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



TOPSEARCH INTERNATIONAL (HOLDINGS) LIMITED

至卓國際(控股)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 2323)

**MAJOR DISPOSAL IN RELATION TO
PROPOSED DISPOSAL OF 30% EQUITY INTEREST OF
TOPSEARCH PRINTED CIRCUITS (SHENZHEN) LTD,
SUPPLEMENTAL AGREEMENT CONCERNING
THE ASSET SEPARATION ARRANGEMENT,
AND SECOND SUPPLEMENTAL AGREEMENT CONCERNING
THE MANNER OF PAYMENT**

Financial Advisor to the Company



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

A letter from the Board is set out on pages 5 to 19 of this circular. A valuation report of the Disposal Company is set out on pages II-1 to II-10 of this circular.

* *for identification purposes only*

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DEFINITIONS

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

“Asset Separation Arrangement”	a proposed subsequent asset separation, draft agreement and fund transfer arrangement concerning the equity transfer of an aggregated 30% equity interest of the Target Company entered into by Topsearch HK, Shanghai Yuxing and Huatuo, which also forms part of the Proposed Disposal pursuant to the Supplemental Agreement. Target Company owns Property 2
“Auditor”	BDO Limited, Certified Public Accountant, the auditor for the Company
“Board”	the board of Directors
“Company”	Topsearch International (Holdings) Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal” or “Proposed Disposal”	the proposed disposal of 30% equity interest in the Disposal Company by Topsearch HK to Huatuo pursuant to the terms and conditions of the Equity Transfer Agreement subject to the Asset Separation Arrangement under the Supplemental Agreement and as further amended by the 2nd Supplemental Agreement
“Disposal Company” or “Topsearch Shenzhen”	Topsearch Printed Circuits (Shenzhen) Ltd (至卓飛高線路板(深圳)有限公司), a sino-foreign joint venture company incorporated in the PRC and an associate of the Company
“Disposal Company Shareholders”	The group of shareholders comprising of Shenzhen Fantasia, Topsearch HK and Shanghai Yuxing which hold 61%, 30% and 9% equity interest in the Disposal Company respectively
“Disposal Completion”	The completion of the Proposed Disposal of 100% of Equity Sale in records of Administration Bureau for Industry and Commerce pursuant to the Equity Transfer Agreement subject to the Asset Separation Arrangement under the Supplemental Agreement and as further amended by the 2nd Supplemental Agreement

DEFINITIONS

“Disposal Consideration”	RMB170,234,720 (equivalent to approximately HK\$212,793,400) payable by Huatuo to Topsearch HK in the manners as set out in the subsections headed “Disposal Consideration” and “Payment terms for the Proposed Disposal”
“Equity Transfer Agreement”	the agreement dated 8 January 2015 entered into amongst Topsearch HK, Shanghai Yuxing and Huatuo in respect of the Proposed Disposal and as further amended by the Supplemental Agreement and the 2nd Supplemental Agreement
“Equity Sale”	the sale of 30% of the equity interest in Disposal Company by Topsearch HK to Huatuo
“Equity Sale I”	the sale of 65% of the equity interest of the Disposal Company by Disposal Company Shareholders, comprising 19.5%, 39.65% and 5.85% equity interest of the Disposal Company owned by Topsearch HK, Shenzhen Fantasia and Shanghai Yuxing respectively, to Huatuo
“Equity Sale Ia”	the sale of 19.5% equity interest in Disposal Company by Topsearch HK to Huatuo, which also forms part of Equity Sale I
“Equity Sale II”	the sale of 35% equity interest in Disposal Company by Disposal Company Shareholders, comprising 10.5%, 21.35% and 3.15% equity interest of the Disposal Company owned by Topsearch HK, Shenzhen Fantasia and Shanghai Yuxing respectively, to Huatuo
“Equity Sale IIa”	the sale of 10.5% equity interest in Disposal Company by Topsearch HK to Huatuo, which also forms part of Equity Sale II
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huatuo”	深圳市華拓置業投資有限公司 (China Step Real Estate Investment Co., Ltd.) a limited liability company established in the PRC and an Independent Third Party

DEFINITIONS

“Independent Third Party(ies)”	Third party(ies) who is/are independent of, and not connected with the Company and its connected person(s) (as defined in the Listing Rules)
“Latest Practicable Date”	23 April 2015, being the latest practicable date prior to the printing to this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Cheok”	a Director and the chairman and controlling shareholder of the Company holding approximately 51.03% of the issued share capital of the Company as at the date of this circular
“PRC”	the People’s Republic of China, which, for the purposes of this circular does not include Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Property 1”	Topsearch Building, east of Gong Ye Avenue and west of Liyuan Road, Shekou, Nanshan District, Shenzhen City, Guangdong Province, the PRC
“Property 2”	Major portions of Block No. 5 of Xinghua Industrial Building, Gong Ye Avenue, Shekou, Nanshan District, Shenzhen City, Guangdong Province, the PRC
“Remaining Group”	the Group excluding the Disposal Company
“RMB, or Renminbi”	Renminbi, the lawful currency of the PRC
“Shanghai Yuxing”	上海譽星投資中心(有限合伙) (Shanghai Yuxing Investment Fund, LLP) [†] , a limited liability company established in the PRC, an Independent Third Party to the Company and its connected person
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	shareholders of the Company
“Shenzhen Fantasia”	Shenzhen Fantasia Real Estate Group Limited (深圳市花樣年地產集團有限公司), a wholly-owned subsidiary of Fantasia Holdings
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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“Supplemental Agreement”	the supplemental agreement dated 8 January 2015 entered into between Topsearch HK and Huatuo in respect of the Asset Separation Arrangement
“2nd Supplemental Agreement”	the second supplemental agreement dated 2 February 2015 entered into between Topsearch HK, Shanghai Yuxing, Huatuo, and Gu Jing, as guarantor in respect of the manner of payment under the Equity Transfer Agreement
“Target Company” or “Topsearch Sky”	深圳市飛高至卓實業有限公司, an enterprise incorporated in the PRC and a direct wholly-owned subsidiary of the Disposal Company
“Topsearch HK”	Topsearch Printed Circuits (HK) Limited (至卓飛高線路板(香港)有限公司), a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“%”	percentage

For illustration purposes, amounts in RMB in this circular have been translated into HK\$ at RMB1.00 = HK\$1.25. Such exchange rate does not constitute a representation that any amounts have been, or could have been, or may be exchanged at such or any other rates.

