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

(Incorporated in Bermuda with limited liability)

(Stock Code: 2323)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

The board of directors (the "Board" or "Directors") of Topsearch International (Holdings) Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2014 (the "Period"), together with the comparative figures for the corresponding period in 2013.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2014	2013
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	3	**317,511**	364,786
Cost of sales		**(300,550)**	(315,164)
Gross profit		**16,961**	49,622
Other income	3	**2,880**	2,109
Other gains and losses	4	**10,247**	(5,204)
Selling and distribution costs		**(25,272)**	(40,639)
Administrative expenses		**(34,227)**	(32,228)
Finance costs	5	**(6,862)**	(10,285)
LOSS BEFORE INCOME TAX	6	**(36,273)**	(36,625)
Income tax	7	**(1,666)**	(294)
LOSS FOR THE PERIOD		**(37,939)**	(36,919)
Other comprehensive income for the period			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(21,299)**	10,344
Total comprehensive income for the period		**(59,238)**	(26,575)

* *for identification purpose only*

	Notes	Six months ended 30 June **2014** **(Unaudited)** ***HK$'000***	2013 (Unaudited) *HK$'000*
Loss for the period attributable to:			
Owners of the Company		**(36,174)**	(35,166)
Non-controlling interests		**(1,765)**	(1,753)
		(37,939)	(36,919)
Total comprehensive income for the period attributable to:			
Owners of the Company		**(57,412)**	(24,880)
Non-controlling interests		**(1,826)**	(1,695)
		(59,238)	(26,575)
Loss per share attributable to owners of the Company			
— Basic and diluted	*8*	**HK3.62 cents**	HK3.52 cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2014 (Unaudited) *HK$'000*	At 31 December 2013 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**531,285**	549,204
Payments for leasehold land held for own use under operating leases		**22,422**	23,295
Interests in associates		**118,580**	118,580
Rental and utility deposits		**840**	752
Available-for-sale financial assets		**1,857**	1,857
Deposits paid for acquisition of property, plant and equipment		**1,046**	3,522
Total non-current assets		**676,030**	697,210
CURRENT ASSETS			
Inventories		**90,534**	92,172
Payments for leasehold land held for own use under operating leases		**582**	597
Trade receivables	*11*	**121,368**	126,033
Prepayments, deposits and other receivables		**27,785**	26,894
Amounts due from associates		**24**	24
Bank balances and cash		**131,993**	85,872
Total current assets		**372,286**	331,592
CURRENT LIABILITIES			
Trade payables	*12*	**164,553**	156,382
Other payables and accruals		**104,808**	107,811
Amount due to an associate		**4,390**	4,390
Interest-bearing bank loans		**175,369**	101,550
Tax payable		**1,553**	—
Obligation under finance leases		**3,238**	1,459
Total current liabilities		**453,911**	371,592
Net current liabilities		**(81,625)**	(40,000)
Total assets less current liabilities		**594,405**	657,210

	Notes	At 30 June 2014 (Unaudited) *HK$'000*	At 31 December 2013 (Audited) *HK$'000*
NON-CURRENT LIABILITIES			
Shareholder's loans		**96,408**	101,757
Obligation under finance leases		**3,738**	1,956
Total non-current liabilities		**100,146**	103,713
Total net assets		**494,259**	553,497
CAPITAL AND RESERVES			
Share capital	*13*	**100,000**	100,000
Reserves		**399,123**	456,535
Equity attributable to owners of the Company		**499,123**	556,535
Non-controlling interests		**(4,864)**	(3,038)
Total equity		**494,259**	553,497

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

(a) Basis of preparation

The unaudited condensed consolidated financial statements for the six months ended 30 June 2014 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2013.

In preparing the unaudited condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group incurred a loss of HK$37,939,000 during the six months period ended 30 June 2014 and, as of that date, the Group's current liabilities exceeded its current assets by HK$81,625,000. In order to improve the Group's financial position, to provide liquidity and cash flows and to sustain the Group's operations as a going concern, the directors of the Company have taken the following measures:

(i) as at 30 June 2014, the undrawn committed banking facilities available to the Group amounted to RMB109,705,000 (equivalent to approximately HK$137,131,000) in respect of which all conditions precedent were met, out of which the banking facilities in the amount of RMB56,600,000 (equivalent to approximately HK$70,750,000) 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 HK$96,408,000 to the Company as at 30 June 2014, which will be repayable in July 2015. The controlling shareholder has undertaken to provide continuing financial support to the Group to meet its liabilities and commitments as and when they fall due in the next twelve months from the end of the reporting period. The undertaking from the controlling shareholder would render adequate fund and support to the Group for its operation and for its continuation as a going concern.

