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

(Incorporated in Bermuda with limited liability)

(Stock Code: 2323)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

The board of directors ("Board" or "Directors") of Topsearch International (Holdings) Limited ("Company") is pleased to announce the audited consolidated results and financial positions of the Company and its subsidiaries ("Group") for the year ended 31 December 2012 together with comparative figures of 2011 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year ended 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
REVENUE	4	**817,004**	1,135,320
Cost of sales		**(804,778)**	(1,133,034)
Gross profit		**12,226**	2,286
Other income	5	**12,209**	13,365
Other gains and losses	6	**263,065**	(238,713)
Selling and distribution costs		**(64,105)**	(84,037)
Administrative expenses		**(94,122)**	(83,044)
Finance costs	7	**(31,063)**	(31,876)
Profit(loss) before tax	8	**98,210**	(422,019)
Income tax expense	9	**(4,557)**	(17,608)
Profit(loss) for the year		**93,653**	(439,627)
Other comprehensive income			
Exchange difference arising on translation of foreign operations		**10,198**	47,334
Release of translation reserve included in profit or loss upon disposal of a subsidiary		**(100,713)**	—
Total comprehensive income(expense) for the year		**3,138**	(392,293)
Profit(loss) attributable to:			
Owners of the Company		**96,341**	(438,996)
Non-controlling interests		**(2,688)**	(631)
		93,653	(439,627)
Total comprehensive income(expense) attributable to:			
Owners of the Company		**5,757**	(391,662)
Non-controlling interests		**(2,619)**	(631)
		3,138	(392,293)
Earnings(loss) per share			
Basic	11	**10.21 HK cents**	(48.42 HK cents)

* *for identification purpose only*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**588,764**	856,604
Prepaid lease payments		**23,339**	40,144
Investments in associates		**115,917**	4,396
Rental and utility deposits		**815**	107
Prepaid rent		—	324
Available-for-sale financial assets		**1,857**	1,857
Deposits paid for acquisition of property, plant and equipment		**3,861**	6,591
		734,553	910,023
CURRENT ASSETS			
Inventories		**118,926**	175,621
Prepaid lease payments		**538**	988
Trade receivables	*12*	**143,557**	157,769
Prepayments, deposits and other receivables		**357,968**	76,275
Amounts due from associates		**410**	—
Amounts due from non-controlling shareholders		—	4,000
Pledged bank deposits		**15,000**	—
Bank balances and cash		**63,934**	107,456
		700,333	522,109
CURRENT LIABILITIES			
Trade payables	*13*	**178,717**	173,693
Other payables and accruals		**135,916**	126,386
Provision		—	19,162
Amount due to an associate		**4,396**	4,396
Tax payable		**2,409**	2,469
Interest-bearing bank loans		**385,174**	438,312
		706,612	764,418
NET CURRENT LIABILITIES		**(6,279)**	(242,309)
		728,274	667,714

	Notes	**2012** ***HK$'000***	2011 *HK$'000*
CAPITAL AND RESERVES			
Share capital		**100,000**	90,660
Reserves		**522,709**	516,738
Equity attributable to owners of the Company		**622,709**	607,398
Non-controlling interests		**750**	3,369
Total Equity		**623,459**	610,767
NON-CURRENT LIABILITIES			
Shareholder's loans		**104,815**	52,149
Deferred tax liabilities		**—**	4,798
		104,815	56,947
		728,274	667,714

Notes:

1. GENERAL

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

2. BASIS OF PRESENTATION

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the Group's net current liabilities position of HK$6,279,000 as at 31 December 2012.

Taking into account the following, the directors of the Company are of the view that the Group will be able to meet its financial obligations when they fall due in the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

(a) Consideration receivable of HK$305,017,000 as at 31 December 2012 was subsequently settled on 4 March 2013, and the Group partially repaid the outstanding bank loans of HK$225,000,000 as at 31 December 2012.

(b) The Group is in the process of renewing the existing term loans facility of RMB180,000,000 (approximately HK$225,000,000) with China Construction Bank, Shaoguan Branch, which is targeted to be completed by end of May 2013 for the purpose of re-financing part of the existing loans which was paid in March 2013.