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

LETTER FROM THE BOARD



TOPSEARCH INTERNATIONAL (HOLDINGS) LIMITED
至卓國際(控股)有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 2323)

Executive Director:

Mr. Cheok Ho Fung
(Chairman and Chief Executive Officer)

Non-executive Director:

Mr. Tang Yok Lam, Andy

Independent non-executive Directors:

Mr. Leung Shu Kin, Alfred
Mr. Wong Wing Kee
Mr. Ng Kee Sin

Registered Office:

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

*Principal Place of Business
in Hong Kong:*

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

29 April 2015

To the Shareholders

Dear Sir or Madam,

**MAJOR DISPOSAL IN RELATION TO
PROPOSED DISPOSAL OF 30% EQUITY INTEREST OF
TOPSEARCH PRINTED CIRCUITS (SHENZHEN) LTD,
SUPPLEMENTAL AGREEMENTS CONCERNING
THE ASSET SEPARATION ARRANGEMENT AND
SECOND SUPPLEMENTAL AGREEMENT CONCERNING
THE MANNER OF PAYMENT**

A. INTRODUCTION

Reference is made to the announcement of the Company dated 21 January 2015 announcing that on 8 January 2015 (after trading hours), Topsearch HK, an indirect wholly owned subsidiary of the Company, Shanghai Yuxing and Huatuo entered into

LETTER FROM THE BOARD

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 the 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.

Topsearch HK, Shanghai Yuxing and Huatuo have 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 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.

Furthermore, Topsearch, Shanghai Yuxing and Huatuo have further entered into the 2nd Supplemental Agreement on 2 February 2015 for an amendment of manner of payment under the Equity Transfer Arrangement.

The purposes of this circular are to provide you with further details of the Disposal, including the financial and general information of the Group and the financial information and the valuation report on the Disposal Company.

B. SUMMARY OF RELEVANT TERMS OF THE EQUITY TRANSFER AGREEMENT

Date:

8 January 2015

Parties:

- Vendors to the Disposal:
- (1) Topsearch HK, a company incorporated in Hong Kong, holds 30% equity interest in the Disposal Company
 - (2) Shanghai Yuxing, a company incorporated in PRC, holds 9% equity interest in the Disposal Company

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Purchaser to the Disposal: Huatuo

Assets to be disposed: 30% equity interest of the Disposal Company from Topsearch HK to Huatuo, and 9% equity interest of the Disposal Company from Shanghai Yuxing to Huatuo subject to the Asset Separation Arrangement pursuant to the Supplemental Agreement.

The Disposal Company holds 100% equity interest in the Target Company and owns Property 1. The Target Company owns Property 2.

The Company confirms to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Huatuo and the ultimate beneficial owner are Independent Third Parties.

Disposal Consideration

The consideration for the Disposal of 30% equity interest in Disposal Company is RMB170,234,720 (equivalent to approximately HK\$212,793,400) as shall be fully payable by Huatuo to Topsearch HK in cash.

The consideration was determined after arm's length negotiations between Topsearch HK and Huatuo and taking into account of the Asset Separation Arrangement. Pursuant to the Equity Transfer Agreement, the consideration is calculated according to the equation as follows:

Consideration of the Disposal =	The agreed valuation of the Property 1 less the liabilities of the Disposal Company (including but not limited to short term borrowings, long term borrowings and other payables) which amounted to RMB181,507,120 (equivalent to approximately HK\$226,883,900) plus the receivables and cash balances of the Disposal Company which amounted to RMB20,076,186 (equivalent to approximately HK\$25,095,233) as at 31 December 2014* 30%
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LETTER FROM THE BOARD

Payment terms for the Proposed Disposal

The manner of payments of the Disposal Consideration for the Disposal is divided into four parts:

- (i) A sum of RMB9,000,000 (equivalent to approximately HK\$11,250,000) shall be payable in cash by Huatuo or its associate to the designated bank account jointly controlled by Topsearch HK and Huatuo on the date (or the next business day) of the Disposal Company Shareholders having submitted all relevant documentations and application, in relation to Equity Sale I by the Disposal Company Shareholders to Huatuo, to 深圳市經濟貿易和信息化委員會 (Economy, Trade and Information Commission of Shenzhen Municipality), and as further amended by the 2nd Supplemental Agreement.
- (ii) A sum of RMB81,000,000 (equivalent to approximately HK\$101,250,000) shall be payable in cash by Huatuo or its associate to the designated bank account jointly controlled by Topsearch HK and Huatuo (i) no later than 26 January 2015 upon obtaining the relevant final approval by the Economy, Trade and Information Commission of Shenzhen Municipality before 26 January 2015; or (ii) on the date (or next business day) upon obtaining the relevant final approval by the Economy, Trade and Information Commission of Shenzhen Municipality after 26 January 2015. Upon final completion of change update with respect to Equity Sale I in the records of Administration Bureau for Industry and Commerce, the relevant controlled funding of totally RMB90,000,000 (equivalent to approximately HK\$112,500,000) shall then be released from the designated bank account jointly controlled by Topsearch HK and Huatuo to the designated bank account of Topsearch HK, and as further amended by the 2nd Supplemental Agreement.
- (iii) A sum of RMB9,000,000 (equivalent to approximately HK\$11,250,000) shall be payable in cash by Huatuo or its associate to the designated bank account jointly controlled by Topsearch HK and Huatuo on the later of (i) the date (or the next business day) of the Disposal Company Shareholders having submitted all relevant documentations and application, in relation to Equity Sale II by the Disposal Company Shareholders to Huatuo, to Economy, Trade and Information Commission of Shenzhen Municipality; or (ii) 15 May 2015.

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- (iv) A sum of RMB71,234,720 (equivalent to approximately HK\$89,043,400) shall be payable in cash by Huatuo or its associate to the designated bank account jointly controlled by Topsearch HK and Huatuo upon the Disposal Company Shareholders having submitted all the documentations and application to Administration Bureau for Industry and Commerce in relation to the relevant business registration concerning the transfer of Equity Sale II by the Disposal Company Shareholders to Huatuo before 30 June 2015, subject to the fund transfer arrangement pursuant to the Supplemental Agreement. Upon final completion of change update with respect to Equity Sale II in the records of Administration Bureau for Industry and Commerce, the relevant controlled funding of totally RMB80,234,720 (equivalent to approximately HK\$100,293,400) shall then be released from the designated bank account jointly controlled by Topsearch HK and Huatuo to the designated bank account of Topsearch HK.

