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 2013

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 2013 together with comparative figures of 2012 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year ended 31 December 2013

	Notes	**2013** ***HK$'000***	2012 *HK$'000*
REVENUE	*4*	**720,372**	817,004
Cost of sales		**(621,357)**	(804,778)
Gross profit		**99,015**	12,226
Other income	*5*	**10,362**	12,209
Other gains and losses	*6*	**(37,712)**	263,065
Selling and distribution costs		**(65,998)**	(64,105)
Administrative expenses		**(76,420)**	(94,122)
Share of losses of associates		**(726)**	—
Finance costs	*7*	**(19,203)**	(31,063)
(Loss)/profit before income tax expense	*8*	**(90,682)**	98,210
Income tax expense	*10*	**(3,585)**	(4,557)
(Loss)/profit for the year		**(94,267)**	93,653
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**20,916**	10,198
Release of translation reserve included in profit or loss upon disposal of a subsidiary		**—**	(100,713)
Share of other comprehensive income of associates		**3,389**	—
Other comprehensive income for the year		**24,305**	(90,515)
Total comprehensive income for the year		**(69,962)**	3,138
(Loss)/profit for the year attributable to:			
Owners of the Company		**(90,381)**	96,341
Non-controlling interests		**(3,886)**	(2,688)
		(94,267)	93,653
Total comprehensive income attributable to:			
Owners of the Company		**(66,174)**	5,757
Non-controlling interests		**(3,788)**	(2,619)
		(69,962)	3,138
(Loss)/earnings per share			
Basic and diluted	*12*	**(HK9.04 cents)**	HK10.21 cents

* *for identification purpose only*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**549,204**	588,764
Payments for leasehold land held for own use under operating leases		**23,295**	23,339
Interests in associates		**118,580**	115,917
Rental and utility deposits		**752**	815
Available-for-sale financial assets		**1,857**	1,857
Deposits paid for acquisition of property, plant and equipment		**3,522**	3,861
Total non-current assets		**697,210**	734,553
CURRENT ASSETS			
Inventories		**92,172**	118,926
Payments for leasehold land held for own use under operating leases		**597**	538
Trade receivables	*13*	**126,033**	143,557
Prepayments, deposits and other receivables		**26,894**	357,968
Amounts due from associates		**24**	410
Pledged bank deposits		**—**	15,000
Bank balances and cash		**85,872**	63,934
Total current assets		**331,592**	700,333
CURRENT LIABILITIES			
Trade payables	*14*	**156,382**	178,717
Other payables and accruals		**107,811**	135,916
Amount due to an associate		**4,390**	4,396
Tax payable		**—**	2,409
Obligation under finance leases		**1,459**	—
Interest-bearing bank loans		**101,550**	385,174
Total current liabilities		**371,592**	706,612
NET CURRENT LIABILITIES		**(40,000)**	(6,279)
TOTAL ASSETS LESS CURRENT LIABILITIES		**657,210**	728,274

	2013	2012
	HK$'000	*HK$'000*
NON-CURRENT LIABILITIES		
Shareholder's loans	**101,757**	104,815
Obligation under finance leases	**1,956**	—
Deferred tax liabilities	**—**	—
Total non-current liabilities	**103,713**	104,815
TOTAL NET ASSETS	**553,497**	623,459
CAPITAL AND RESERVES		
Share capital	**100,000**	100,000
Reserves	**456,535**	522,709
Equity attributable to owners of the Company	**556,535**	622,709
Non-controlling interests	**(3,038)**	750
TOTAL EQUITY	**553,497**	623,459

Notes:

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The directors of the Company consider that the immediate holding company and its ultimate holding company is lnni International Inc., which is incorporated in Liberia. Its ultimate controlling party is Mr. Cheok Ho Fung, Peter, an executive director and chief executive of the Company.

