation has been removed and Topsearch Printed Circuits (Shenzhen) Ltd. has obtained transferable land use rights in respect of the property for a specific land use term at nominal annual land use fee and all requisite land premium for such transferable land use rights have been fully settled. We have also assumed that Topsearch Printed Circuits (Shenzhen) Ltd. is entitled to freely transfer, mortgage or lease the property without payment of any additional land premium.

(2) The Group's advice is summarized below:

- (i) Topsearch Printed Circuits (Shenzhen) Ltd. has paid all requisite land premium for the use and occupation of the land. During the aforesaid land use term granted, Topsearch Printed Circuits (Shenzhen) Ltd. is entitled to occupy and use of the property but the same is prohibited from sale whilst mortgage or lease of the property shall be subject to compliance with relevant regulations;
- (ii) According to the relevant rules and regulations in Shenzhen, land premium for the grant of land use rights for the use of new and high technology purposes would be at a concessionary rate rather than a full land premium and sale of such kind of land shall be subject to the approval of the relevant land administration authorities and payment of the shortfall of the full land premium. The land use rights of the property have been granted to Topsearch Printed Circuits (Shenzhen) Ltd. for new and high technology uses at a concessionary land premium under such rules and regulations. If Topsearch Printed Circuits (Shenzhen) Ltd. intends to transfer, mortgage or lease the property, it shall have to apply for approval of the relevant land administration authorities and complete the relevant procedures and settle the shortfall of the full land premium in advance.

According to the information provided by the Group, the above aforesaid approval have been obtained and the shortfall of the full land premium has been assessed by the relevant government authority in a sum of RMB18,741,613. In addition, The Group has paid already the aforesaid assessed sum to the government.

- (iii) Upon the further approval of relevant land administration authorities and completion of the relevant procedures for replacement of the real estate certificate, Topsearch Printed Circuits (Shenzhen) Ltd. shall be entitled to freely transfer, mortgage and lease the property. Provided that the approval and registration requirements have been fulfilled, there shall be no legal impediment for Topsearch Printed Circuits (Shenzhen) Ltd. to complete the above-mentioned procedures.

As advised by the Group, the approval and registration process can be commenced once the mortgage charge of the property with China Construction Bank (Shaoguan Branch) has been released and should be completed shortly after the completion of the Disposal.

- (3) According to Business Licence No. 440301503313020 dated 16 June 2008, 至卓飛高線路板(深圳)有限公司 (Topsearch Printed Circuits (Shenzhen) Co., Ltd.) was established as a foreign enterprise with a registered capital of USD50,000,000 and an operating period from 25 September 1987 to 25 September 2057.
- (4) We have been provided with a legal opinion issued by the Company's PRC legal advisor, Jun He Law Offices which contains, inter alia, the following information:
  - (i) The Real Estate Title Certificate is valid, legal and enforceable under the PRC laws;
  - (ii) The land use rights and building ownership of the property, comprising a site area of 11,208.5 sq m and a total gross floor area of approximately 40,101.35 sq m have been vested in 至卓飛高線路板(深圳)有限公司 (Topsearch Printed Circuits (Shenzhen) Co., Ltd.);
  - (iii) The property is subject to a legal charge in favour of 中國建設銀行股份有限公司韶關市分行 (China Construction Bank (Shaoguan Branch));
  - (iv) The current land use planning of the property is industrial use; and
  - (v) 至卓飛高線路板(深圳)有限公司 (Topsearch Printed Circuits (Shenzhen) Co., Ltd.) has the right to freely occupy, use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property subject to fulfilling the procedures and obtaining the relevant approvals stated in Note (2).
- (5) The status of the title and grant of major approvals and licences in accordance with the information provided to us are as follows:

Real Estate Title Certificate	Yes
Business Licence	Yes

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### Interests of Directors and chief executives

As at the Latest Practicable Date, the interests and short positions of the Directors in the Shares, underlying share capital and underlying Shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