Arrangement and Sequence of the Proposed Disposal

The Proposed Disposal of the Disposal Company by Topsearch HK, which includes the Equity Sale pursuant to the Equity Transfer Arrangement, and as further amended by the Asset Separation Arrangement pursuant to the Supplemental Agreement, and the 2nd Supplemental Agreement, is divided into the following stages:

i. First Stage — Equity Sale Ia

Equity Sale Ia, represents the sale of 19.5% equity interest in the Disposal Company by Topsearch HK, to Huatuo in the first stage of the Disposal, which also forms part of the Equity Sale I.

ii. Second Stage — Equity Sale IIa

Equity Sale IIa, represents the sale of 10.5% equity interest in the Disposal Company by Topsearch HK, to Huatuo in the second stage of the Disposal, which also forms part of the Equity Sale II.

iii. Asset Separation Arrangement

The transfer of an aggregated 30% equity interest of Topsearch Sky, which owns Property 2, from Huatuo to Topsearch HK or its associate, of which shall commence after the First Stage of the Disposal and be completed before the commencement of the Second Stage of the Disposal.

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Disposal Conditions Precedent

- (1) compliance of all applicable disclosure or other requirements by the Company in accordance with the Listing Rules (if applicable);
- (2) all necessary governmental and regulatory approvals or consents (or waivers), including but not limited to those from the SFC, the Hong Kong Stock Exchange and/or other authority, required by the Company or any of them for the consummation of the transactions contemplated under the Disposal Agreement having been obtained (if applicable);
- (3) all necessary approvals, permits and consents from the respective board of directors of the Company (if applicable and necessary) having been obtained by passing resolution(s) by the board of directors of the Company, in relation to the Equity Transfer Agreement, the Supplemental Agreement, the 2nd Supplemental Agreement and the transactions contemplated thereunder;
- (4) all necessary approvals, permits and consents from the shareholders of the Company (if applicable and necessary) having been obtained from relevant SGM of the Company (if applicable and necessary) in relation to the Equity Transfer Agreement, Supplemental Agreement, the 2nd Supplemental Agreement and the transactions contemplated thereunder.

Disposal Completion

Completion shall take place on the day immediately upon the final completion of change update with respect to the total 100% of Equity Sale of the Disposal Company in the records of Administration Bureau for Industry and Commerce pursuant to the Equity Transfer Agreement.

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C. THE SUPPLEMENTAL AGREEMENT

On 8 January 2015 (after trading hours), Topsearch HK, Shanghai Yuxing and Huatuo have further entered into a Supplemental Agreement pursuant to which, the parties thereto agree, among others, the proposed subsequent Asset Separation Arrangement, draft agreement and fund transfer arrangement concerning the equity transfer of an aggregated 30% equity interest of Topsearch Sky, a direct wholly owned subsidiary of the Disposal Company and owns Property 2, at a nominal consideration of RMB63,000,000 (equivalent to approximately HK\$78,750,000), from Huatuo to Topsearch HK or its associate with impact of non-cash financial gain. According to the Supplemental Agreement, the said equity transfer shall commence after the First Stage of the Disposal and shall be completed before the commencement of the Second Stage of the Disposal as indicated in the subsection headed “Arrangement and Sequence of the Proposed Disposal” in this circular, and that the Supplemental Agreement has no impact on the Disposal Consideration and the net proceeds arrived at after the Disposal Completion.

D. THE 2ND SUPPLEMENTAL AGREEMENT

On 2 February 2015 (after trading hours), Topsearch HK, Shanghai Yuxing, Huatuo, and Gu Jing, as a guarantor, have further entered into the 2nd 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, in relation to the First Stage of the Disposal as indicated in the subsection headed “Arrangement and Sequence of the Proposed Disposal”, as follows:

Amendment of manner of payment

A portion of the second part of payment, as indicated in the subsection headed “Payment terms of the Proposed Disposal” (i.e. RMB81,000,000), as amounted to RMB47,394,000 (equivalent to approximately HK\$59,242,500), could be deferred for payment into the new designated bank account jointly controlled by Topsearch HK and Huatuo opened under Bank of China Shenzhen Branch Guomao Sub-branch by Huatuo to a date not later than 27 February 2015 subject to the following condition precedents:

- (i) Huatuo having released the first part of payment of RMB9,000,000 (equivalent to approximately HK\$11,250,000), from the designated bank account jointly controlled by Topsearch HK and Huatuo to the designated bank account of Topsearch HK within two working days following the execution of the 2nd Supplemental Agreement.

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- (ii) Huatuo and Shenzhen Fantasia having entered into this 2nd Supplemental Agreement, pursuant to which the amount of US\$10,000,000 originally paid to Shenzhen Fantasia as security deposit shall be released and distributed to Shenzhen Fantasia, Topsearch HK, and Shanghai Yuxing according to their respective shareholding percentage in the Disposal Company as partial settlement of Disposal Consideration. The exact amount paid to the designated bank account of Topsearch HK shall be RMB18,606,000 (equivalent to approximately HK\$23,275,500).
- (iii) Huatuo having paid a portion of the second part of payment amounting to RMB15,000,000 (equivalent to approximately HK\$18,750,000) to the designated bank account of Topsearch HK within the next working day following the execution of this 2nd Supplemental Agreement.

Personal Guarantee

Gu Jing, as guarantor, agreed to guarantee the whole of second part of payment of the Disposal Consideration to be paid by Huatuo under the Equity Transfer Agreement, the Supplemental Agreement, and the 2nd Supplemental Agreement for a term of two years from the expiry of the new payment deadline for 27 February 2015.

Penalty

In the event that Huatuo fails to make corresponding payments under the 2nd Supplemental Agreement, Topsearch HK shall be entitled to terminate the Equity Transfer Agreement and its Supplemental Agreement and 2nd Supplemental Agreement and to retain an amount of RMB15,000,000 (equivalent to HK\$18,750,000) out of the refundable amount payable to Huatuo as penalty.