The Company is an investment holding company. The principal activities of its principal subsidiaries are manufacturing of printed circuit boards.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKRFSs") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(b) Basis of measurement and going concern assumption

The financial statements have been prepared under the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values.

During the year, the Group incurred a loss for the year of approximately HK$94,267,000 for the year ended 31 December 2013. As at 31 December 2013, the Group recorded net current liabilities of approximately HK$40,000,000. As at 31 December 2013, the Company recorded net current liabilities and deficiency in shareholders' fund of approximately HK$1,168,000 and HK$101,925,000, respectively. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's and the Company's ability to continue as a going concern and therefore, the Group and the Company may not be able to realise the assets and discharge the liabilities in the normal course of business. In the opinion of the directors, the subsidiaries of the Company would declare dividends to the Company and other equity owners to improve the financial position of the Company.

Taking into account the following factors, the directors of the Company are of the view that the Group and the Company will be able to meet the financial obligations when they fall due in the foreseeable future:

(i) As at 31 December 2013, the undrawn committed banking facilities available to the Group amounted to RMB170,791,000 (equivalent to approximately HK$218,963,000) in respect of which all conditions precedent were met, out of which the banking facilities in the amount of RMB100,000,000 (equivalent to approximately HK$128,206,000) would be repayable after one year from the date of drawdown but not later than 23 September 2016;

(ii) The controlling shareholder of the Company has provided shareholder's loans of approximately HK$101,757,000 to the Company and the Group on 31 December 2013 which will be repayable in 2015. The controlling shareholder has agreed in writing to provide continuing financial support for financing the working capital of the Group when needed in the foreseeable future; and

(iii) The Group undertakes an extensive restructuring program to reduce operating costs which includes taking steps to reduce discretionary expenses and administrative costs.

Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Should the Group and the Company be unable to continue in business as a going concern, adjustments would have to be made in the financial statements to write down the values of the assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not yet been reflected in the financial statements.

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

(a) Adoption of new/revised HKFRSs — first effective on 1 January 2013

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKAS 19 (2011)	Employee Benefits
Amendments to HKFRS 1	Government loans

Except as explained below, the adoption of these new/revised amendments has no material impact on the Group's financial statements.

HKFRSs (Amendments) — Annual Improvements 2010-2012 Cycle

The Basis of Conclusions for HKFRS 13 Fair Value Measurement was amended to clarify that short-term receivables and payables with no stated interest rate can be measured at their invoice amounts without discounting, if the effect of discounting is immaterial. This is consistent with the Group's existing accounting policy.

Amendments to HKAS 1 (Revised) — Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future and those that may not. Tax on items of other comprehensive income is allocated and disclosed on the same basis.

The Group has adopted the amendments retrospectively for the financial year ended 31 December 2013. Items of other comprehensive income that may and may not be reclassified to profit and loss in the future have been presented separately in the consolidated statement of profit or loss and other comprehensive income. The comparative information has been restated to comply with the amendments. As the amendments affect presentation only, there are no effects on the Group's financial position or performance.

HKFRS 10 — Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them.

The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The accounting requirements in HKAS 27 (2008) on other consolidation related matters are carried forward unchanged. The Group has changed its accounting policy in determining whether it has control of an investee and therefore is required to consolidate that interest.

The adoption of HKFRS 10 does not have any material impact on the Group's financial position or performance.

HKFRS 12 — Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

As the new standard affects only disclosure, there is no effect on the Group's financial position and performance.

HKFRS 13 — Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 is applied prospectively.

HKFRS 13 did not materially affect any fair value measurements of the Group's assets and liabilities and therefore has no effect on the Group's financial position and performance.

(b) New/revised HKFRSs that have been issued and have been early adopted

Amendments to HKAS 36 — Recoverable Amount Disclosures

The amendments limit the requirements to disclose the recoverable amount of an asset or cash generating unit ("CGU") to those periods in which an impairment loss has been recognised or reversed, and expand the disclosures where the recoverable amount of impaired assets or CGUs has been determined based on fair value less costs of disposal. The amendments are effective for annual periods commencing on or after 1 January 2014. The Group has early adopted the amendments to HKAS 36 in the current period.