(c) The controlling shareholder of the Company has provided shareholder's loans of HK$104,815,000 to the Company on 31 December 2012 which will be repayable in 2014. The controlling shareholder has agreed in writing to continue to provide financial support for financing the working capital of the Group when needed in the foreseeable future.

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

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

Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets
Amendments to HKFRS 7	Financial Instruments: Disclosures — Transfers of Financial Assets

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 — 2011 Cycle[1]
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
HK(IFRlC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

1 Effective for annual periods beginning on or after 1 January 2013.
2 Effective for annual periods beginning on or after 1 January 2014.
3 Effective for annual periods beginning on or after 1 January 2015.
4 Effective for annual periods beginning on or after 1 July 2012.

HKFRS 9 Financial Instruments

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

Key requirements of HKFRS 9 are described as follows:

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

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

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

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

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

Key requirements of these five standards are described below.

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

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK(SIC)-Int 13 *Jointly Controlled Entities — Non-monetary Contributions by Venturers* will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

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

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these standards are applied at the same time.

These standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of these standards is not expected to have significant impact on amounts reported in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

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

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The directors anticipate that the application of the new standard may affect certain amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 Presentation of Items of Other Comprehensive Income introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income' and an 'income statement' is renamed as a 'statement of profit or loss'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

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

4. SEGMENT INFORMATION

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

(a) Geographical information

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

	2012	2011
	HK$'000	*HK$'000*
The People's Republic of China ("PRC")	**149,526**	244,095
Singapore	**231,624**	207,375
Hong Kong	**68,437**	100,857
Thailand	**103,109**	174,438
Malaysia	**132,830**	152,554
Korea	**—**	59,276
Germany	**40,932**	57,562
United States of America	**29,817**	39,586
Taiwan	**27,401**	57,079
Others	**33,328**	42,498
	817,004	1,135,320

Notes:

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

(ii) Non-current assets other than available-for-sale financial assets amounting to HK$718,458,000 and HK$14,238,000 (2011: HK$888,233,000 and HK$19,933,000) are located in the entities' country of domicile, the PRC and Hong Kong respectively.

(b) Information about major customers

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

	2012	2011
	HK$'000	*HK$'000*
Customer A	**196,833**	169,263
Customer B	**108,899**	111,666
Customer C	**95,865**	149,050

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

5. OTHER INCOME

	2012	2011
	HK$'000	*HK$'000*
Interest income	**432**	555
Government grants *(Note)*	**5,484**	5,309
Tooling income	**3,075**	5,965
Insurance claims	**1,143**	—
Others	**2,075**	1,536
	12,209	13,365

Note: The government grants mainly represent reimbursement of export credit insurance paid under a concession policy in Guangdong province, PRC.

6. OTHER GAINS AND LOSSES

	2012	2011
	HK$'000	*HK$'000*
Write off of other receivables	**(8,804)**	—
Reversal of over-accruals	**5,799**	—
Net exchange (loss) gain	**(1,005)**	5,383
Allowance for doubtful debts	**(3,060)**	(2,371)
Gain on disposal of a subsidiary	**271,299**	—
Loss on restructuring of a manufacturing facility *(Note)*:		
— Impairment loss of property, plant and equipment	**—**	(124,487)
— Loss on write off/disposal of property, plant and equipment	**(1,164)**	(82,360)
— Impairment loss on consumables	**—**	(13,500)
— Employee severance payment expenses	**—**	(21,378)
	263,065	(238,713)

Notes:

As at 31 December 2011, the directors reviewed the business strategy and the carrying amounts of the Group's manufacturing assets, and determined that a number of those assets were impaired due to the plan for closure of a production facility and relocate to existing factories of the Group in other inner areas in PRC for cost saving. Accordingly, the management had prepared an assessment of impairment of the manufacturing assets. The recoverable amount of the property, plant and equipment was mainly determined on the basis of their fair values less costs to sell evaluated by Equipnet Asia Pacific Ltd., an independent valuer. The evaluation included consideration of transactions involving sales of similar assets, as well as their availability on second hand market taking into account of the overall condition, quality of the assets and adjustments for age, condition, economic or functional obsolescence existing at the end of the reporting period. In addition, certain items of immovable property, plant and machinery were identified as obsolete and loss from write off/disposal of the property, plant and equipment of HK$82,360,000 has been recognised in the prior year.

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

The existing production was substantially ceased in December 2011.

