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 2014

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 2014 together with comparative figures of 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year ended 31 December 2014

	Notes	**2014** *HK$'000*	2013 *HK$'000*
REVENUE	*4*	**610,340**	720,372
Cost of sales		**(600,317)**	(621,357)
Gross profit		**10,023**	99,015
Other income	*5*	**12,245**	10,362
Other gains and losses	*6*	**(35,871)**	(37,712)
Selling and distribution costs		**(50,549)**	(65,998)
Administrative expenses		**(79,037)**	(76,420)
Share of results of associates		**(5,211)**	(726)
Finance costs	*7*	**(14,899)**	(19,203)
Loss before income tax expense	*8*	**(163,299)**	(90,682)
Income tax expense	*10*	**(3,295)**	(3,585)
Loss for the year		**(166,594)**	(94,267)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(21,291)**	20,916
Share of other comprehensive income of associates		**470**	3,389
Net other comprehensive income to be reclassified subsequently to profit or loss for the year		**(20,821)**	24,305
Items that will not be reclassified to profit or loss:			
Gain on revaluation of property, plant and equipment		**5,831**	—
Net other comprehensive income for the year		**(14,990)**	24,305
Total comprehensive income for the year		**(181,584)**	(69,962)
Loss for the year attributable to:			
Owners of the Company		**(161,895)**	(90,381)
Non-controlling interests		**(4,699)**	(3,886)
		(166,594)	(94,267)
Total comprehensive income attributable to:			
Owners of the Company		**(176,810)**	(66,174)
Non-controlling interests		**(4,774)**	(3,788)
		(181,584)	(69,962)
Loss per share			
Basic and diluted	*12*	**(HK16.19 cents)**	(HK9.04 cents)

* *for identification purpose only*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**482,068**	549,204
Payments for leasehold land held for own use under operating leases		**22,131**	23,295
Interests in associates		**109,403**	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		**198**	3,522
Total non-current assets		**616,497**	697,210
CURRENT ASSETS			
Inventories		**96,086**	92,172
Payments for leasehold land held for own use under operating leases		**582**	597
Trade receivables	*13*	**102,218**	126,033
Prepayments, deposits and other receivables		**21,963**	26,894
Amounts due from associates		**—**	24
Bank balances and cash		**94,722**	85,872
Total current assets		**315,571**	331,592
CURRENT LIABILITIES			
Trade payables	*14*	**180,136**	156,382
Other payables and accruals		**100,499**	107,811
Amount due to an associate		**—**	4,390
Tax payable		**136**	—
Obligation under finance leases		**4,095**	1,459
Interest-bearing bank loans		**101,616**	101,550
Total current liabilities		**386,482**	371,592
NET CURRENT LIABILITIES		**(70,911)**	(40,000)
TOTAL ASSETS LESS CURRENT LIABILITIES		**545,586**	657,210

	2014	2013
	HK$'000	*HK$'000*
NON-CURRENT LIABILITIES		
Shareholder's loans	**95,661**	101,757
Interest-bearing bank loans	**75,000**	—
Obligation under finance leases	**3,012**	1,956
Total non-current liabilities	**173,673**	103,713
TOTAL NET ASSETS	**371,913**	553,497
CAPITAL AND RESERVES		
Share capital	**100,000**	100,000
Reserves	**279,725**	456,535
Equity attributable to owners of the Company	**379,725**	556,535
Non-controlling interests	**(7,812)**	(3,038)
TOTAL EQUITY	**371,913**	553,497

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 its immediate holding company and 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 officer 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 (defined below), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS") 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 (the "Listing Rules").