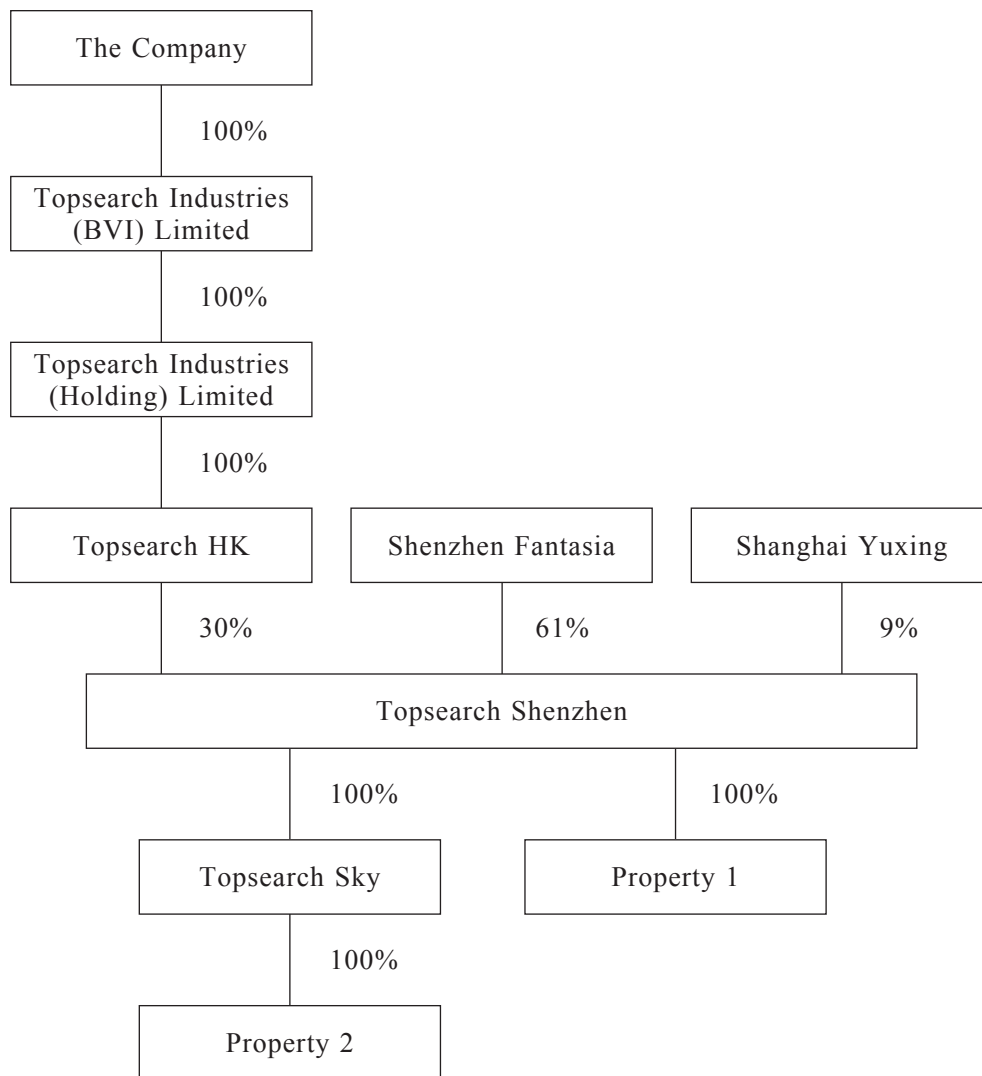
Save as disclosed above, there is no other material change to the Equity Transfer Agreement.

As at the date of this circular, Topsearch HK has already received the whole sum of RMB90,000,000 (equivalent to approximately HK\$112,500,000) in connection with disposal of Equity Sale Ia.

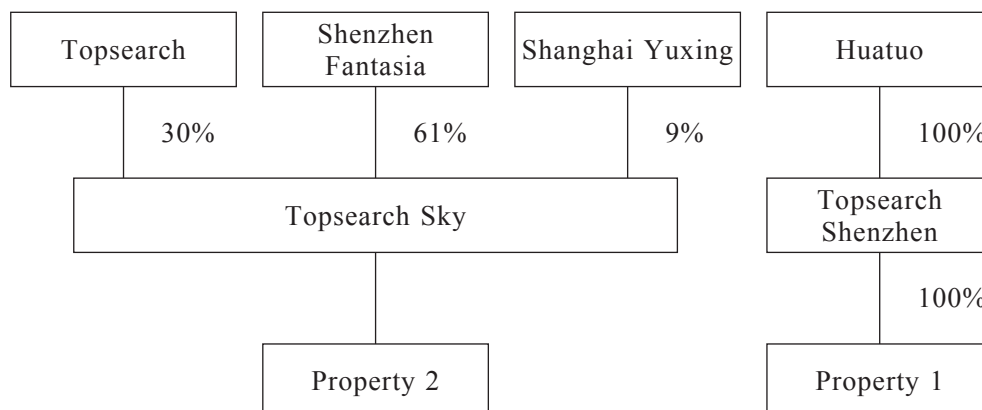
LETTER FROM THE BOARD

E. SHAREHOLDING STRUCTURES OF DISPOSAL COMPANY BEFORE AND AFTER THE PROPOSED DISPOSAL

a) Before the proposed Disposal



b) After the proposed Disposal (upon completion of the Equity Transfer Agreement, the Supplement Agreement and the 2nd Supplemental Agreement)



LETTER FROM THE BOARD

F. INFORMATION OF THE VENDORS OF THE DISPOSAL

Topsearch Printed Circuits (HK) Limited is a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the business of investment holding.

上海譽星投資中心(有限合伙)(Shanghai Yuxing Investment Fund, LLP), is a limited liability company established in the PRC, an Independent Third Party to the Company and its connected persons (as defined in the Listing Rules). It is principally engaged in the business of investment funds.

深圳市華拓置業投資有限公司 (China Step Real Estate Investment Co., Ltd.) is a limited liability company established in the PRC and principally engaged in the business of real estate development. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Huatuo and its respective ultimate beneficial owner(s) is an Independent Third Party to the Company and its connected persons (as defined in the Listing Rules) as of the date of the circular.

G. INFORMATION OF THE COMPANY

Topsearch International (Holdings) Limited was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Stock Exchange. The Company is an investment holding company and principally engaged in the manufacture and sale of a broad range of printed circuit boards ("PCB").

H. INFORMATION OF TOPSEARCH SKY

深圳市飛高至卓實業有限公司 is a company incorporated in the PRC with limited liability, a wholly-owned subsidiary of the Disposal Company, principally engaged in investment holding business and owns Property 2.

I. INFORMATION OF DISPOSAL COMPANY

Topsearch Printed Circuits (Shenzhen) Ltd is a sino-foreign joint venture company incorporated in the PRC with limited liability and principally engaged in the property management and manufacture and sale of printed circuit boards.

The Disposal Company holds 100% equity interest in the Target Company and owns Property 1. The Target Company owns Property 2.