(b) Principal accounting policies, accounting estimates and judgements

The unaudited condensed consolidated financial statements for the six months ended 30 June 2014 have been prepared on the historical cost basis except for available-for-sale financial assets that are measured at fair value.

The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2014 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013 except as described in (c) below.

The preparation of the unaudited condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing the unaudited condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2013.

(c) Adoption of new amendments to Hong Kong Financial Reporting Standards (the "HKFRSs")

In the current interim period, the Group has applied, for the first time, the following new amendments to HKFRSs issued by the HKICPA which are relevant to and effective for the Group's condensed consolidated financial statements for the annual period beginning on 1 January 2014:

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities

The adoption of the above new amendments to HKFRSs has had no material impact on the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2014.

(d) New or revised HKFRSs that have been issued but are not yet effective and not early adopted by the Group

The following new or revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective for the financial year beginning on 1 January 2014 and have not been early adopted by the Group.

HKFRS 9	Financial Instruments[5]
HKFRS 15	Revenue from Contracts with Customers[4]
HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle[2]
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014
3 Effective for annual periods beginning on or after 1 January 2016
4 Effective for annual periods beginning on or after 1 January 2017
5 Effective for annual periods beginning on or after 1 January 2018

The Group is in the process of making an assessment of the potential impact of these pronouncements and 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.

2. Segment information

No segment information is presented as the manufacture and sale of printed circuit boards is the absolute majority in terms of active 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 meaningful active operating segment with the segment revenue, segment results, segment assets and segment liabilities the same as the revenue, loss for the period, total assets and total liabilities respectively as reported in the unaudited condensed consolidated financial statements.

(a) Geographical information

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

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Singapore	**102,233**	105,212
Malaysia	**49,371**	74,030
Thailand	**45,413**	58,194
The People's Republic of China (the "PRC")	**32,318**	54,370
Hong Kong	**23,818**	30,443
Europe	**36,462**	29,120
United States of America	**9,027**	5,915
Taiwan	**5,316**	4,408
Others	**13,553**	3,094
	317,511	364,786

Notes:

(i) Revenue are attributed to the relevant countries on the basis of the customers' locations.

(ii) Non-current assets other than available-for-sale financial assets amounting to HK$659,586,000 and HK$14,587,000 (31 December 2013: HK$681,926,000 and HK$13,427,000) are located in the PRC (entities' country of domicile) 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:

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Customer A	**98,787**	N/A*
Customer B	**38,114**	N/A*
Customer C	**N/A***	97,465
Customer D	**N/A***	47,964

* The corresponding revenue did not contribute over 10% of the total sales of the Group.

3. Revenue and other income

Revenue represents the amounts received and receivable for goods sold by the Group to external customers, less returns, rebate, discounts and sales related taxes, if any, during the Period.

An analysis of revenue and other income is as follows:

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue		
Sales of goods	**317,511**	364,786
Other income		
Tooling income	**1,016**	505
Sample income	**1,609**	972
Interest income	**253**	312
Others	**2**	320
	2,880	2,109

4. Other gains and losses

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Write-off of other receivables	**(25)**	—
Net exchange gains/(losses)	**10,476**	(5,200)
Impairment loss on trade receivables	**(324)**	—
Gain/(loss) on disposal of property, plant and equipment	**120**	(4)
	10,247	(5,204)

5. Finance costs

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings wholly repayable within five years	**3,218**	6,729
Shareholder's loans	**3,485**	3,556
Obligation under finance leases	**159**	—
	6,862	10,285

6. Loss before income tax

Loss before income tax has been arrived at after charging:

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of inventories recognised as an expense	**300,550**	315,164
Write-down of inventories	**347**	—
Depreciation of property, plant and equipment	**16,988**	18,129
Release of prepaid lease payments	**295**	291

7. Income tax

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
The income tax comprises:		
PRC Enterprise Income Tax		
Current period	**1,571**	—
Under-provision in prior years	**95**	294
Income tax	**1,666**	294

No provision for Hong Kong Profits Tax has been made in the unaudited condensed consolidated financial statements as the Group has not derived any assessable profits in Hong Kong for the six months ended 30 June 2014 and 2013. No Macau profits tax has been provided as the subsidiary of the Company in Macau is exempted from Macau Complementary Tax for the six months ended 30 June 2014 and 2013.