(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$166,594,000 for the year ended 31 December 2014. As at 31 December 2014, the Group recorded net current liabilities of approximately HK$70,911,000. As at 31 December 2014, the Company recorded net current liabilities and deficiency in shareholders' fund of approximately HK$1,159,000 and HK$95,820,000, 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 2014, the undrawn committed banking facilities available to the Group amounted to RMB108,707,000 (equivalent to approximately HK$135,884,000) in respect of which all conditions precedent were met, out of which the banking facilities in the amount of RMB40,000,000 (equivalent to approximately HK$50,000,000) would be repayable no later than 23 September 2016;

(ii) The controlling shareholder of the Company has provided shareholder's loans of approximately HK$95,661,000 to the Company and the Group on 31 December 2014 which will be repayable in 2016. 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;

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

(iv) The Group entered into a conditional disposal agreement and conditional supplemental agreements with an independent third party in January and February 2015 in connection with a disposal of an associate of the Group, which will principally own a property located in the People's Republic of China (the "PRC") after undergoing an asset separation arrangement before the completion of the disposal, in the cash consideration of approximately RMB170,235,000, equivalent to approximately HK$212,793,000, upon completion. The estimated net proceeds after deducting the related professional fees, outgoings and taxes are approximately HK$185,900,000. Partial consideration in the aggregated amount of approximately RMB90,000,000, equivalent to approximately HK$112,500,000, was received in cash as of the date of this announcement. In the opinion of the directors of the Company, the disposal will be completed within twelve months from the date of this announcement. Upon completion of the disposal, the Group shall receive the remaining estimated net proceeds of approximately HK$73,400,000. The Company intends to use the net proceeds from the disposal for reducing the borrowings of the Group and as funding for general working capital purpose. As at the date of this announcement, the Company does not have any specific investment plan which requires the use of the net proceeds from the disposal.

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 been 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. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – first effective on 1 January 2014

Impact of new amendments and interpretations which are effective during the year

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
HK (IFRIC) 21	Levies

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

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.

HK (IFRIC) 21 — Levies

HK (IFRIC) 21 clarifies that an entity recognises a liability to pay a levy imposed by government when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation has been applied retrospectively.

The adoption of HK (IFRIC) 21 has no impact on these financial statements as the interpretation is consistent with the Group's previous application of its accounting policies on provisions.

(b) 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 1	Disclosure Initiative[3]
HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle[2]
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle[1]
HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle[3]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[3]
HKFRS 9 (2014)	Financial Instruments[5]
HKFRS 15	Revenue from Contracts with Customers[4]

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

Amendments to HKAS 1 — Disclosure Initiative

The amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

Amendments Improvements 2010-2012 Cycle, 2011-2013 Cycle and 2012-2014 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear. They include amendments to HKAS 16 Property, Plant and Equipment 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.

Amendments to HKAS 16 and HKAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to HKAS 27 – Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries and associates in its separate financial statements.

HKFRS 9 (2014) – Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the 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.

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

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.

(c) New Hong Kong Companies Ordinance provisions relating to the disclosure requirements for financial statements

The provisions of the new Hong Kong Companies Ordinance, Cap. 622, in relation to the disclosure requirements for financial statements will apply to the Company in its first financial year beginning on or after 3 March 2014 (i.e. the financial year ending 31 December 2015).

The directors consider that there will be no impact on the Group's financial position or performance, however the disclosure requirements of the Hong Kong Companies Ordinance, Cap. 622, would have impacts on the presentation and disclosures in the consolidated financial statements. The statement of financial position of the Company will be presented in the notes to the financial statements rather than a separate statement and the related notes need not be included, while generally the statutory disclosures will be simplified.

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 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**	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**52,008**	54,328	**10,546**	13,427
The PRC	**69,687**	105,506	**604,094**	681,926
Singapore	**135,555**	217,817	—	—
Thailand	**90,596**	107,009	—	—
Malaysia	**89,247**	135,426	—	—
Europe	**104,072**	64,505	—	—
United States of America	**22,105**	18,213	—	—
Taiwan	**10,869**	10,404	—	—
Korea	**21,608**	1	—	—
Others	**14,593**	7,163	—	—
Total	**558,332**	666,044	**604,094**	681,926
	610,340	720,372	**614,640**	695,353

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:

	2014	2013
	HK$'000	*HK$'000*
Customer A	**157,622**	119,104
Customer B	**N/A***	143,523

* Revenue from Customer B during the year ended 31 December 2014 contributed less than 10% of the total sales of the Group.