#### (a) *The Company*

Name of director	Nature of interest		Number of Shares held	Percentage of issued capital
Mr. Cheok	Direct	Long position	78,250,000	7.83%
Ho Fung	<i>Note</i>	Deemed	432,000,000	43.20%
Total			<u>510,250,000</u>	<u>51.03%</u>

*Note:* These Shares are owned by Inni International Inc., a company incorporated in the Republic of Liberia. The shares of Inni International Inc. are owned as to 49% by Mr. Cheok Ho Fung and as to 51% jointly by Mr. Cheok Ho Fung and his spouse, Mrs. Cheok Chu Wai Min.



*(b) Associated Corporation — Inni International Inc.*

Name of director	Nature of interest	Number of ordinary shares held	Percentage of issued capital
Mr. Cheok Ho Fung	Direct	12,250	49.00%
	<i>Note</i> Deemed	<u>12,750</u>	<u>51.00%</u>
Total		<u><u>25,000</u></u>	<u><u>100.00%</u></u>

*Note:* These shares are jointly owned by Mr. Cheok Ho Fung and his spouse, Mrs. Cheok Chu Wai Min.

*(c) Subsidiary — Topsearch Industries (Holdings) Limited*

Name of director	Nature of interest	Number of ordinary shares held	Percentage of issued capital
Mr. Cheok Ho Fung	Direct	2,000,100	10.00%
	<i>Note</i> Deemed	<u>17,999,900</u>	<u>90.00%</u>
Total		<u><u>20,000,000</u></u>	<u><u>100.00%</u></u>

*Note:* These shares are owned by Inni International Inc., a company incorporated in the Republic of Liberia. The shares of Inni International Inc. are owned as to 49% by Mr. Cheok Ho Fung and as to 51% jointly by Mr. Cheok Ho Fung and his spouse, Mrs. Cheok Chu Wai Min.

Save as disclosed above, as at the Latest Practicable Date, there were no interest of the Directors or chief executive of the Company in the Shares and the underlying Shares of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

### Directors' interests in share options of the Company

As at the Latest Practicable Date, none of the Company's directors held share options of the Company.

### Interests of substantial shareholders

As at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, the following persons, other than the Directors or chief executives of the Company, had interests or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital:

Name of shareholders	Notes	Nature of interest		Number of Shares held	Percentage of issued capital
Inni International Inc.	(i)	Direct	Long position	432,000,000	43.20%
Mrs. Cheok Chu Wai Min	(ii)	Deemed	Long position	510,250,000	51.03%
Hallgain Management Limited	(iii)	Deemed	Long position	206,992,000	20.70%
Kingboard Chemical Holdings Limited	(iii)	Direct	Long position	2,766,000	0.27%
		Deemed	Long position	204,226,000	20.42%
		Total		<u>206,992,000</u>	<u>20.70%</u>
Jamplan (BVI) Limited	(iii)	Deemed	Long position	204,226,000	20.42%
Kingboard Laminates Limited	(iii)	Direct	Long position	202,000	0.02%
Kingboard Investments Limited	(iii)	Direct	Long position	204,024,000	20.40%
Majestic Wealth Limited	(iv)	Direct	Long position	0	0%

*Note:*

- (i) The above interest in the name of Inni International Inc. was also disclosed as interest of Mr. Cheok Ho Fung in the above section headed “Interests of Directors and chief executives”.
- (ii) Mrs. Cheok Chu Wai Min is the spouse of Mr. Cheok Ho Fung. The shares of Inni International Inc. are owned as to 49% by Mr. Cheok Ho Fung and as to 51% jointly by Mr. Cheok Ho Fung and Mrs. Cheok Chu Wai Min. The shareholdings stated against Mr. Cheok Ho Fung and Mrs. Cheok Chu Wai Min above represented the same block of shares, which were also included as interests of Mr. Cheok Ho Fung in the above section headed “Interests of Directors and chief executives”.
- (iii) Kingboard Investments Limited and Kingboard Laminates Limited, holders of 204,024,000 and 202,000 shares in the Company respectively, are wholly-owned subsidiary and a non-wholly-owned subsidiary of Jamplan (BVI) Limited respectively which in turn is a wholly-owned subsidiary of Kingboard Chemical Holdings Limited. Hallgain Management Limited owns 35.30% equity shares in Kingboard Chemical Holdings Limited.
- (iv) Reference was made to the announcements and publications on the websites of the Stock Exchange and of the Company on 27 August 2007, 20 October 2009, 19 November 2009, 18 December 2009, 20 January 2010, 18 February 2010, 11 March 2010, 29 March 2010, 18 June 2010, 28 June 2010, 29 June 2010 and 2 August 2010.