(c) New/revised HKFRSs that have been issued but are not yet effective and not early adopted

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
HKFRS 9	Financial Instruments
HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle[3]
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

Amendments to HKAS 32 — Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

HKFRS 9 — Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle

The amendments issued under the annual improvements process make small, non-urgent charges to a number of standards where they are currently unclear. Among them HKAS 16 Property, Plant and Equipment has been amended to clarify how the gross carrying amount and accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to revalued amount. The accumulated depreciation may be eliminated against the gross carrying amount of the asset. Alternatively, the gross carrying amount may be adjusted in a manner consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The Group is in the process of making an assessment of the potential impact of these pronouncements. The directors of the Company so far concluded that the adoption of these pronouncements will have no material impact on the Group's financial statements.

4. SEGMENT INFORMATION

(a) Reportable segments

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 results of the Group as a whole for the purposes of resource allocation and assessment of performance. The Group considered that there is only one reportable operating segment with the segment revenue, segment results, segment assets and segment liabilities the same as the revenue, (loss)/profit for the year, total assets and total liabilities respectively as reported in the consolidated financial statements.

(b) Geographical information

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial instruments ("Specified non-current assets").

	Revenue from external customers *(Note)*		**Specified non-current assets**	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**54,328**	68,437	**13,427**	14,238
The PRC	**105,506**	149,526	**681,926**	718,458
Singapore	**217,817**	231,624	—	—
Thailand	**107,009**	103,109	—	—
Malaysia	**135,426**	132,830	—	—
Europe	**64,505**	66,437	—	—
United States of America	**18,213**	29,817	—	—
Taiwan	**10,404**	27,401	—	—
Others	**7,164**	7,823	—	—
Total	**666,044**	748,567	**681,926**	718,458
	720,372	817,004	**695,353**	732,696

Note: Revenues are attributed to countries on the basis of the customer's location.

(c) Information about major customers

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

	2013	2012
	HK$'000	*HK$'000*
Customer A	**143,523**	196,833
Customer B	—	108,899
Customer C	—	95,865
Customer D	**119,104**	—

5. OTHER INCOME

	2013	2012
	HK$'000	*HK$'000*
Interest income	**435**	432
Government grants *(Note)*	**3,955**	5,484
Tooling income	**3,751**	3,075
Insurance claims	**162**	1,143
Others	**2,059**	2,075
	10,362	12,209

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

6. OTHER GAINS AND LOSSES

	2013	2012
	HK$'000	*HK$'000*
Write-off of other receivables	**(2,143)**	(8,804)
Write-back of other payables and accruals	**8,853**	5,799
Net exchange losses	**(11,209)**	(1,005)
Reversal of impairment loss/(impairment loss) on trade receivables	**1,251**	(3,060)
Gain on disposal of a subsidiary	**—**	271,299
Gain/(loss) on write-off/disposal of property, plant and equipment	**536**	(1,164)
Loss on revaluation of property, plant and equipment	**(35,000)**	—
	(37,712)	263,065

7. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings wholly repayable within five years	**11,984**	24,535
Shareholder's loans	**7,135**	6,528
Obligation under finance leases	**84**	—
	19,203	31,063

8. (LOSS)/PROFIT BEFORE INCOME TAX EXPENSE

(Loss)/profit before income tax expense is arrived at after charging/(crediting):

	2013	2012
	HK$'000	*HK$'000*
Auditor's remuneration	**1,511**	1,956
Cost of inventories recognised as expenses	**621,357**	804,778
(Reversal of write-down)/write-down of inventories *(Note)*	**(3,472)**	6,884
Staff costs *(Note 9)*	**174,098**	216,683
Depreciation of property, plant and equipment	**35,286**	70,487
Release of payments for leasehold land held for own use under operating leases	**586**	1,188
Minimum lease payments under operating leases on land and buildings	**5,604**	5,558

Note: The reversal of write-down of inventories arises from an increase in net realisable value which was caused by the increase in actual scrap value.