As at 31 December 2012, the relocation of the production line has been completed and the employee severance payment expenses were fully settled during the year.

7. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings wholly repayable within five years	**24,535**	28,850
Shareholder's loan	**6,528**	3,026
	31,063	31,876

8. PROFIT (LOSS) BEFORE TAX

	2012	2011
	HK$'000	*HK$'000*
Profit (loss) before tax has been arrived at after charging:		
Staff costs (including directors' remuneration)		
Wages and salaries	**199,722**	209,725
Severance payment (included in loss on restructuring of a manufacturing facility in *(Note 6)*)	**—**	21,378
Other staff costs	**3,882**	925
Retirement benefit scheme contributions	**13,079**	14,594
	216,683	246,622
Auditor's remuneration	**1,956**	1,845
Allowance for obsolete inventories		
— included in cost of sales	**6,884**	4,016
— included in restructuring of a manufacturing facility *(Note 6)*	**—**	13,500
Cost of inventories recognised as an expense	**804,778**	1,133,034
Depreciation of property, plant and equipment	**70,487**	136,937
Minimum lease payments under operating leases on land and buildings	**5,558**	7,393
Release of prepaid lease payments	**1,188**	967

9. INCOME TAX EXPENSE

	2012	2011
	HK$'000	*HK$'000*
The income tax expense comprises:		
PRC Enterprise Income Tax		
Current year	**4,216**	4,625
Under-provision in prior years	**341**	7,767
	4,557	12,392
Deferred taxation	**—**	5,216
	4,557	17,608

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

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

During the year ended 31 December 2011, the under-provision in respect of prior years mainly includes EIT imposed on transfer pricing arrangement of the Group from 2003 to 2010 by the relevant tax authority in PRC.

The current year taxation includes an income tax charge of approximately HK$969,000 (2011: Nil), which represents the PRC income tax charged on the gain of HK$271,299,000 which arose on disposal of 70% equity interest in Topsearch Printed Circuits (Shenzhen) Limited ("Topsearch Shenzhen") (see note 14 for details). According to the EIT Law effective from 1 January 2008 and its Implementation Regulation, the capital gain derived from equity rights transfer by a non-resident enterprise, representing the difference between the transfer price and the relevant registered capital, is subject to a tax rate of 10%.

10. DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 December 2012 (2011: Nil).

11. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share attributable to owners of the Company is based on the following data:

	2012 HK$'000	2011 HK$'000
Earnings (loss) for the purpose of basic earnings (loss) per share	**96,341**	(438,996)
Weighted average number of shares:		
Weighted average number of shares for the purpose of basic earnings (loss) per share	**943,858,000**	906,600,000

Diluted earnings (loss) per share is not presented as there were no potential ordinary shares in issue for both years and as at 31 December 2012 and 2011.

12. TRADE RECEIVABLES

	2012 HK$'000	2011 HK$'000
Trade receivables	**152,048**	164,843
Less: Allowance for doubtful debts	**(8,491)**	(7,074)
	143,557	157,769

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

	2012 HK$'000	2011 HK$'000
0 — 30 days	**48,043**	55,736
31 — 60 days	**71,136**	57,910
61 — 90 days	**22,578**	33,074
Over 90 days	**1,800**	11,049
	143,557	157,769

13. TRADE PAYABLES

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

	2012 *HK$'000*	2011 *HK$'000*
0 — 30 days	**43,498**	47,196
31 — 60 days	**49,707**	57,810
61 — 90 days	**23,315**	29,045
Over 90 days	**62,197**	39,642
	178,717	173,693

14. DISPOSAL OF A SUBSIDIARY

On 13 November 2012, one of the Group's wholly owned subsidiary, Topsearch Printed Circuits (HK) Limited ("Topsearch HK"), had entered into a framework agreement and agreed to sell and transfer 61% and 9% of the equity shares of its wholly owned subsidiary, Topsearch Shenzhen to individual third parties, Shenzhen Fantasia Real Estate Group Limited ("Shenzhen Fantasia") and Shanghai Yuxing Investment Fund, LLP ("Shanghai Yuxing") respectively for an aggregate consideration of RMB244,910,000 (approximately HK$306,137,000) ("Transfer").