5. OTHER INCOME

	2014	2013
	HK$'000	*HK$'000*
Interest income	**306**	435
Government grants *(Note)*	**3,371**	3,955
Tooling income	**5,280**	3,751
Insurance claims	**—**	162
Others	**3,288**	2,059
	12,245	10,362

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

	2014	2013
	HK$'000	*HK$'000*
Write-off of other receivables	**—**	(2,143)
Write-back of other payables and accruals	**—**	8,853
Net exchange gains/(losses)	**10,128**	(11,209)
(Impairment loss)/reversal of impairment loss on trade receivables	**(1,673)**	1,251
Net gain on disposal of property, plant and equipment	**1,044**	536
Gain/(loss) on revaluation of property, plant and equipment	**7,151**	(35,000)
Impairment loss on property, plant and equipment	**(50,000)**	—
Others	**(2,521)**	—
	(35,871)	(37,712)

7. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings wholly repayable within five years	**7,482**	11,984
Shareholder's loans	**6,991**	7,135
Obligation under finance leases	**426**	84
	14,899	19,203

8. LOSS BEFORE INCOME TAX EXPENSE

This is arrived at after charging/(crediting):

	2014	2013
	HK$'000	*HK$'000*
Auditor's remuneration		
– Current year	**930**	880
– Under-provision in prior years	**160**	430
– Others	**280**	201
	1,370	1,511
Cost of inventories recognised as expenses	**600,317**	621,357
Write-down/(reversal of write-down) of inventories *(Note)*	**723**	(3,472)
Staff costs *(Note 9)*	**167,811**	174,098
Depreciation of property, plant and equipment	**33,438**	35,286
Release of payments for leasehold land held for own use under operating leases	**587**	586
Minimum lease payments under operating leases on land and buildings	**5,296**	5,604

Note: The reversal of write-down of inventories for the year ended 31 December 2013 arose from an increase in net realisable value which was caused by the increase in actual scrap value.

9. STAFF COSTS

	2014	2013
	HK$'000	*HK$'000*
Staff costs (including directors' remuneration) comprise:		
Wages and salaries	**145,166**	151,642
Contributions to retirement benefits scheme	**15,237**	16,183
Other staff benefits	**7,408**	6,273
	167,811	174,098

10. INCOME TAX EXPENSE

The amount of income tax expense in the consolidated statement of profit or loss and other comprehensive income represents:

	2014	2013
	HK$'000	*HK$'000*
Current tax — PRC Enterprise Income Tax		
— tax for the year	**3,216**	3,291
— under provision in respect of prior years	**79**	294
Income tax expense	**3,295**	3,585

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%.

11. DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 December 2014 (2013: HK$Nil).

12. LOSS PER SHARE

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

	2014	2013
	HK$'000	*HK$'000*
Loss for the purpose of basic loss per share	**(161,895)**	(90,381)

	2014	2013
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,000,000,000**	1,000,000,000

Basic and diluted losses per share are equal as there is no potential dilutive ordinary share in issue for both years and as at 31 December 2013 and 2014.

13. TRADE RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**103,945**	132,903
Less: Allowance for doubtful debts	**(1,727)**	(6,870)
	102,218	126,033

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:

	2014	2013
	HK$'000	*HK$'000*
0 — 30 days	**41,311**	47,852
31 — 60 days	**38,842**	53,158
61 — 90 days	**19,999**	21,439
Over 90 days	**2,066**	3,584
	102,218	126,033

14. TRADE PAYABLES

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

	2014	2013
	HK$'000	*HK$'000*
0 — 30 days	**41,320**	54,289
31 — 60 days	**39,644**	32,068
61 — 90 days	**28,216**	37,174
Over 90 days	**70,956**	32,851
	180,136	156,382

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's audited consolidated financial statements for the year ended 31 December 2014.