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J. FINANCIAL INFORMATION OF DISPOSAL COMPANY

The financial information of the Disposal Company for each of the two financial years ended 31 December 2014 and 2013 are set out below:

	For the financial year ended 31 December 2014	For the financial year ended 31 December 2013
	<i>'000</i>	<i>'000</i>
	(audited by PRC auditors)	(audited by PRC auditors)
Turnover	RMB913 (equivalent to approximately HK\$1,141)	NIL
Net profit/(loss) before taxation	RMB176,945 (equivalent to approximately HK\$221,181)	RMB(1,912) (equivalent to approximately HK\$2,390)
Net profit/(loss) after taxation	RMB176,945 (equivalent to approximately HK\$221,181)	RMB(1,912) (equivalent to approximately HK\$2,390)

Based on the audited financial statements of the Disposal Company as at 31 December 2014, (i) the net asset value of the Disposal Company amounted to RMB379,557,091 (equivalent to approximately HK\$474,446,264; and (ii) the net asset value of the Disposal Company attributable to the Company was approximately HK\$142,333,909.

K. FINANCIAL EFFECT OF THE PROPOSED DISPOSAL

The estimated gain on the Disposal of the Disposal Company is 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

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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.

L. USE OF PROCEEDS

After deducting estimated outgoing expenses and taxation of approximately HK\$26,940,000 in connection with the Disposal and the restructuring, it is estimated that the net proceeds from the Disposal calculated based on the Consideration (approximately HK\$212,793,400) 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 circular, the Company does not have any specific investment plan which requires the use of the Net Proceeds from the Disposal.

M. REASONS AND BENEFITS OF THE PROPOSED DISPOSAL

The Disposal Company has formerly been a wholly owned subsidiary of Topsearch HK since its establishment. In 2012, Topsearch HK has disposed 70% equity interest of the Disposal Company to the other two strategic shareholders, namely Shenzhen Fantasia and Shanghai Yuxing and has remained 30% equity interest as long term investment. Since then, the Disposal Company, under the management and supervision of Shenzhen Fantasia, has undertaken considerable renovation works with respect to Property 1 for upgrading the whole building to be suitable for commercial and office purposes. The renovation has been completed in the midst of 2014 and the Disposal Company has then started to solicit interested buyers in the market to acquire the whole building of Property 1 by means of equity transfer of the Disposal Company which all shareholders would believe it should be the most cost efficient approach having regard of the relating taxes, surcharges, and other transaction costs to be arisen in connection with the subject disposal. Whilst realizing the investment value of Property 1, Property 2 will be isolated and retained by the three existing shareholders upon the completion of the Disposal for undertaking further property re-development with the relating permission by the governing authorities of Shenzhen in future. It is expected that the Group can be entitled to additional gain and cashflow as soon as the property re-development project in respect of Property 2 is complete and sold out by approximately two years later.

The Directors believe that the Disposal represent a good opportunity for the Company to realize 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 Disposal Completion. In addition, upon the Disposal Completion, the Group will be able to reduce its overall bank borrowings and its net current liability position will improve significantly.

LETTER FROM THE BOARD

In view of the above, the directors of the Company consider the Disposal and the transactions contemplated thereunder are fair and reasonable and in the interest of the Group and its shareholders as a whole.

N. RISK FACTORS

Set out below are the potential risks in connection with the Disposal. Additional risks and uncertainties not presently known to the Directors, or not expressed or implied below, or that the Directors currently deem immaterial, may also adversely affect the Group's business, operating results and financial condition in a material aspect.

Going concern — emphasis of matter by the Auditor

The risk of going concern is indicated in the following paragraph extracted from the independent auditor's report on the Group's audited consolidated financial statements for the year ended 31 December 2014:

“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.”

O. LISTING RULES IMPLICATIONS

Proposed Disposal

Since certain applicable percentage ratios as set out in the Listing Rules for the Disposal are more than 25% but all of them are less than 75%, the Disposal constitutes a major transaction for Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

LETTER FROM THE BOARD

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Disposal and the transactions contemplated under the Equity Transfer Agreement and Supplemental Agreement respectively. As such, no Shareholders would be required to abstain from voting in favour of the resolution approving the Disposal and the transactions contemplated under the Equity Transfer Agreement and Supplemental Agreement respectively if the Company were to convene a general meeting for the approval of the Disposal and the transactions contemplated under the Equity Transfer Agreement, the Supplemental Agreement and the 2nd Supplement Agreement.

As at the date of this circular, Mr. Cheok, the controlling shareholder controls an aggregate of 510,250,000 shares in the Company, representing approximately 51.03% of the issued share capital of the Company. Pursuant to Rule 14.44 of the Listing Rules, the Company has obtained the written approval of Mr. Cheok in lieu of holding a general meeting to approve the Disposal and the transactions contemplated under the Equity Transfer Agreement, the Supplemental Agreement and the 2nd Supplemental Agreement respectively. Accordingly, no SGM will be convened for the purpose of approving the aforesaid transactions.

P. RECOMMENDATION

The Board considers that the terms and conditions of the Equity Transfer Agreement as amended by the Supplemental Agreement and the 2nd Supplemental Agreement are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole. If a general meeting were to be convened for the approval of the Disposal, the Board would recommend its Shareholders to vote in favour of the resolution to approve the Disposal at such general meeting.

Q. ADDITIONAL INFORMATION

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

LETTER FROM THE BOARD

R. WARNING NOTICE

Shareholders and potential investors of the Company should be aware that Disposal Completion is subject to certain conditions, as set out in the subsection headed “Disposal Conditions Precedent” in this circular, being satisfied, and consequently the Disposal may or may not proceed. Accordingly, they are advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

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

1. FINANCIAL INFORMATION

The financial information of the Group for each of the years ended 31 December 2012, 2013 and 2014 can be referred to in the respective annual reports of the Company, which have been published on both the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.topsearch.com.hk).

- annual report of the Company for the year ended 31 December 2012 (pages 58-127);
- annual report of the Company for the year ended 31 December 2013 (pages 62-133);
- annual report of the Company for the year ended 31 December 2014 (pages 64-135).

2. INDEBTEDNESS STATEMENT

As at the close of business on 28 February 2015, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had outstanding borrowings of approximately HK\$282,360,789 and outstanding commitments of approximately HK\$6,453,871, details of which are as follows:

Borrowings

As at 28 February 2015, the Group had outstanding borrowings of approximately HK\$282,360,789 which comprised (i) secured bank loans of approximately HK\$178,100,561 ; (ii) equipment leasing loans of approximately HK\$8,049,559; and (iii) unsecured, unguaranteed and interest-bearing loans from a controlling shareholder of approximately HK\$96,210,669.