9. STAFF COSTS

	2013	2012
	HK$'000	*HK$'000*
Staff costs (including directors' remuneration) comprise:		
Wages and salaries	**151,642**	199,722
Contributions to retirement benefits scheme	**16,183**	13,079
Other staff benefits	**6,273**	3,882
	174,098	216,683

10. INCOME TAX EXPENSE

The amount of income tax expense in the consolidated statement of comprehensive income represents:

	2013	2012
	HK$'000	*HK$'000*
Current tax — PRC Enterprise Income Tax		
— tax for the year	**3,291**	4,216
— under provision in respect of prior years	**294**	341
Income tax expense	**3,585**	4,557

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 Group's PRC subsidiaries is 25%.

The income tax expense for the year ended 31 December 2012 included an income tax charge of approximately HK$969,000, which represented 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") (as further detailed in Note 15). 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%.

11. DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 December 2013 (2012: HK$Nil).

12. (LOSS)/EARNINGS PER SHARE

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

	2013	2012
	HK$'000	*HK$'000*
(Loss)/earnings for the purpose of basic (loss)/earnings per share	**(90,381)**	96,341

	2013	2012
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**1,000,000,000**	943,858,000

Basic and diluted (loss)/earnings per share are equal as there were no potential dilutive ordinary shares in issue for both years and as at 31 December 2012 and 2013.

13. TRADE RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**132,903**	152,048
Less: Allowance for doubtful debts	**(6,870)**	(8,491)
	126,033	143,557

Customers are generally granted with credit terms of 30 to 120 days. The ageing analysis of trade receivables based on invoice date (net of allowance for doubtful debts) at the end of reporting period is as follows:

	2013	2012
	HK$'000	*HK$'000*
0 — 30 days	**47,852**	48,043
31 — 60 days	**53,158**	71,136
61 — 90 days	**21,439**	22,578
Over 90 days	**3,584**	1,800
	126,033	143,557

14. TRADE PAYABLES

The ageing analysis of trade payables based on invoice date at the end of reporting period is as follows:

	2013	2012
	HK$'000	*HK$'000*
0 — 30 days	**54,289**	43,498
31 — 60 days	**32,068**	49,707
61 — 90 days	**37,174**	23,315
Over 90 days	**32,851**	62,197
	156,382	178,717

15. DISPOSAL OF A SUBSIDIARY

On 31 December 2012, Topsearch Shenzhen ceased as a subsidiary of the Group upon the Transfer. Immediately after the Transfer, the Group's remaining shareholdings in Topsearch Shenzhen is 30%. As a result, the Group was 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 had 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
Payments for leasehold land held for own use under operating leases	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 or 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 approximately HK$271,299,000 to the Group during the year ended 31 December 2012.

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group audited consolidated financial statements for the year ended 31 December 2013.

"Emphasis of matter

Without qualifying our opinion, we draw attention to Note 3(b) to the consolidated financial statements which indicates that the Group incurred a loss for the year of approximately HK$94,267,000 for the year ended 31 December 2013. As at 31 December 2013, the Group recorded net current liabilities of approximately HK$40,000,000. As at 31 December 2013, the Company recorded net current liabilities and deficiency in shareholders' fund of approximately HK$1,168,000 and HK$101,925,000, respectively. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's and the Company's ability to continue as a going concern."