Immediately after the Transfer, the Group's remaining shareholdings in Topsearch Shenzhen is 30%. As a result, the Group is no longer in a position to exercise control but significant influence over Topsearch Shenzhen. The fair value of the Group's retained interest in Topsearch Shenzhen of approximately HK$111,521,000 as at 31 December 2012 has been regarded as cost of investment in an associate from the date on which the Group ceased to have control, and incorporated in the consolidated financial statements using the equity method of accounting. The fair value has been arrived at on the basis of a valuation carried out on that date by Asset Appraisal Limited, an independent qualified professional valuer not connected with the Group. The valuation was arrived on the basis of asset-based approach.

The net assets of Topsearch Shenzhen at the date when the control was lost were as follow:

	31 December 2012 HK$'000
Property, plant and equipment	**202,846**
Prepaid lease payments	**43,069**
Prepaid rent	**96**
Prepayments, deposits and other receivables	**232**
Bank balances and cash	**403**
Other payables and accruals	**(503)**
Deferred tax liabilities	**(4,858)**
Net assets disposed of	**241,285**
Gain on disposal of a subsidiary:	
Consideration	306,137
Fair value of interest retained in Topsearch Shenzhen	111,521
Net assets disposed of	(241,285)
Cumulative exchange differences in respect of the net assets of Topsearch Shenzhen reclassified from equity to profit loss	100,713
Cost incurred in connection with the disposal paid	(5,636)
Cost incurred in connection with the disposal paid on behalf by the buyer	(151)
Gain on disposal of a subsidiary before taxation *(note 6)*	271,299
Less: taxation	(969)
Gain on disposal of a subsidiary after taxation	270,330
Net cash outflow arising:	
Bank balances and cash disposed of	403
Cost incurred in connection with the disposal paid	5,636
	6,039

The disposal of the subsidiary contributed a gain of HK$271,299,000 to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

The reduction in world-wide demand for personal computers led to reduction in the demand for their ancillary parts and equipment including Hard Disk Drives, which has been the Group's major products supplied to our customers, leading to a substantial reduction of our revenue for the year ended 31 December 2012. Therefore, the Group had just been able to achieve sales turnover of about HK$817 million for the year ended 31 December 2012, representing a decrease of approximately 28% as compared to the same of last year. Operating profit before interest and tax was approximately HK$129 million after taking into account of the special gain attributable to the disposal of 70% equity interest in Topsearch Printed Circuits (Shenzhen) Ltd ("Topsearch Shenzhen"), a subsidiary of the Company, during the year of 2012, as compared to operating loss before interest and tax of approximately HK$390 million in 2011. Profit attributable to shareholders amounted to approximately HK$94 million, as compared to loss of approximately HK$440 million in 2011. Basic earnings per share was 10.21 Hong Kong cents, as compared to a loss per share of 48.42 Hong Kong cents in 2011.

Business Review

The Group is principally engaged in the manufacture and sale of a broad range of printed circuit boards ("PCB") during the year of 2012.

The Group's sales turnover has been further decreased by approximately 28% from about HK$1,135 million in 2011 to about HK$817 million in 2012. However, the gross profit has been increased from about HK$2.3 million in 2011 to about HK$12.2 million in 2012 with the gross profit margin increased from approximately 0.2% in 2011 to approximately 1.5% in 2012.

Reference is made to the announcement of the Company dated 16 November 2012 and the circular dated 29 November 2012 (for details, terms and expressions unless otherwise stated herein, please refer to the aforesaid announcement and circular) announcing that on 13 November 2012, Topsearch Printed Circuits (HK) Limited ("Topsearch HK"), a wholly-owned subsidiary of the Company entered into the Framework Agreement with Shenzhen Fantasia and Shanghai Yuxing ("Transferees"), pursuant to which Topsearch HK had conditionally agreed to sell and transfer an aggregate of 70% equity interest in Topsearch Shenzhen to the Transferees for a consideration of RMB244,910,000 (approximately HK$301,239,000). In the meantime, Topsearch HK and the Transferees entered into (i) an equity transfer agreement to implement the Disposal ("Equity Transfer Agreement") and (ii) a joint venture contract regarding the governance of Topsearch Shenzhen after Completion ("JV Contract"). After Completion, the Group will continue to hold a 30% interest in Topsearch Shenzhen, which will be accounted for as an associate. Subsequently, on 18 December 2012, a special general meeting ("SGM") of the Company had been held where an ordinary resolution which had been proposed and contained in the SGM notice had been unanimously passed by the Company's shareholders who attended the SGM to confirm, approve and ratify the terms of the Framework Agreement and the transactions and agreements contemplated therein, and all acts done and things executed in relation thereto.