Commitments

As at 28 February 2015, the Group had outstanding capital commitments of approximately HK\$90,123 and HK\$158,519 which represented the capital and other expenditure, contracted for but not provided, in respect of the construction of factory buildings and the acquisition of plant and machinery respectively. As at 28 February 2015, the Group had outstanding operating lease commitments of approximately HK\$6,205,229 which represented the total future minimum lease payments under non-cancellable operating leases in respect of rented premises. After 28 February 2015, the Group has entered into new tenancy agreements with a total commitment of approximately HK\$3,813,644.

Charge on assets

The Group's buildings are situated in the PRC and are held under medium lease terms. As at 28 February 2015, the Group's buildings with a carrying amount of approximately HK\$241,037,000 were pledged to secure the bank loans granted to the Group.

Save as aforesaid and apart from intra-group liabilities, the Group did not, as at 28 February 2015, have any outstanding loan, or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures or other loan capital, mortgages, charges, hire purchase commitments, guarantees or other contingent liabilities as at 28 February 2015.

3. WORKING CAPITAL

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

4. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, there was no material adverse change in the financial or trading position of the Group since 31 December 2014, being the date to which the latest published audited consolidated financial statements of the Company were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP

The estimated gain on the Disposal of the Disposal Company was approximately HK\$155,200,000, calculated based on the Disposal Consideration plus the valuation attributable to 30% equity interest of 深圳市飛高至卓實業有限公司 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, and the related outgoings and taxation of approximately HK\$26,940,000, which will be recognised in the consolidated financial statements of the Group on the Disposal.

Upon Completion, the Company will not hold any interest in 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.

The directors of the Company believes that the proposed Disposal represent a good opportunity for the Company to realize 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.

The following is the text of a letter, summary of valuations and valuation certificates prepared for the purpose of incorporation in this Circular received from DTZ Debenham Tie Leung Limited, an independent property valuer, in connection with its opinion of value of the property interest held by Topsearch International (Holdings) Limited as at 31 January 2015.



16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

29 April 2015

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

Dear Sirs,

1. INSTRUCTIONS, PURPOSE & VALUATION DATE

In accordance with your instructions for us to value the property interest held by Topsearch International (Holdings) Limited (referred to as the “Company”) and its associates (together referred to as the “Group”) in the People’s Republic of China (the “PRC”) (as more particularly described in the attached valuation certificates), we confirm that we have inspected the properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the value of such property interest as at 31 January 2015 (the “Valuation Date”).

2. DEFINITION OF MARKET VALUE

Our valuation of each of the properties represents its Market Value. The definition of Market Value adopted in The HKIS Valuation Standards 2012 Edition follows the International Valuation Standards published by the International Valuation Standards Council (“IVSC”). Market Value is defined by the IVSC as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

3. VALUATION BASIS AND ASSUMPTIONS

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities published by The Stock Exchange of the Hong Kong Limited, The Codes on Takeovers and Mergers issued by the Securities and Futures Commission and The HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors.

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

In the course of our valuation of the properties in the PRC, we have relied on the information and advice given by the Group and the PRC property legal opinion prepared by the Company’s legal advisor, WANG JING & CO. (敬海律師事務所) regarding the title to each of the properties and the interests of the Group in the properties. In valuing the properties, we have assumed that the Group has an enforceable title to each of the properties and has free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired land use term as granted.

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

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale.

For the purpose of compliance with Rule 11.3 of the Code on Takeovers and Mergers and as advised by the Group, the potential tax liabilities which may arise from the sale of the properties include inter alia:

- (a) business tax at a rate of 5% of consideration for the property in the PRC;
- (b) profits tax on the profit from the sale at rate of 25% for the property in the PRC; and
- (c) land value appreciation tax for the property in the PRC at progressive tax rates ranging from 30% to 60% on the appreciation in property value from not more than 50% to more than 200%.

The Group advises that the potential tax liabilities is estimated to be approximately RMB386 million would arise if such properties were to be sold at the amount of the valuation. The above amount is for indicative purpose and is calculated based on prevailing rules and information available as at the Latest Practicable Date.

4. METHOD OF VALUATION

In valuing the properties in the PRC, we have used Income Approach on the basis of capitalization of net rental income derived from the existing tenancies with due allowance for reversionary income potential of the property or by reference to comparable market transactions.

5. SOURCES OF INFORMATION

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

In the course of our valuation, we have relied to a very considerable extent on the information given to us by the Group and its legal advisor, WANG JING & CO. (敬海律師事務所) regarding the title to each of the properties and the interests of the Group in respect of the properties in the PRC and have accepted advice given by the Group on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, particulars of occupancy, renovation cost, site and floor areas, interest attributable to the Group and all other relevant matters.

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

6. TITLE INVESTIGATION

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

7. SITE INSPECTION

We have inspected the exterior and, whenever possible, the interior of the properties in February 2015. No structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Unless otherwise stated, we have not been able to carry out on-site measurements to verify the site and floor areas of the properties and we have assumed that the area shown on the documents handed to us are correct.

8. CURRENCY

Unless otherwise stated, all sums stated in our valuations are in Renminbi, the official currency of the PRC.

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

Yours faithfully,
for and on behalf of
DTZ Debenham Tie Leung Limited
Andrew K.F. Chan
Registered Professional Surveyor (General Practice)
Registered China Real Estate Appraiser
MSc, MHKIS
Senior Director, Valuation & Advisory Services

Note: Mr. Andrew K. F. Chan is a Registered Professional Surveyor who has over 27 years of experience in the valuation of properties in the PRC.