"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$166,594,000 for the year ended 31 December 2014. As at 31 December 2014, the Group recorded net current liabilities of approximately HK$70,911,000. As at 31 December 2014, the Company recorded net current liabilities and deficiency in shareholders' fund of approximately HK$1,159,000 and HK$95,820,000, 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 2014. Therefore, the Group had just been able to achieve sales turnover of about HK$610 million for the year ended 31 December 2014, representing a decrease of approximately 15% as compared to the same of last year. Operating loss before interest and tax was approximately HK$148 million during the year of 2014, as compared to operating loss before interest and tax of approximately HK$71 million in 2013. Loss attributable to shareholders amounted to approximately HK$167 million, as compared to loss attributable to shareholders of approximately HK$94 million in 2013. Basic loss per share was 16.19 Hong Kong cents, as compared to loss per share of 9.04 Hong Kong cents in 2013.

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 2014.

The Group's sales turnover had been further decreased by approximately 15% from about HK$720 million in 2013 to about HK$610 million in 2014. The Group's gross profit had been decreased from about HK$99.0 million in 2013 to about HK$10.0 million in 2014 with the gross profit margin decreased from approximately 13.7% in 2013 to approximately 1.6% in 2014.

The Group's reduced sales turnover was primarily caused by the reduced production capacity during the learning curve when the Group's new products (regarding different household names in the Automotive and Domestic Appliances application) were introduced and conducted throughout the year of 2014.

Reference is made to the announcements dated 21 January 2015 and 9 February 2015 respectively (for details, terms and expressions unless otherwise stated herein, please refer to the aforesaid announcements) regarding major disposal in relation to proposed disposal of 30% equity interest of Topsearch Printed Circuits (Shenzhen) Ltd. ("Disposal Company"), an associate of the Group and supplemental agreements concerning the asset separation arrangement and amendment of payment manner.

On 8 January 2015 (after trading hours), Topsearch HK, an indirect wholly owned subsidiary of the Company, Shanghai Yuxing and Huatuo entered into the Equity Transfer Agreement pursuant to which Huatuo has conditionally agreed to acquire and Topsearch HK has conditionally agreed to sell 30% equity interest in Disposal Company at a cash consideration of RMB170,234,720 (equivalent to approximately HK$212,793,400) subject to the Asset Separation Arrangement pursuant to the Supplemental Agreement ("Disposal").

Topsearch HK, Shanghai Yuxing and Huatuo had further entered into a Supplemental Agreement on 8 January 2015 for a proposed subsequent Asset Separation Arrangement, draft agreement and fund transfer arrangement concerning the equity transfer of 30% equity interest of 深圳市飛高至卓實業有限公司 ("Topsearch Sky"), a direct wholly owned subsidiary of the Disposal Company, from Huatuo to Topsearch HK or its associate, at a Nominal Consideration of RMB63,000,000 (equivalent to approximately HK$78,750,000), as part of the Disposal.

On 2 February 2015 (after trading hours), Topsearch HK, Shanghai Yuxing, Huatuo, and Gu Jing, as guarantor entered into a second supplemental agreement to the Equity Transfer Agreement, pursuant to which the parties thereof agreed to amend certain terms in respect of the payment manner of the Disposal Consideration with details set out in the announcement dated 9 February 2015.

The estimated gain on the Disposal of the Disposal Company was approximately HK$155,200,000, calculated based on the Disposal Consideration (approximately HK$212,793,400) plus the valuation attributable to 30% equity interest of Topsearch Sky (approximately HK$78,750,000) less the latest carrying value of the investment in the Disposal Company per the Group's audited consolidated statement of financial position as at 31 December 2014 (HK$109,403,000), and the related latest estimated outgoings and taxation of approximately HK$26,940,000, which will be recognised as to the consolidated financial statements of the Group on the Disposal.