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% (six months ended 30 June 2013: 25%).

8. Loss per share

The calculation of the basic loss per share attributable to owners of the Company is based on the Group's loss for the period attributable to owners of the Company of HK$36,174,000 (six months ended 30 June 2013: loss of HK$35,166,000) and the weighted average number of ordinary shares in issue of 1,000,000,000 (six months ended 30 June 2013: 1,000,000,000) during the six months ended 30 June 2014.

Diluted loss per share is equal to basic loss per share for the six months ended 30 June 2014 and 2013 as there were no potential dilutive ordinary shares in issue in both periods.

9. Dividends

The directors of the Company do not recommend the payment of any interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: HK$Nil).

10. Property, plant and equipment

During the six months ended 30 June 2014, the Group acquired items of property, plant and equipment with a cost of approximately HK$13,576,000 (six months ended 30 June 2013: approximately HK$1,418,000). Items of property, plant and equipment with net carrying amount of approximately HK$30,000 (six months ended 30 June 2013: approximately HK$4,000) were disposed of during the six months ended 30 June 2014, resulting in a gain on disposal of approximately HK$120,000 (six months ended 30 June 2013: loss of approximately HK$4,000).

11. Trade receivables

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 (31 December 2013: 30 to 120 days). The Group closely monitors its outstanding trade receivables. Overdue balances are reviewed regularly by the Group's senior management. The following is an ageing analysis of trade receivables (net of allowance for doubtful debts) based on invoice date at the end of the reporting period:

	At 30 June 2014 (Unaudited) ***HK$'000***	At 31 December 2013 (Audited) *HK$'000*
0 — 30 days	**48,763**	47,852
31 — 60 days	**49,686**	53,158
61 — 90 days	**21,344**	21,439
Over 90 days	**1,575**	3,584
	121,368	126,033

12. Trade payables

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

	At 30 June 2014 (Unaudited) ***HK$'000***	At 31 December 2013 (Audited) *HK$'000*
0 — 30 days	**60,739**	54,289
31 — 60 days	**36,423**	32,068
61 — 90 days	**34,215**	37,174
Over 90 days	**33,176**	32,851
	164,553	156,382

The trade payables are non-interest bearing and are normally settled on terms of 60 to 120 days (31 December 2013: 60 to 120 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

13. Share capital

	At 30 June 2014 (Unaudited) *HK$'000*	At 31 December 2013 (Audited) *HK$'000*
Authorised:		
2,000,000,000 ordinary shares of HK$0.1 each	**200,000**	200,000
Issued and fully paid:		
1,000,000,000 ordinary shares of HK$0.1 each	**100,000**	100,000

BUSINESS REVIEW

The Group is principally engaged in the manufacture and sale of a broad range of printed circuit boards (the "PCB") during the six months ended 30 June 2014.

There had not been any material changes during the six months ended 30 June 2014 in respect of such matters being discussed in the paragraph under the section headed "Financial Performance" in the Chairman Statement contained in 2013 Annual Report of the Company.

In fact, the Group was still facing the difficulty in encountering the reduction in world-wide demand for personal computers which 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 comparatively low sales revenue for the six months ended 30 June 2014. Therefore, the Group had just been able to achieve sales turnover of about HK$318 million for the six months ended 30 June 2014, representing a decrease of approximately 13.0% as compared to the corresponding period of 2013. In the meantime, the Group's gross profit decreased by 65.8% and its gross profit margin decreased from 13.6% to 5.3% mainly due to the Group's further reduced sales turnover notwithstanding that the Group's overall operating expenses for the same period have decreased as a result of its effective cost control measures and also the depreciation of Renminbi during the current period under review, as compared to appreciation in Renminbi for the last interim review period. Reduced sales turnover was primarily due to the reduced production capacity during the learning curve when the Group's new products (regarding different house-hold names in the Automotive and Domestic Appliances application) were introduced during the Period. As a whole, the Group finally recorded net loss of approximately HK$37.9 million for the six months ended 30 June 2014 (2013: HK$36.9 million).