SUMMARY OF VALUATIONS

Property	Market value in existing state as at 31 January 2015 (RMB)	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as at 31 January 2015 (RMB)
Group I — Property held by the Group for sale in the PRC			
1. Topsearch Building, east of Gong Ye Avenue and west of Liyuan Road, Shekou, Nanshan District, Shenzhen City, Guangdong Province, the PRC 中國廣東省深圳市南山區蛇口工業大道東、 荔園路西至卓飛高大廈	720,000,000	30	216,000,000
Group II — Property held by the Group for future development in the PRC			
2. Major portions of Block No. 5 of Xinghua Industrial Building, Gong Ye Avenue, Shekou, Nanshan District, Shenzhen City, Guangdong Province, the PRC 中國廣東省深圳市南山區蛇口工業大道 興華工業大廈5棟大部分	210,000,000	30	63,000,000
Total of Groups I and II:	930,000,000		279,000,000

VALUATION CERTIFICATE

Group I — Property held by the Group for sale in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 January 2015
1. Topsearch Building, east of Gong Ye Avenue and west of Liyuan Road, Shekou, Nanshan District, Shenzhen, Guangdong Province, the PRC 中國廣東省深圳市南山區蛇口工業大道東、荔園路西至卓飛高大廈	The property comprises an 8-storey industrial building plus 3 levels of basement, known as Topsearch Building, erected on a parcel of land with a site area of approximately of 11,208.50 sq m. Completed in 2004 and renovation in 2014, the building has a total gross floor area of approximately 40,221.57 sq m. The property is held with land use rights for a term due to expire on 14 September 2050 for industrial use.	As at the valuation date, the property was vacant.	RMB720,000,000 (30% interest attributable to the Group: RMB216,000,000)

Notes:

- (1) According to Real Estate Title Certificate No. 4000599753 issued by Shenzhen Real Estate Registration Centre, the land use rights and ownership of the building known as Topsearch Building (至卓飛高大廈) have been vested in 至卓飛高線路板(深圳)有限公司 (Topsearch Printed Circuits (Shenzhen) Ltd.) for a term of 50 years due to expire on 14 September 2050 for industrial use with a site area of approximately 11,208.5 sq m and a total gross floor area of approximately 40,221.57 sq m.
- (2) According to Business Licence No. 440301503313020 dated 22 September 2013, 至卓飛高線路板(深圳)有限公司 (Topsearch Printed Circuits (Shenzhen) Ltd) was established as a limited company.
- (3) We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, inter alia, the following information:
 - (i) The Real Estate Title Certificate is valid, legal and enforceable under the PRC laws;
 - (ii) 至卓飛高線路板(深圳)有限公司 (Topsearch Printed Circuits (Shenzhen) Ltd) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
 - (iii) 至卓飛高線路板(深圳)有限公司 (Topsearch Printed Circuits (Shenzhen) Ltd) has the right to freely occupy, use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property. and
 - (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been duly paid and settled.
- (4) The status of the title and grant of major approvals and licences in accordance with the information provided to us are as follows:—

Real Estate Title Certificate	Yes
Business Licence	Yes

(5) Our major assumptions in our valuation method are as follows:

Use	Average market monthly unit rent (RMB/sq m)	Capitalisation rate
Industrial	96	5.5%

In undertaking our valuation, we have made reference to various recent lettings within the property as well as other similar properties within the same district. The monthly rental levels of those major lettings of industrial properties with better quality range from approximately RMB80 per sq m to RMB100 per sq m.

We have gathered and analysed various recent sales transactions of industrial properties and noted that the capitalisation rates implied in those transactions are generally within the range from 5% to 6% for industrial premises.

The above market rents assumed by us are consistent with the level of the recent lettings within the property and other similar properties within the same district as mentioned above. The capitalisation rates used are reasonable having regard to the capitalisation rates analysed from sales of comparable properties which we have collected.

VALUATION CERTIFICATE

Group II — Property held by the Group for future development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 January 2015
2. Major portions of Block No. 5 of Xinghua Industrial Building, Gong Ye Avenue, Shekou, Nanshan District, Shenzhen, Guangdong Province, the PRC	The property comprises major portions of an 8-storey industrial building known as Block No. 5 of Xinghua Industrial Building erected on a parcel of land with a site area of approximately of 13,137.80 sq m.	As at the valuation date, the property was vacant.	RMB210,000,000 (30% interest attributable to the Group: RMB63,000,000)
中國廣東省深圳市南山區蛇口工業大道興華工業大廈5棟大部分	Completed in 1985, the property has a total gross floor area of approximately 37,489.75 sq m.	The property is held with land use rights for industrial use. For details, please see Note (1) below.	

Notes:

- (1) According to fourteen Real Estate Title Certificates issued by the Shenzhen People's Government, the land use rights and ownership of the following portions of the building known as Block No. 5 of Xinghua Industrial Building (興華工業大廈5棟) have been vested in 深圳市飛高至卓實業有限公司 ("Topsearch Sky") for industrial use with a total gross floor area of approximately 37,489.75 sq m and the details are set out as follows:

Certificate No.	Portion of Block No. 5 Xinghua Industrial Building	Expiry date of land use term	Gross floor area (sq m)
4000607382	Portion D on Levels 1 and 2	8 June 2034	4,545.00
4000607392	Portion E on Level 1	8 June 2034	1,979.85
4000607380	Portion E on Level 2	8 June 2034	2,519.90
4000607385	Portions A and B on Level 3	8 June 2034	3,333.50
4000607379	Portion C on Level 3	9 June 2034	1,712.50
4000607387	Portion D on Level 4	8 June 2034	2,526.00
4000607390	Portion E on Level 4	8 June 2034	2,520.00
4000607386	Portion D on Level 5	8 June 2034	2,526.00
4000607381	Portion E on Level 5	8 June 2034	2,520.00
4000607388	Portion B+ 1 on Level 6	8 June 2034	1,850.00
4000607389	Portion G on Level 6	8 June 2034	1,365.00
4000607395	Portions A, B & C on Level 7	8 June 2034	5,046.00
4000607394	Portion D on Level 8	9 June 2034	2,526.00
4000607393	Portion E on Level 8	8 June 2034	2,520.00
		Total	<u>37,489.75</u>

- (2) According to Business Licence No. 440301111560565 dated 31 October 2014, 深圳市飛高至卓實業有限公司 (“Topsearch Sky”) was established as a limited company.
- (3) We have been provided with a legal opinion issued by the Company’s PRC legal advisor, which contains, inter alia, the following information:
- (i) The Real Estate Title Certificates are valid, legal and enforceable under the PRC laws;
 - (ii) 深圳市飛高至卓實業有限公司 (“Topsearch Sky”) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
 - (iii) 深圳市飛高至卓實業有限公司 (“Topsearch Sky”) has the right to freely occupy, use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property; and
 - (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been duly paid and settled.
- (4) The status of the title and grant of major approvals and licences in accordance with the information provided to us are as follows:—

Real Estate Title Certificates	Yes
Business Licence	Yes

- (5) Our major assumptions in our valuation method are as follows:

Use	Average market monthly unit rent (RMB/sq m)	Capitalisation rate
Industrial	40	5.5%

In undertaking our valuation, we have made reference to various recent lettings within the property as well as other similar properties within the same district. The monthly rental levels of those major lettings of industrial properties with lower quality range from approximately RMB38 per sq m to RMB48 per sq m.