On 2 August 2010, a special general meeting (the “SGM”) had been held whereat a special resolution had been passed for approving the Company’s off-market repurchase of 93,400,000 shares (the “Repurchased Shares”) in the capital of the Company at the reference price of HK\$0.58 per Repurchased Share from Majestic Wealth Limited pursuant to two Termination Agreements (as defined in the abovesaid announcements) dated 17 February 2010 and entered into between the Company, Topsearch Tongliao Investment (BVI) Limited (one of the Company’s indirect wholly owned subsidiary) and Majestic Wealth Limited.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors or chief executives of the Company, there is no other person (other than the Directors or chief executives of the Company as disclosed in the above) who had interests or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital.

**3. LITIGATION**

As at the Latest Practicable Date, neither the Company nor any other member of the Group was engaged in any litigation or claims of material importance and, so far as the Directors are aware, there is no litigation or claims of material importance pending or threatened against any member of the Group.

**4. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any members of the Group, which does not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

**5. DIRECTORS' INTERESTS IN COMPETING BUSINESS**

As at the Latest Practicable Date, none of the Directors nor their respective associates had an interest in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the Group's business.

**6. OTHER INTERESTS OF THE DIRECTORS**

As at the Latest Practicable Date, none of the Directors had any interests, either directly or indirectly, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2011, the date to which the latest published audited consolidated accounts of the Group were made up.

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

## 7. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of the business) have been entered into by the Group within two years immediately preceding the date of this circular:

- (a) the Property Assignment Agreement dated 31 December 2010 (the “**Property Assignment Agreement**”) entered into between Topsearch Printed Circuits (Tongliao) Limited (“**Topsearch Tongliao**”), a wholly-owned subsidiary of the Company and Tongliao Xutong Solar Technology Company Limited (通遼旭通太陽能科技有限公司) (“**Tongliao Xutong**”), pursuant to which Topsearch Tongliao shall sell to Tongliao Xutong a portion of a parcel of industrial land and the buildings erected thereon, which are located in phase II of Tongliao Economic Technology Development Zone, Tongliao City, Inner Mongolia, the PRC, at a consideration of RMB 51 million;
- (b) the subscription agreement dated 12 July 2012 (the “**Subscription Agreement**”) entered into amongst the Company and Mr. Chan Wing Yeung and Mr. Lam Sui Kei, Stephen (the “**Subscribers**”), pursuant to which the Company has conditionally agreed to allot and the Subscribers have conditionally agreed to subscribe for an aggregate of 93,400,000 shares at the subscription price of HK\$0.1021 per subscription share;
- (c) the supplemental agreement dated 17 July 2012 (the “**Supplemental Agreement**”) entered into amongst the Company and the Subscribers, pursuant to which the Company and the Subscribers have agreed to amend the subscription price from HK\$0.1021 per subscription share to HK\$0.1023 per subscription share;
- (d) the Framework Agreement dated 13 November 2012 entered into amongst Topsearch HK and the Transferees, pursuant to which Topsearch HK agreed to sell, and the Transferees agreed to purchase 70% equity interests in Topsearch Shenzhen at a cash consideration of RMB244,909,716;
- (e) the Equity Transfer Agreement dated 13 November 2012 entered into amongst Topsearch HK and the Transferees for implementing the Disposal;
- (f) the JV Contract dated 13 November 2012 entered into amongst Topsearch HK and the Transferees regarding the governance of Topsearch Shenzhen after Completion;

