THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer, this Composite Document or the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in **Topsearch International (Holdings) Limited**, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser or the licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser(s).

This Composite Document should be read in conjunction with the accompany Form of Acceptance, the contents of which form part of the terms of the Offer contained herein.

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

YOUFU INVESTMENT CO., LTD
優福投資有限公司
(Incorporated in the BVI with limited liability)

ZHISHENG ENTERPRISE INVESTMENT CO., LTD
智勝企業投資有限公司
(Incorporated in the BVI with limited liability)

COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING TO MANDATORY UNCONDITIONAL CASH OFFER BY PRUDENTIAL BROKERAGE LIMITED FOR AND ON BEHALF OF THE JOINT OFFERORS TO ACQUIRE ALL THE ISSUED SHARES IN THE SHARE CAPITAL OF TOPSEARCH INTERNATIONAL (HOLDINGS) LIMITED (OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY THE JOINT OFFERORS AND/OR PARTIES ACTING IN CONCERT WITH THEM)

Financial Adviser to Topsearch International (Holdings) Limited

八方金融有限公司
OCTAL Capital Limited

Financial Adviser to Youfu Investment Co., Ltd and Zhisheng Enterprise Investment Co., Ltd

Hercules
Hercules Capital Limited

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

第一上海
FIRST SHANGHAI GROUP
FIRST SHANGHAI CAPITAL LIMITED
第一上海融資有限公司

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from Prudential Brokerage containing, among other things, details of the terms of the Offer is set out on pages 12 to 21 of this Composite Document.

A letter from the Board is set out on pages 22 to 27 of this Composite Document.

A letter from the Independent Board Committee is set out on pages 28 to 29 of this Composite Document.

A letter from First Shanghai, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 30 to 54 of this Composite Document.

The procedures for acceptance and settlement of the Offer and other related information are set out on pages I-1 to I-10 in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptance of the Offer should be received by the Registrar by no later than 4:00 p.m. on Friday, 12 February 2016 or such later time and/or the date as the Joint Offerors may decide and announce in accordance with the requirements under the Takeovers Code.

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong should read the details in this regard which are contained in the paragraph 7 headed "Overseas Shareholders" of Appendix I to this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents or any registration or filing which may be required and the compliance with other necessary formalities or legal requirements and payment of any transfer or other taxes due by such Overseas Shareholder in respect of such jurisdiction. Each Overseas Shareholder is advised to seek professional advice on deciding whether or not to accept the Offer.

This Composite Document will remain on the websites of the Stock Exchange at http://www.hkexnews.hk and the Company at http://www.topsearch.com.hk as long as the Offer remains open.

* *For identification purposes only*

22 January 2016

CONTENTS

The expected timetable set out below is indicative only and may be subject to changes. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate.

Event	**Time & Date**
Despatch date of this Composite Document and the Form of Acceptance and the commencement date of the Offer *(Notes 1 and 4)*	Friday, 22 January 2016
Latest time and date for acceptance of the Offer *(Notes 2 and 5)*	4:00 p.m. on Friday, 12 February 2016
Closing Date of the Offer *(Note 4)*	Friday, 12 February 2016
Announcement of the results of the Offer (or its extension or revision, if any), to be posted on on the website of the Stock Exchange *(Note 2)*	not later than 7:00 p.m. on Friday, 12 February 2016
Latest date for posting of remittance in respect of valid acceptances received under the Offer *(Notes 3 and 5)*	Tuesday, 23 February 2016

Note 1: The Offer, which is unconditional, is made on the date of posting of this Composite Document, and is capable of being accepted on and from that date until the Closing Date.

Note 2: The latest time for acceptance of the Offer is 4:00 p.m. on Friday, 12 February 2016 unless the Joint Offerors revise or extend the Offer in accordance with the Takeovers Code. The Joint Offerors and the Company will jointly issue an announcement through the website of the Stock Exchange no later than 7:00 p.m. on Friday, 12 February 2016 stating whether the Offer has been extended, revised or has closed for acceptance. In the event that the Joint Offerors decide to extend the Offer, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.

Note 3: Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable for the Shares tendered under the Offer will be despatched to the Independent Shareholders accepting the Offer by ordinary post at their own risk as soon as possible, but in any event within seven Business Days after the date of receipt by the Registrar of a duly completed acceptance in accordance with the Takeovers Code.

Note 4: Acceptance of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code. Please refer to paragraph 6 headed "Right of withdrawal" in Appendix I to this Composite Document for further information on the circumstances where acceptances may be withdrawn.

Note 5: If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning signal:

(a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer, and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer and the posting of remittances will remain at 4:00 p.m. on the same Business Day; or

(b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer, and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer and the posting of remittances will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

Save as mentioned above, if the latest time for acceptance of the Offer and posting of remittances do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Joint Offerors and the Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

All references to date and time contained in this Composite Document and the Form of Acceptance refer to Hong Kong date and time.