We have gathered and analysed various recent sales transactions of industrial properties and noted that the capitalisation rates implied in those transactions are generally within the range from 5% to 6% for industrial premises.

The above market rents assumed by us are consistent with the level of the recent lettings within the property and other similar properties within the same district as mentioned above. The capitalisation rates used are reasonable having regard to the capitalisation rates analysed from sales of comparable properties which we have collected.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

Interests of Directors and chief executives

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

(a) *The Company*

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

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

(b) Associated Corporation — Inni International Inc.

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

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

(c) Subsidiary — Topsearch Industries (Holdings) Limited

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

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

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

Directors' interests in share options of the Company

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

Interests of substantial shareholders

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

Name of shareholders	Notes	Nature of interest		Number of Shares held	Percentage of issued capital
Inni International Inc.	(i)	Direct	Long position	432,000,000	43.20%
Mrs. Cheok Chu Wai Min	(ii)	Deemed	Long position	510,250,000	51.03%
Hallgain Management Limited	(iii)	Deemed	Long position	189,126,000	18.91%
Kingboard Chemical Holdings Limited	(iii)	Direct	Long position	5,016,000	0.50%
		Deemed	Long position	<u>184,110,000</u>	<u>18.41%</u>
		Total		<u><u>189,126,000</u></u>	<u><u>18.91%</u></u>
Jamplan (BVI) Limited	(iii)	Deemed	Long position	188,780,000	18.87%
Kingboard Laminates Holdings Limited	(iii)	Direct	Long position	202,000	0.02%
Kingboard Investments Limited	(iii)	Direct	Long position	188,578,000	18.85%
Majestic Wealth Limited	(iv)	Direct	Long position	0	0%

Note:

- (i) The above interest in the name of Inni International Inc. was also disclosed as interest of Mr. Cheok Ho Fung in the above section headed “Interests of Directors and chief executives”.
- (ii) Mrs. Cheok Chu Wai Min is the spouse of Mr. Cheok Ho Fung. The shares of Inni International Inc. are owned as to 49% by Mr. Cheok Ho Fung and as to 51% jointly by Mr. Cheok Ho Fung and Mrs. Cheok Chu Wai Min. The shareholdings stated against Mr. Cheok Ho Fung and Mrs. Cheok Chu Wai Min above represented the same block of shares, which were also included as interests of Mr. Cheok Ho Fung in the above section headed “Interests of Directors and chief executives”.
- (iii) Kingboard Investments Limited and Kingboard Laminates Holdings Limited, holders of 188,578,000 and 202,000 shares in the Company respectively, are wholly-owned subsidiary and a non-wholly-owned subsidiary of Jamplan (BVI) Limited respectively which in turn is a wholly-owned subsidiary of Kingboard Chemical Holdings Limited. Hallgain Management Limited owns 36.26% equity shares in Kingboard Chemical Holdings Limited.

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

3. LITIGATION

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

4. DIRECTORS’ SERVICE CONTRACTS

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

5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

6. OTHER INTERESTS OF THE DIRECTORS

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

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

7. MATERIAL CONTRACTS

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

- (a) the Equity Transfer Agreement dated 8 January 2015 entered into amongst Topsearch HK, Shanghai Yuxing and Huatuo, pursuant to which Topsearch HK conditionally agreed to sell, and Huatuo conditionally agreed to acquire 30% equity interests in Topsearch Shenzhen 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;
- (b) the Supplemental Agreement dated 8 January 2015 entered into amongst Topsearch HK, Shanghai Yuxing and Huatuo 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"), 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.

- (c) the 2nd Supplemental Agreement to the Equity Transfer Agreement dated 2 February 2015 enter into amongst Topsearch HK, Shanghai Yuxing, Huatuo and Gu Jing as guarantor, pursuant to which the parties thereof agreed to amend certain terms in respect of the payment manner of the Disposal Consideration .

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

8. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, there was no material adverse change in the financial or trading position of the Group since 31 December 2014, being the date to which the latest published audited consolidated financial statements of the Company were made up.

9. EXPERT AND CONSENT

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

Name	Qualifications
BDO Limited	Certified Public Accountant
DTZ Debenham Tie Leung Limited	Independent Professional Property Valuer
Tony C.M. Yau & Company	Certified Public Accountant

- ii. As at the Latest Practicable Date, BDO Limited, DTZ Debenham Tie Leung Limited and Tony C.M. Yau & Company, did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- iii. BDO Limited, DTZ Debenham Tie Leung Limited and Tony C.M. Yau & Company have given and have not withdrawn its written consents to the issue of this circular, with the inclusion therein of its letters or the references to its names in the form and context in which they appear.

- iv. As at the Latest Practicable Date, BDO Limited, DTZ Debenham Tie Leung Limited and Tony C.M. Yau & Company did not have any direct or indirect interest in any assets which have been acquired, or disposed of by, or leased to any member of the Group, or were proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2014, the date to which the latest published audited financial statements of the Group were made up.

10. GENERAL

- i. Mr. Fong Ching Kong, Tony is the company secretary of the Company.

He is also a financial controller of the Group. He is a fellow member of Taxation Institute of Hong Kong and the Chartered Association of Certified Accountants. He is also an associate member of the Hong Kong Institute of Certified Public Accountants, the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators.

- ii. The principal place of business of the Company in Hong Kong is situated at 3406, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.
- iii. The branch share registrar and transfer office of the Company is Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- iv. The English text of this circular shall prevail over the Chinese text in the event of inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9:00 a.m. to 5:00 p.m. on any weekday except Saturdays, Sundays and public holidays at the principal place of business of the Company in Hong Kong at 3406, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong, from the date of this circular up to any including 13 May 2015 (14 days after the date of this circular):

- i. the memorandum and articles of association of the Company;
- ii. the annual reports of the Company for the three years ended 31 December 2012, 31 December 2013 and 31 December 2014 respectively;

- iii. the report from DTZ Debenham Tie Leung Limited in respect of the property valuation report of Disposal Company, the text of which is set out in Appendix II to this circular;
- iv. the written consents referred to under the paragraph headed “Expert and consent” in this appendix;
- v. the Equity Transfer Agreement;
- vi. the Supplemental Agreement;
- vii. the 2nd Supplemental Agreement;
- viii. this circular.