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 will 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 Group has been taking various cost control measures to tighten the costs of operations and various general and administrative expenditure especially after the completed relocation of production facilities from Shenzhen to Shaoguan.

PROSPECT

Although the global PC Market has recovered in the first six months of 2014 due to the slowing down of the tablets shipments and the need to upgrade current PC installation as a result of its software support restructuring, the Group has unfortunately not been benefited because the vendor base in the supply chain of some of its customers has been consolidated.

While this is a set back to the Group, the situation is being remedied through the offering of new products to other sectors other than the PC and PC related market. During the first six months in 2014, the Group has obtained various approval status from different house-hold names in the Automotive and Domestic Appliances application. However, since the new products call for very different specification and quality requirement, the Group was undergoing a learning curve which has affected the production capacity in the reporting period and such learning curve can only be completed towards the end of this year. If this hardship is overcome, the Group will expect to regain and increase its order bookings and shipments.

FINANCIAL REVIEW

Liquidity and financial resources

The Group generally finances its operations through a combination of internally generated cash flows, shareholders' equity, borrowings from bank, finance leases, and shareholder's loans.

As at 30 June 2014, the Group had total equity of HK$494 million (31 December 2013: HK$553 million) and net debt (trade payables, other payables and accruals, interest-bearing bank loans, amount due to an associate, obligation under finance leases and shareholder's loans less cash and cash equivalents) of HK$421 million (31 December 2013: HK$389 million), representing a gearing ratio, defined as net debt over total equity plus net debt, of 46% (31 December 2013: 41%).

As at 30 June 2014, the Group's net current liabilities of HK$82 million (31 December 2013: HK$40 million) consisted of current assets of HK$372 million (31 December 2013: HK$332 million) and current liabilities of HK$454 million (31 December 2013: HK$372 million), representing a current ratio of 0.82 (31 December 2013: 0.89).

As at 30 June 2014, the Group's current assets consisted of HK$132 million (31 December 2013: HK$86 million) of cash and cash equivalents, of which 2% was in Hong Kong dollars ("HKD"), 72% was in United States dollars ("USD"), 25% was in Renminbi ("RMB") and 1% in other currencies.

Interest-bearing borrowings

As at 30 June 2014, the Group had interest-bearing borrowings as follows:

	At 30 June 2014 (Unaudited) *HK$'000*	At 31 December 2013 (Audited) *HK$'000*
Amounts payable:		
Within one year	**178,607**	103,009
In the second year	**99,449**	103,322
In the third to fifth years, inclusive	**697**	391
	278,753	206,722
Less: Portion classified as current liabilities	**178,607**	103,009
Portion classified as non-current liabilities	**100,146**	103,713

Of the total interest-bearing borrowings, HKD denominated borrowings accounted for 32% (31 December 2013: 46%), USD denominated borrowings accounted for 51% (31 December 2013: 32%), and the remaining 17% was RMB denominated borrowings (31 December 2013: 22%) as at 30 June 2014.

Bank loans of HK$83,619,000 (31 December 2013: HK$63,088,000) carried floating interest rates and the effective interest rates ranged from 3.43% to 3.82% (31 December 2013: ranged from 2.51% to 3.55%) per annum. The remaining bank loans carried fixed interest rates ranged from 3.82% to 6.0% (31 December 2013: 6.0%) per annum. The Board does not recognise a significant seasonality of borrowing requirements.

As at 30 June 2014 and 31 December 2013, 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 in the PRC held by a subsidiary of the Group; and

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

The Group's bank loans that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	At 30 June 2014 (Unaudited) *HK$'000*	At 31 December 2013 (Audited) *HK$'000*
Denominated in USD	**137,869**	63,088

There are shareholder's loans advanced by Mr. Cheok Ho Fung, the Executive Director, Chairman of the Board, Chief Executive Officer and a controlling shareholder of the Company, at the effective interest rate of 7% (31 December 2013: 7%) per annum.