Upon completion of the Disposal, the Company will not hold any interest in the Disposal Company, which will cease to be an associate of the Company and its financial results will no longer be consolidated into the financial statements of the Group. However, the Company will still hold 30% equity interest in Topsearch Sky (after completion of the Disposal) which will then be an associate of the Company.

After deducting professional fees in connection with the Disposal and the restructuring, it is estimated that the net proceeds from the Disposal calculated based on the Consideration would be approximately HK$185,900,000 ("Net Proceeds"). The Company intends to use the Net Proceeds from the Disposal for reducing the borrowings of the Group and as funding for general working capital purpose. As at the date of this announcement, the Company does not have any specific investment plan which requires the use of the Net Proceeds from the Disposal.

The directors of the Company believe that the proposed Disposal represents a good opportunity for the Company to realise the value of the Disposal Company. The Group will receive Net Proceeds of approximately HK$185,900,000 and a Gain of approximately HK$155,200,000 subject to the completion of the Disposal. In addition, upon the completion of the Disposal, the Group will be able to reduce its overall bank borrowings and its net current liability position will improve significantly.

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 2015 and prior to the publication of this announcement, the management of 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 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 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.

Same as previous years, a controlling shareholder of the Company has continued to maintain a total advance of approximately HK$96 million to the Group for the year ended 31 December 2014 and would promise to continue providing additional financial support throughout the whole year of 2015 for financing the working capital of the Group when needed.

Prospects

In view of a restructure of procurement policy from one of its major customers due to the negative growth in the Hard Disk Drives (HDD) market during the year, the Group has suffered a substantial set-back in its revenue and has not been able to fully recover such loss because business from its new customers demands very different specifications and quality requirement. Although tremendous efforts have been put in to catch up such discrepancies, to the disappointment of the Management such learning curve still requires much more time to complete. The failure to accomplish such in 2014 has caused a tremendous reduction in our Gross Profit due to the loss of production capacity, increase in labour costs due to inefficiency and increase in materials costs due to higher scraps has been encountered.

The management team has since been re-grouped and new methods are being deployed to overcome such difficulty. Without any unforeseen circumstance, the chance of completing this learning curve within this fiscal year would be possible and revenue of the Group should be recovered.

Financial Review

During the year under review, the Group's turnover decreased by 15.3%. Overall, the Group's gross margin decreased from 13.7% in 2013 to 1.6% in 2014.

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 2014, the Group had total equity of HK$372 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 lease, shareholder's loan less cash and cash equivalents) of HK$465 million (31 December 2013: HK$389 million), representing a gearing ratio, defined as net debt over total equity plus net debt, of 56% (31 December 2013: 41%).

The Group's net current liabilities of HK$71 million (31 December 2013: HK$40 million) consisted of current assets of HK$315 million (31 December 2013: HK$332 million) and current liabilities of HK$386 million (31 December 2013: HK$372 million), representing a current ratio of 0.82 (31 December 2013: 0.89).

As at 31 December 2014, the Group's current assets consisted of HK$95 million (31 December 2013: HK$86 million) held as cash and cash equivalents, of which 4% was in Hong Kong dollars ("HKD"), 59% was in US Dollars ("USD"), 36% was in Renminbi ("RMB") and 1% was in other currencies.

The Group's current assets also consisted of HK$102 million (31 December 2013: HK$126 million) as trade receivables from its customers. Debtors turnover days was 68 days (31 December 2013: 68 days).

As at 31 December 2014, the Group's inventories increased to HK$96 million (31 December 2013: HK$92 million). Inventory turnover days was 57 days (31 December 2013: 62 days). Trade payables increased to HK$180 million from HK$156 million in 2013. Creditors turnover days was approximately 102 days (31 December 2013: 98 days).