- (g) the Letter of Guarantee dated 13 November 2012 entered into by Topsearch Qujiang in favor of the Transferees, pursuant to which Topsearch Qujiang will provide guarantee to the Transferees over the performance of Topsearch HK's obligations under the Framework Agreement and the Equity Transfer Agreement;
- (h) the Joint Liability Guarantee dated 13 November 2012 entered into by the Company and Mr. Cheok in favor of the Transferees, pursuant to which the Company and Mr. Cheok will provide guarantee to the Transferees over the performance of Topsearch HK's obligations under the Framework Agreement and the Equity Transfer Agreement; and
- (i) the Topsearch Letter of Undertaking dated 13 November 2012 entered into by Topsearch HK and the Company, pursuant to which each of Topsearch HK and the Company irrevocably undertakes that it will procure that Topsearch Qujiang will not engage in any equity transfer, material acquisition or disposal of its assets prior to Completion.

Save as disclosed above, no member of the Group had entered into any material contracts (not being a contract entered into in the ordinary course of business) within the two years immediately preceding the Latest Practicable Date.

## **8. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, save for the loss for the six-month period ended 30 June 2012 as disclosed in the interim report of the Company for the six-month period ended 30 June 2012, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2011, the date to which the latest published audited financial statements of the Group were made up.

**9. EXPERT AND CONSENT**

- i. The following are the qualifications of the experts who have been named in this circular and have given opinions and advice which are contained in this circular:

<b>Name</b>	<b>Qualifications</b>
Tony C.M. Yau & Company	Certified Public Accountants
DTZ Debenham Tie Leung Limited	Independent Professional Property Valuer

- ii. As at the Latest Practicable Date, Tony C.M. Yau & Company and DTZ Debenham Tie Leung Limited, did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- iii. Tony C.M. Yau & Company and DTZ Debenham Tie Leung Limited have given and have not withdrawn their written consents to the issue of this circular, with the inclusion therein of their letters or the references to their names in the form and context in which they appear.
- iv. As at the Latest Practicable Date, Tony C.M. Yau & Company and DTZ Debenham Tie Leung Limited did not have any direct or indirect interest in any assets which have been acquired, or disposed of by, or leased to any member of the Group, or were proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2011, the date to which the latest published audited financial statements of the Group were made up.

**10. GENERAL**

- i. Mr. Fong Ching Kong, Tony is the company secretary of the Company. He is also a financial controller of the Group. He is a fellow member of Taxation Institute of Hong Kong and the Chartered Association of Certified Accountants. He is also an associate member of the Hong Kong Institute of Certified Public Accountants, the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators.
- ii. The principal place of business of the Company in Hong Kong is situated at 3406, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.
- iii. The branch share registrar and transfer office of the Company is Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- iv. The English text of this circular shall prevail over the Chinese text in the event of inconsistency.

**11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours from 9:00 a.m. to 5:00 p.m. on any weekday except Saturdays, Sundays and public holidays at the principal place of business of the Company in Hong Kong at 3406, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong, from the date of this circular up to and including the date of the SGM:

- i. the memorandum and articles of association of the Company;
- ii. the annual reports of the Company for the two years ended 31 December 2010 and 31 December 2011;
- iii. the interim report of the Company for the six months ended 30 June 2012;
- iv. the report from Tony C.M. Yau & Company in respect of the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix III to this circular;



- v. the report from DTZ Debenham Tie Leung Limited in respect of the property valuation report of Topsearch Shenzhen, the text of which is set out in Appendix IV to this circular;
- vi. the written consents referred to under the paragraph headed “Expert and consent” in this appendix;
- vii. the Property Assignment Agreement;
- viii. the Subscription Agreement;
- ix. the Supplemental Agreement;
- x. the Framework Agreement;
- xi. the Equity Transfer Agreement;
- xii. the JV Contract;
- xiii. the Letter of Guarantee;
- xiv. the Joint Liability Guarantee;
- xv. the Topsearch Letter of Undertaking;
- xvi. the Letter of Undertaking by Mr. Cheok; and
- xvii. this circular.