	At 30 June 2014 (Unaudited) *HK$'000*	At 31 December 2013 (Audited) *HK$'000*
Denominated in RMB	**4,150**	4,256
Denominated in USD	**3,650**	3,650

MATERIAL ACQUISITIONS OR DISPOSALS

The Group neither held any significant non-consolidated investments nor underwent any material acquisitions or disposals of subsidiaries and associated companies during the first half year of 2014.

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 46% of the Group's purchases and 80% of the Group's expenses are denominated in RMB. As the Group imported a substantial portion of its major raw materials and machines from overseas which were non-RMB denominated, this would help to mitigate the full effects arising from RMB appreciation.

The Group currently does not have a foreign currency hedging policy. However, the Group's management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure to minimise exchange risk should the need arise.

NUMBER AND REMUNERATION OF EMPLOYEES

As at 30 June 2014, excluding the associated companies, the Group had approximately 2,129 employees (31 December 2013: 2,115). For the six months ended 30 June 2014, the Group's total staff costs amounted to HK$76 million (six months ended 30 June 2013: HK$84 million).

There have been no material changes to the information disclosed in the 2013 Annual Report in respect of the share option scheme (which has been expired), remuneration policies and staff training and development.

CAPITAL COMMITMENTS

As at 30 June 2014, the Group's capital commitments contracted but not provided for amounted to approximately HK$2 million (31 December 2013: approximately HK$6 million) and there was no capital commitments authorised but not contracted for (31 December 2013: Nil). All of these capital commitments were related to construction of factory buildings and acquisition of plant and machinery.

MATERIAL CHANGES

There has been no material change in respect of any other matters since the publication of the Company's 2013 Annual Report.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2014.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board and the senior management of the Company (the "Senior Management") are of the opinion that the Company has properly operated in accordance with the Corporate Governance Code and Corporate Governance Report (the "CG Code") during the six-month period from 1 January to 30 June 2014 which sets out (a) code provisions (which are expected to comply with); and (b) recommended best practices (which are for guidance only) in Appendix 14 of the Listing Rules. The Company has complied with the code provisions and some of the recommended best practices except for one deviation of code provisions as stated in the section headed "Compliance with CG Code" below.

The Board is committed to the principles of transparency, accountability and independence highlighted by the CG Code to better enhance the shareholders' value and proper management of corporate assets in the following ways:

1. ensuring the decision-making process, risk management process, internal audit and controls, disclosure of information and the communication with stakeholders are carried out in accordance with good management practices and compliance with the respective regulatory standards;

2. cultivating a culture of integrity, transparency and accountability for the Company, its staff and Directors and emphasising the importance of their roles in such an environment; and

3. adopting quality standards widely recognised to foster quality management in every aspect of daily operations to enhance the performance and value of the Company as a whole.

Compliance with CG Code

The Directors confirm that, the Company has complied with the code provisions set out in the CG Code during the period from 1 January to 30 June 2014 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 provision 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 for managing the Group and will 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 (THE "MODEL CODE")

The Company has adopted its own code of conduct (the "Own Code") regarding securities transactions by Directors 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 six months ended 30 June 2014. Members of the 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.

THE BOARD OF DIRECTORS

As at the date of this 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. Their brief biographical particulars are set out in the 2013 Annual Report. The detailed composition of the Board during the Period and as at the date of this announcement is as follows:

Name of Directors	**Position**
Executive Director	
Mr. Cheok Ho Fung	Chairman of the Board and the 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, and 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

AUDIT COMMITTEE

The audit committee, comprising all the three independent non-executive directors and one non-executive director of the Company, has reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2014 and discussed with the management of the Company the accounting principles and accounting standards adopted by the Group and matters relating to internal control and financial reporting of the Group.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the HKExnews website of The Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and on the website of the Company at www.topsearch.com.hk. The 2014 interim report of the Company, which contains all the information required by the Listing Rules, will be despatched to shareholders of the Company and published on the above websites in due course.

APPRECIATION

On behalf of the Board, I would like to extend my 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, 18 August 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 and Mr. Ng Kee Sin being Independent Non-Executive Directors.