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

The trend in reducing world-wide demand for personal computers led to reduction in the demand for their ancillary parts and equipment including Hard Disk Drives, which had been the Group's major products supplied to our customers, leading to a substantial reduction of our revenue for the year ended 31 December 2013. Therefore, the Group had just been able to achieve sales turnover of about HK$720 million for the year ended 31 December 2013, representing a decrease of approximately 12% as compared to the same of last year. Operating loss before interest and tax was approximately HK$71 million during the year of 2013, as compared to operating profit before interest and tax of approximately HK$129 million in 2012. Loss attributable to shareholders amounted to approximately HK$94 million, as compared to profit attributable to shareholders of approximately HK$94 million in 2012. Basic loss per share was 9.04 Hong Kong cents, as compared to earnings per share of 10.21 Hong Kong cents in 2012.

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 2013.

The Group's sales turnover had been further decreased by approximately 12% from about HK$817 million in 2012 to about HK$720 million in 2013. However, the Group's gross profit had been increased from about HK$12.2 million in 2012 to about HK$99.0 million in 2013 with the gross profit margin increased from approximately 1.5% in 2012 to approximately 13.7% in 2013.

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 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 had been duly approved by the governing authorities in Shenzhen before the end of year 2012 whilst the cash consideration in relation thereto had been fully received by the Group in March 2013.

Furthermore, reference is also made to the announcements of the Company dated 31 December 2010, 4 January 2012, 23 August 2012 and 31 December 2013 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 2013.

During the first quarter of the year 2014 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 2014, 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 had been completed during the year of 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$102 million to the Group and would promise to continue providing additional financial support throughout the whole year of 2014 for financing the working capital of the Group when needed.

Prospects

Revenue of the Group for the second half of year 2013 had seen a slight decrease comparing with the first half, and this further substantiated that the continuous sluggishness in the PC market during the second half of the year had finally taken a toll in the Hard Disk Drives (HDD) market, which the Group has been heavily depending on for years.

Lately, there is a consensus that the HDD market will continue to stagnate for the next 24 months although aggregate revenue might not drop substantially, thanks to the growth of the Enterprise sector mitigating the shrink in the PC/Consumers sector. However, as the demand for units of PCBs in the Enterprise sector is expected to be much less than the PC/Consumers sector, this would definitely create an impact to the total demand of PCBs in our industry.

For the past 18 months or more, the Group was in a process of re-structuring our reliance on the HDD market to other markets such as Automotive, Domestic Appliances and Telecommunication etc. During the first quarter of 2014, we have seen a lot of orders deriving from various new customers in these sectors, and hopefully such will continue to solidify by the end of the second quarter. The Group is confident that our efforts will eventually pay off so that our performance will be more steady and improved.

Financial Review

During the year under review, the Group's turnover decreased by 12%. Overall, the Group's gross margin increased from 1.5% in 2012 to 13.7% in 2013.

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 2013, the Group had total equity of HK$553 million (31 December 2012: HK$623 million) and net debt (trade payables, other payables and accruals, interest-bearing bank loans, amount due to an associate, obligation under finance lease, shareholder's loan less cash and cash equivalents) of HK$389 million (31 December 2012: HK$745 million), representing a gearing ratio, defined as net debt over total equity plus net debt, of 41% (31 December 2012: 54%).

The Group's net current liabilities of HK$40 million (31 December 2012: HK$6 million) consisted of current assets of HK$332 million (31 December 2012: HK$700 million) and current liabilities of HK$372 million (31 December 2012: HK$707 million), representing a current ratio of 0.89 (31 December 2012: 0.99).

As at 31 December 2013, the Group's current assets consisted of HK$86 million (31 December 2012: HK$64 million) held as cash and cash equivalents, of which 3% was in Hong Kong dollars ("HKD"), 68% was in US Dollars ("USD"), 28% was in Renminbi ("RMB") and 1% in other currencies.

The Group's current assets also consisted of HK$126 million (31 December 2012: HK$144 million) as trade receivables from its customers. Debtors turnover days increased to 68 days (31 December 2012: 67 days).

As at 31 December 2013, the Group's inventories decreased to HK$92 million (31 December 2012: HK$119 million). Inventory turnover days was 62 days (31 December 2012: 67 days). Trade payables decreased to HK$156 million from HK$179 million in 2012. Creditors turnover days was approximately 98 days (31 December 2012: 80 days).