The abovesaid relevant transfer of equity interest in Topsearch Shenzhen had been duly approved by the governing authorities in Shenzhen before the end of year 2012 whilst the cash consideration in relation thereto has been fully received by the Group in March 2013.

In addition, reference is also made to the announcements dated 13, 16 and 17 July 2012 and 8 August 2012 (for details, terms and expressions unless otherwise stated herein, please refer to the aforesaid announcements) concerning the placement of new shares of the Company. On 12 July 2012 (after trading hours) and 17 July 2012, the Company entered into the Subscription Agreement and Supplemental Agreement with Subscribers A and B respectively, pursuant to which the Company as the Issuer had conditionally agreed to allot and issue and the Subscribers had conditionally agreed to subscribe for an aggregate of 93,400,000 Subscription Shares, for which each of Subscriber A and Subscriber B had conditionally agreed to subscribe for 48,400,000 and 45,000,000 Subscription Shares respectively, at the revised Subscription Price of HK$0.1023 per Subscription Share. All the conditions of the Subscription had been fulfilled and Completion took place on 8 August 2012 in accordance with the terms and conditions of the Subscription Agreement and the Supplemental Agreement.

An aggregate of 93,400,000 Subscription Shares had been successfully allotted and issued by the Company to the Subscribers at the Subscription Price of HK$0.1023 per Subscription Share under the General Mandate. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) each of the Subscribers and their ultimate owners are Independent Third Parties; and (ii) Subscriber A and Subscriber B are independent of and not connected with each other. Meanwhile, none of the Subscribers and their respective associates should become a substantial Shareholder (as defined in the Listing Rules) after Completion.

Furthermore, reference is also made to the announcements of the Company dated 31 December 2010, 4 January 2012 and 23 August 2012 respectively (for details, terms and expressions unless otherwise stated herein, please refer to the aforesaid announcements). On 21 March 2012, the Supervisor (Tongliao Economic Technology Development Regional Management Committee) issued a letter of commitment to the Vendor (Topsearch Printed Circuits (Tongliao) Limited), pursuant to which the Supervisor had committed to provide RMB31 million to the Purchaser (Tongliao Xutong Solar Technology Company Limited) for the settlement of the Remaining Balance in three installments before the end of year 2012. Subsequently, on 26 April 2012, the Vendor entered into the Chinese Supplement Agreement with both the Purchaser and the Supervisor. Though a further sum of RMB10 million had been received from the Supervisor after the signing of the afore-mentioned Chinese Supplement Agreement, the Remaining Balance amounting to RMB21 million had not yet been settled by the Purchaser as per what the Supervisor had committed and was still outstanding as at 31 December 2012.

During the first quarter of the year 2013 and prior to the publication of this announcement, the management of the Company had approached both the Supervisor and the Purchaser again and tried to obtain a fairly firm payment schedule in respect of such Remaining Balance from the parties concerned. Though there was no new commitment agreed by the relevant parties during the aforesaid period on the relevant timeline for the ultimate settlement of such Remaining Balance to be made by this current year of 2013, the Company had not received any indication from either party that the original Property Assignment Agreement signed on 31 December 2010 should be terminated or revoked. In the meantime, the Company does not have the intention of terminating the abovesaid transaction and forfeiting the deposit of RMB5 million as provided under the Property Assignment Agreement should the Purchaser fail to pay the Remaining Balance according to the stipulated time frame. The Company's bargain dialogue with both the Supervisor and the Purchaser will be continued in the next few months and the management of the Company still has confidence that the completion of this property disposal in respect of the abovesaid transaction can be accomplished eventually though a fixed deadline is still not available. Further announcement will be made for any results of the said negotiation with both the Supervisor and the Purchaser or further progress on the transaction.