Interest-bearing Borrowings

As at 31 December 2014, the Group had the interest-bearing borrowings as follows:

	31 December 2014 *HK$'000*	31 December 2013 *HK$'000*
Amounts payable:		
Within one year	**105,711**	103,009
In the second year	**173,492**	103,322
In the third to fifth years, inclusive	**181**	391
	279,384	206,722
Less: Portion classified as current liabilities	**105,711**	103,009
Portion classified as non-current liabilities	**173,673**	103,713

Of the total interest-bearing borrowings, HKD denominated loans accounted for 33% (31 December 2013: 46%), USD denominated loans accounted for 23% (31 December 2013: 32%) and the 44% balance was RMB denominated loans as at 31 December 2014 (31 December 2013: 22%).

Bank loans of approximately HK$112,500,000 (31 December 2013: HK$63,088,000) carried floating interest rates and the effective interest rates ranged from 6% to 6.15% (31 December 2013: ranged from 2.51% to 3.55%) per annum. The remaining bank loans carried fixed interest rate at 1.53% to 2.53% (31 December 2013: 6.0%) 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;

(ii) the assignment of trade receivables of a subsidiary of the Group; and

(iii) corporate guarantee of the Company.

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 (2013: 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 fully exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to rule 14A.90 of the Listing Rules because this financial assistance provided by the abovesaid connected person is conducted on normal commercial terms and it is not secured by the assets of the Company or its subsidiaries.

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

As at 31 December 2014, 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 2014, excluding the associate, the Group had approximately 2,060 employees (31 December 2013: 2,115). For the year ended 31 December 2014, our total staff costs amounted to HK$168 million (31 December 2013: HK$174 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 2014, 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 2014, the Group's capital commitments contracted but not provided for amounted to HK$0.3 million (31 December 2013: HK$6 million) and there was no capital commitment 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.

Other Commitments

The Group's capital contribution committed to the wholly-owned subsidiary established in the PRC amounting to HK$9 million as at 31 December 2013, which represented an investment in a subsidiary in Shaoguan, Guangdong Province of the PRC, had been paid up in March 2014.

Dividend

The Directors do not recommend the payment of any dividend for the year ended 31 December 2014 (2013: HK$Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of Members of the Company will be closed from 3 June 2015 (Wednesday) to 5 June 2015 (Friday), both days inclusive. In order to qualify for the attendance of the forthcoming annual general meeting of the Company to be held on 5 June 2015 (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 2 June 2015 (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 2014.

CORPORATE GOVERNANCE CODE ("CG CODE")

The Directors confirm that, for the financial year ended 31 December 2014, 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 separated 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, 26 March 2013 and 18 August 2014 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 of 2014. 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 2014.

It is with regret to report that, Mr. Ng Kwok Ying, Alvin, our Non-executive Director and member of Audit Committee, passed away on 13 October 2014. The Board expresses its deepest sorrow for the decease of Mr. Alivn Ng and had conveyed its condolence to his family and had appreciated Mr. Ng's invaluable contribution to the Group in the past years. Mr. Ng will be fondly remembered by us.

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 of the publication of this final results announcement, the members of the Audit Committee are Mr. Ng Kee Sin (Chairman) (Independent Non-executive Director), Mr. Leung Shu Kin, Alfred (Independent Non-executive Director) and Mr. Wong Wing Kee (Independent Non-executive Director). All members are Independent Non-executive Directors.

During the year ended 31 December 2014, five Audit Committee meetings were held (whereas three of which had been held with the attendance of the Company's external auditor) to review the financial results and reports for the year ended 31 December 2013 and for the six months ended 30 June 2014, the budget for the year of 2015, 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 Company's external auditor.

The Audit Committee has reviewed the consolidated annual results and financial statements of the Group for the year ended 31 December 2014, 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 five Directors with a variety and a balance of skills and experience in accounting, manufacturing, marketing, finance and investment professions. The detailed composition of the Board of Directors is as follows:

Name of Directors	**Position**
Executive Director	
Mr. Cheok Ho Fung	Chairman of the Board and Executive Committee respectively and Chief Executive Officer

Name of Directors	Position
Non-Executive Director	
Mr. Tang Yok Lam, Andy	Member of Remuneration Committee and Nomination Committee respectively
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 2014 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, 24 March 2015

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