Interest-bearing Borrowings

As at 31 December 2013, the Group had the interest-bearing borrowings as follows:

	31 December 2013 *HK$'000*	31 December 2012 *HK$'000*
Amounts payable:		
Within one year	**103,009**	385,174
In the second year	**103,322**	104,815
In the third to fifth years, inclusive	**391**	—
	206,722	489,989
Less: Portion classified as current liabilities	**103,009**	385,174
Portion classified as non-current liabilities	**103,713**	104,815

Of the total interest-bearing borrowings, HKD denominated loans accounted for 46% (31 December 2012: 19%), USD denominated loans accounted for 32% (31 December 2012: 34%) and the 22% balance was RMB denominated loans as at 31 December 2013 (31 December 2012: 47%).

Bank loans of approximately HK$63,088,000 (31 December 2012: HK$160,174,000) carried floating interest rates and the effective interest rates ranged from 2.51% to 3.55% (31 December 2012: ranged from 1.66% to 4.07%) per annum. The remaining bank loans carried fixed interest rate at 6.0% (31 December 2012: 6.31%) per annum. The Board does not recognise a significant seasonality of borrowing requirements.

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

(i) certain buildings and payments for leasehold land held for own use under operating leases held by the Group; 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 (2012: 7%). This financial assistance provided by Mr. Cheok Ho Fung as a connected person (defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") ("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 82% 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 2013, 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 2013, excluding the associate, the Group had approximately 2,115 employees (31 December 2012: 2,984). For the year ended 31 December 2013, our total staff costs amounted to HK$174 million (31 December 2012: HK$217 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 previously operated a share option scheme for the purpose of providing incentives and rewards to eligible participants including any employees of the Group. However, as at 31 December 2013, no share options were outstanding under the scheme because the share option scheme, which life was 10 years from its date of adoption on 30 May 2002, had already been 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 2013, the Group's capital commitments contracted but not provided for amounted to HK$6 million (31 December 2012: HK$3 million) and there was no capital commitment authorised but not contracted for (31 December 2012: 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 2013, the Group's capital contribution committed to the wholly-owned subsidiary established in the PRC amounted to HK$9 million (31 December 2012: HK$287 million), which represented an investment in a subsidiary in Shaoguan, Guangdong Province of the PRC, and to be paid up by December 2014.

Dividend

The Directors do not recommend the payment of any dividend for the year ended 31 December 2013 (2012: HK$Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of Members of the Company will be closed from 4 June 2014 (Wednesday) to 6 June 2014 (Friday), 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 2014 (Friday), 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, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 3 June 2014 (Tuesday).

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 2013.

CORPORATE GOVERNANCE CODE ("CG CODE")

The Directors confirm that, for the financial year ended 31 December 2013, the Company has complied with the code provisions set out in the CG Code contained in Appendix 14 of the Listing Rules save for the deviation mentioned below:

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

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

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

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

The Company has adopted its own code of conduct ("Own Code") regarding securities transactions by Directors on 7 April 2005 and was revised by the Directors on 10 September 2009 and 26 March 2013 respectively 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 2013. 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 a Non-executive Director during the year of 2013. 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 existing 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) of the Company, if any;

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 its internal control matters; and ensuring the Group's 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;

7. 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;

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

9. 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 2013, four 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 CG Code and the Audit Committee's terms of reference) to review the financial results and reports for the year ended 31 December 2012 and for the six months ended 30 June 2013, the budget for the year of 2014, risk management and internal control processes, related party transactions, continuing connected transactions and discloseable transactions (if any), 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 2013, including the accounting principles and practices adopted by the Group.

THE BOARD OF DIRECTORS

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

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

Publication of Annual Report on the website of the Stock Exchange

The 2013 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 (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, 25 March 2014

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.