To improve the Group's financial position progressively, the Group has been implementing various sales strategies to increase the sales turnover and profit margins of its products. The Group shall continue to enhance its marketing efforts to expand its market coverage and will further improve its product mix and plan to develop new products so as to widen its market coverage. The relocation of the production facilities and headcount from the Shenzhen plant to Shaoguan plant of the Group is expected to be wholly completed by the second quarter of year 2013. The Group has been taking various cost control measures to tighten the costs of operations and various general and administrative expenditure.

The Group had repaid a total of RMB180 million to China Construction Bank Shaoguan Branch ("CCB-SG") in March 2013 following the receipt of cash consideration attributable to the disposal of 70% equity interest in Topsearch Shenzhen. CCB-SG has committed to provide the same facility amount of totally RMB300 million to the Group's Shaoguan subsidiary providing that the Group should have adequate security charges in place for securing both the existing facility and the new facility (which will become effective in the next 12 months starting from June 2013).

Same as previous years, a controlling shareholder of the Company has continued to maintain a total advance of approximately HK$105 million to the Group and would promise to continue providing additional financial support throughout the whole year of 2013 for financing the working capital of the Group when needed.

Prospects

The disposal of 70% interest in our Shekou, Shenzhen facility at the end of last year has a two-folded benefit, one in the substantial improvement in our working capital thus allowing us to repay a large portion of our borrowings with the bank and two, in further allowing us to eliminate all the expenses to maintain a dormant factory since almost all of our production has moved to our Shaoguan facility.

Although the shift of production from Shekou to Shaoguan has resulted in loss of business as certain customers need to re-qualify our Shaoguan plant, such process has completed in the last 12 months and we are ready to gradually regain some of our lost business in the fore-seeable future.

The improvement of our financial ratios in our Balance Sheet would also allow our customers to further solidify their confidence in our overall capability to service them and therefore it is reasonable to forecast we would be on the AVL (Approved Vendor List) of more customers, whom we have been working very hard to pass their audit in the last 2 years.

Lastly, our remaining 30% interest in the Shekou, Shenzhen land and property will also allow us to continuously benefit from the cashflow when the site is to be further developed for applications other than manufacturing, in the coming two to three years.

Financial Review

During the year under review, the Group's turnover decreased by 28%. Overall, the gross margin increased from 0.2% in 2011 to 1.5% in 2012.

Liquidity and Financial Resources

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

As at 31 December 2012, the Group had total equity of HK$623 million (31 December 2011: HK$611 million) and net debt (trade payables, other payables and accruals, interest-bearing bank loans, amount due to an associate, provision, shareholder's loan less cash and cash equivalents) of HK$745 million (31 December 2011: HK$707 million), representing a gearing ratio, defined as net debt over total equity plus net debt, of 54% (31 December 2011: 54%).

The Group's net current liabilities of HK$6 million (31 December 2011: HK$242 million) consisted of current assets of HK$700 million (31 December 2011: HK$522 million) and current liabilities of HK$707 million (31 December 2011: HK$764 million), representing a current ratio of 0.99 (31 December 2011: 0.68).

As at 31 December 2012, the Group's current assets consisted of HK$64 million (31 December 2011: HK$107 million) held as cash and cash equivalents, of which 6% was in Hong Kong dollars ("HKD"), 53% was in US Dollars ("USD"), 38% was in Renminbi ("RMB") and 3% in other currencies.

The Group's current assets also consisted of HK$144 million (31 December 2011: HK$158 million) as trade receivables from its customers. Debtors turnover days increased to 67 days (31 December 2011: 63 days).

As at 31 December 2012, the Group's inventories decreased to HK$119 million (31 December 2011: HK$176 million). Inventory turnover days was 67 days (31 December 2011: 59 days). Trade payables increased to HK$179 million from HK$174 million in 2011. Creditors turnover days was approximately 80 days (31 December 2011: 64 days).

Interest-bearing Borrowings

As at 31 December 2012, the Group had the interest-bearing borrowings as follows:

	31 December 2012 *HK$'000*	31 December 2011 *HK$'000*
Amounts payable:		
Within one year	**385,174**	438,312
In the second year	**104,815**	52,149
	489,989	490,461
Less: Portion classified as current liabilities	**385,174**	438,312
Long term portion	**104,815**	52,149

Of the total interest-bearing borrowings, HKD denominated loans accounted for 19% (31 December 2011: 10%), USD denominated loans accounted for 34% (31 December 2011: 39%) and the 47% balance was RMB denominated loans (31 December 2011: 51%) as at 31 December 2012. All bank loans are charged with floating rates. The Board does not recognize a significant seasonality of borrowing requirements.