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## NOTICE OF SGM

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### TOPSEARCH INTERNATIONAL (HOLDINGS) LIMITED

### 至卓國際(控股)有限公司\*

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 2323)

### NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the special general meeting (the “SGM”) of Topsearch International (Holdings) Limited (the “Company”) will be held at 3406, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on Tuesday, 18 December 2012, at 10:00 a.m. to consider as special business, and, if thought fit, pass (with or without modifications) the following resolution as an ordinary resolution. Expressions that are not expressly defined in this notice of special general meeting shall bear the same meaning as that defined in the circular of the Company dated 29 November 2012 (the “Circular”).

#### ORDINARY RESOLUTION

**“THAT:**

- (a) the terms of the Framework Agreement entered into on 13 November 2012 between Topsearch Printed Circuits (HK) Limited (“**Topsearch HK**”), Shenzhen Fantasia Real Estate Group Limited (深圳市花樣年地產集團有限公司\*) and Shanghai Yuxing Investment Fund, LLP (上海譽星投資中心(有限合夥)) (a copy of the Framework Agreement is produced to the meeting marked “A” and signed by the chairman of the meeting for the purpose of identification) and the transactions and agreements contemplated under the Framework Agreement as more particularly described in the Circular and the performance by the Company or any of its subsidiaries thereunder be and are hereby confirmed, approved and ratified;
- (b) all acts done and things executed and all such documents or deeds entered into or executed for and on behalf of the Company or any of its subsidiaries in connection with or to give effect to the Framework Agreement be and are hereby confirmed, approved and ratified;
- (c) the signing of the Framework Agreement by Mr. Cheok Ho Fung, a director of Topsearch HK, for and on behalf of Topsearch HK be and is hereby confirmed, approved and ratified; and

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## NOTICE OF SGM

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- (d) any one director of the Company to sign, execute, perfect, deliver or to authorize signing, executing, perfecting and delivering all such documents and deeds, to do or authorize doing all such acts, matters and things as he/she may in his/her discretion consider necessary, expedient or desirable to give effect to and implement and/or complete all matters in connection with the transactions contemplated under the Framework Agreement, or to agree to immaterial amendments to the Framework Agreement or to waive compliance of the immaterial terms of the Framework Agreement, as he/she may in his/her absolute discretion consider to be desirable and in the interests of the Company be and is hereby approved.”

By Order of the Board  
**Topsearch International (Holdings) Limited**  
**Cheok Ho Fung**  
*Chairman and Chief Executive Officer*

Hong Kong, 29 November 2012

*Principal Place of Business in Hong Kong:*

3406, China Merchants Tower  
Shun Tak Centre  
168-200 Connaught Road Central  
Hong Kong

*Notes:*

1. Any member of the Company entitled to attend and vote at the special general meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him/her/it to attend and vote on his/her/its behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. Where there are joint holders of any share of the Company, any one of such holders may vote at the meeting, either personally or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders be present at the meeting personally or by proxy, then the one of such holders whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. To be effective, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

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## NOTICE OF SGM

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4. The register of members of the Company will be closed from 14 December 2012 to 18 December 2012, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the above meeting, unregistered holders of shares of the Company should ensure that all transfers of shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 13 December 2012.
5. As at the date of this notice, the Board comprises Mr. Cheok Ho Fung being executive director, Mr. Tang Yok Lam, Andy and Mr. Ng Kwok Ying, Alvin being non-executive directors, and Mr. Leung Shu Kin, Alfred, Mr. Wong Wing Kee and Mr. Ng Kee Sin as independent non-executive directors.

\* *for identification purposes only*