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

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

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

There are shareholder's loans advanced by Mr. Cheok Ho Fung, an Executive Director, Chairman of the Board, Chief Executive Officer and a controlling shareholder of the Company at the effective interest rate of 7% per annum (2011: 7%). This financial assistance provided by Mr. Cheok Ho Fung as a connected person (defined in the Listing Rules) is a connected transaction. However, it is exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to rule 14A.65(4) of the Listing Rules because this financial assistance provided by the abovesaid connected person is for the benefit of the Company on normal commercial terms (or better to the Company) where no security over the assets of the Company or its subsidiaries is granted in respect of the financial assistance.

Foreign Exchange Exposure

Sales of the Group's products are principally denominated in USD and the purchases of materials and payments of operational expenses are mainly denominated in USD, HKD and RMB. Approximately 47% and 80% of the Group's purchases and expenses, respectively, are denominated in RMB. As the Group imported a substantial portion of its major and important raw materials and machines from overseas which were non-RMB denominated, this would help to mitigate the overall effects arising from RMB appreciation.

As at 31 December 2012, the Group has not entered into any financial instrument for hedging purpose. Nevertheless, the Board will continue to monitor foreign exchange exposure in the future and will consider hedging such exposure to minimize exchange risk should the need arise.

Number and Remuneration of Employees

As at 31 December 2012, excluding the associate, the Group had approximately 2,984 employees (31 December 2011: 2,848). For the year ended 31 December 2012, total staff costs amounted to HK$217 million (31 December 2011: HK$247 million). Under the Group's remuneration policy, employees are rewarded in line with market rate and in compliance with statutory requirements of all jurisdictions where it operates. Employees are also granted discretionary bonus subject to the individual's performance and business results of the Group.

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants including any employees of the Group. As at 31 December 2012, no share options were outstanding under the scheme. The existing share option scheme, which life is 10 years from its date of adoption on 30 May 2002, had already expired on 30 May 2012. The Board considered that a new share option scheme may only be adopted in future at the time the Directors think favourable to the Company to do so.

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

Capital Commitments

As at 31 December 2012, the Group's capital commitments contracted but not provided for amounted to HK$3 million (31 December 2011: HK$8 million) and there is no capital commitment authorised but not contracted for (31 December 2011: Nil). All of these capital commitments were related to construction of factory buildings and acquisition of plant and machinery.

Other Commitments

As at 31 December 2012, the Group's capital contribution committed to the wholly-owned subsidiary established in the PRC amounted to HK$287 million (31 December 2011: Nil), which represents an investment in a subsidiary in Shaoguan, Guangdong Province of the PRC, to be paid up by December 2014.

Dividend

The Directors do not recommend the payment of any dividend for the year ended 31 December 2012 (2011: Nil).

Closure of Register of Members

The register of Members of the Company will be closed from 4 June 2013 (Tuesday) to 6 June 2013 (Thursday), both days inclusive. In order to qualify for the attendance of the forthcoming annual general meeting of the Company to be held on 6 June 2013 (Thursday), share transfer forms accompanied by relevant share certificates must be lodged with the Company's Branch Share Registrar and Transfer Office in Hong Kong, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 3 June 2013 (Monday).

Purchase, Sales or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year of 2012.

CORPORATE GOVERNANCE CODE ("CG CODE")

The Directors confirm that, for the financial year ended 31 December 2012, the Company has complied with the code provisions set out in the former CG Code during the period from 1 January to 31 March 2012 and the revised CG Code during the period from 1 April to 31 December 2012 contained in Appendix 14 of the Listing Rules save for the deviation mentioned below:

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

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

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

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

The Company has adopted its own code of conduct ("Own Code") regarding securities transactions by Directors on 7 April 2005 and was revised by the Directors on 10 September 2009 and 26 March 2013 on terms no less exacting than the required standard set out in the Model Code.

The Company, having made specific enquiries, confirms that members of the Board have complied with the Own Code throughout the year 2012. Members of the Company's senior management, who, due to their positions in the Company, are likely to be in possession of inside information, have also complied with the provisions of the Own Code.

AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") is composed of three Independent Non-executive Directors and two Non-executive Directors during the year of 2012 (whereas one of whom, Mr. Xiang Dong, resigned as member of Audit Committee following his resignation as Non-executive Director on 30 April 2012). The chairman of the Audit Committee is an Independent Non-executive Director who has the appropriate professional qualifications and experience in accounting or related financial management expertise as required by the Listing Rules. The Audit Committee discharges its responsibilities as follows and in accordance with its terms of reference being adopted by the Board:

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

2. reviewing and monitoring the reporting, accounting and financial policies and practices of the Company;

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

4. reviewing the fairness and reasonableness of connected transaction(s) or continuing connected transaction(s);

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

6. conducting annual review of the effectiveness of the Group's internal control and risk management systems as delegated by the Board and considering any findings of major investigation of internal control matters; and ensuring the management has discharged its duty to have an effective internal control system including the adequacy of resources, qualifications and experience of staff from the Group.

Following the enactment of the revised CG Code, the Audit Committee had revised its existing terms of reference and a revised terms of reference has been adopted by the Board on 27 March 2012 whereas the Audit Committee should further discharges its duties as follows:

1. to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters;

2. to act as the key representative body for overseeing the Company's relations with the external auditor; and

3. to recommend the establishment of a whistleblowing policy and system for employees which has been adopted by the Board on 27 March 2012 to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Company.

As at the date hereof, the members of the Audit Committee are Mr. Ng Kee Sin (Chairman) (Independent Non-executive Director), Mr. Ng Kwok Ying, Alvin (Non-executive Director), Mr. Leung Shu Kin, Alfred (Independent Non-executive Director) and Mr. Wong Wing Kee (Independent Non-executive Director). All members are Non-executive Directors and the majority of whom are Independent Non-executive Directors.

During the year ended 31 December 2012, three Audit Committee meetings were held (whereas two of which had been held with the attendance of the Company's external auditor in compliance with the revised CG Code and the Audit Committee's terms of reference) to review the financial results and reports for the year ended 31 December 2011 and for the six months ended 30 June 2012, the budget for the year of 2013, risk management and internal control processes, related party transactions, continuing connected transactions and discloseable transactions, roles and responsibilities as well as works performed by the teams under corporate governance function, and the re-election of the external auditor.

The Audit Committee has reviewed consolidated annual results and financial statements of the Group for the year ended 31 December 2012, including the accounting principles and practices adopted by the Group, in conjunction with Deloitte Touche Tohmatsu, the Group's external auditor, whose agreement to the aforesaid has been obtained.

THE BOARD OF DIRECTORS

As at the date of the publication of this final results announcement, the Board consists of six Directors (whereas Mr. Liu Wai On resigned as Executive Director and a member of Executive Committee and Mr. Xiang Dong resigned as Non-executive Director and a member of Audit committee both on 30 April 2012) with a variety and a balance of skills and experience in accounting, manufacturing, marketing, finance, investment and legal professions. The detailed composition of the Board of Directors is as follows:

Name of Directors	**Position**
Executive Directors	
Mr. Cheok Ho Fung	Chairman of the Board and Executive Committee and Chief Executive Officer
Mr. Liu Wai On	Member of Executive Committee (resigned on 30 April 2012)
Non-Executive Directors	
Mr. Tang Yok Lam, Andy	Member of Remuneration Committee and Nomination Committee
Mr. Ng Kwok Ying, Alvin	Member of Audit Committee
Mr. Xiang Dong	Member of Audit Committee (resigned on 30 April 2012)
Independent Non-Executive Directors	
Mr. Leung Shu Kin, Alfred	Chairman of Remuneration Committee, member of Audit Committee and Nomination Committee
Mr. Wong Wing Kee	Chairman of Nomination Committee and member of Audit Committee and Remuneration Committee
Mr. Ng Kee Sin	Chairman of Audit Committee

Publication of Annual Report on the website of the Stock Exchange

The 2012 annual report of the Company containing all the information required by the Listing Rules will be published on the respective websites of the Company (www.topsearch.com.hk) and of the Stock Exchange of Hong Kong Limited (www.hkex.com.hk) in due course.

Appreciation

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

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

Hong Kong, 26 March 2013

As at the date of this announcement, 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, Mr. Ng Kee Sin as independent non-executive directors.