NOTICE TO SHAREHOLDERS OUTSIDE HONG KONG

The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdictions. Overseas Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal requirements. It is the responsibility of any such person who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities or legal requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdiction. The Joint Offerors and any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay. Please see the paragraph headed "Overseas Shareholders" in the "Letter from Prudential Brokerage".

In this Composite Document, unless otherwise defined or the context otherwise requires, the following expressions shall have the following meanings. Also, where terms are defined and used in only one section of this Composite Document, those defined terms are not included in the table below:

"acting in concert"	has the same meaning ascribed to it under the Takeovers Code
"associate(s)"	has the same meaning ascribed to it under the Takeovers Code
"Board"	the board of Directors
"Business Day(s)"	a day on which the Stock Exchange is open for transaction of business
"BVI"	the British Virgin Islands
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Circular"	the circular of the Company dated 29 December 2015 in relation to, among other things, the Disposal Agreements and the Deed of Novation and the transactions contemplated thereunder
"Citilite"	Citilite Pride Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company before the completion of the Disposal Agreement One
"Citilite Electronics (Shenzhen)"	千傲電子(深圳)有限公司, a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company before the completion of the Disposal Agreement One
"Citilite Group"	Citilite and its subsidiary, Citilite Electronics (Shenzhen)
"close associate(s)"	has the same meaning ascribed to it under the Listing Rules

"Closing Date"	Friday, 12 February 2016, the closing date of the Offer, or if the Offer is extended, any subsequent closing date as may be determined and announced jointly by the Joint Offerors and the Company, with consent of the Executive, in accordance with the Takeovers Code
"Company"	Topsearch International (Holdings) Limited (至卓國際(控股)有限公司*), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2323)
"Composite Document"	this composite offer and response document jointly issued by the Joint Offerors and the Company to all Shareholders in connection with the Offer in accordance with the Takeovers Code containing, amongst other things, detailed terms of the Offer, and the letters of advice from the Independent Board Committee and First Shanghai in respect of the Offer
"Deed of Novation"	the deed of novation dated 16 November 2015 among Mr. Cheok, the Company and Topsearch Printed Circuits (HK), pursuant to which the Company has conditionally agreed to assign and novate, and Topsearch Printed Circuits (HK) has conditionally agreed to assume and perform all the rights and obligations of the Company regarding certain indebtedness, on and subject to the terms and conditions contained therein
"Directors"	the director(s) of the Company
"Disposals"	the transactions contemplated under the Disposal Agreements

* *For identification purposes only*

"Disposal Agreement One"	the disposal agreement dated 16 November 2015 (as supplemented by a supplemental agreement dated 11 December 2015) entered into between Topsearch Printed Circuits (HK) and Toprich Bravo, pursuant to which Topsearch Printed Circuits (HK) conditionally agreed to sell, and Toprich Bravo conditionally agreed to purchase, the entire issued share capital of Citilite and the shareholder's loan owed by the Citilite Group to Topsearch Printed Circuits (HK), at a total consideration of HK$77,015,270 (subject to any further advances made by Topsearch Printed Circuits (HK) to the Citilite Group up to the completion date of the Disposal Agreement One and in any event shall not exceed HK$81,615,270) on and subject to the terms and conditions contained therein
"Disposal Agreement Two"	the disposal agreement dated 16 November 2015 entered into between Topsearch Printed Circuits (HK) and Top Harvest, pursuant to which Topsearch Printed Circuits (HK) conditionally agreed to sell, and Top Harvest conditionally agreed to purchase, the entire issued share capital of Topsearch Tongliao (BVI) and the shareholder's loan owed by the Tongliao Group to Topsearch Printed Circuits (HK), at a total consideration of HK$110,269,096 on and subject to the terms and conditions contained therein
"Disposal Agreements"	the Disposal Agreement One and the Disposal Agreement Two
"Disposal Companies"	Citilite and Topsearch Tongliao (BVI)
"Disposal Groups"	Citilite Group and Tongliao Group
"Encumbrances"	a mortgage, charge, pledge, lien, option, right of pre-emption, right of first refusal, third-party right or interest, transfer, trust, any other encumbrance or security interest of any kind, or another type of preferential arrangement (including, without limitation, retention arrangement) having similar effect, any representation rights, power of attorney, voting arrangements, or any claim for ownership, possession or adverse possession rights

"Executive"	Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
"Facility"	a loan facility of up to HK$140 million granted by Prudential Brokerage to the Joint Offerors to finance the amount payable by the Joint Offerors upon acceptance of the Offer
"First Shanghai" or "Independent Financial Adviser"	First Shanghai Capital Limited, a licensed corporation under the SFO permitted to engage in Type 6 (advising on corporate finance) of the regulated activity thereunder, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Offer and its acceptance
"Form of Acceptance"	the form of acceptance and transfer of Shares in respect of the Offer accompanying this Composite Document
"Group"	the Company and its subsidiaries
"Hercules Capital"	Hercules Capital Limited, a licensed corporation under the SFO permitted to engage in Type 6 (advising on corporate finance) regulated activity under the SFO, which has been appointed as the financial adviser to the Joint Offerors in respect of the Offer
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	an independent committee of the Board comprising all the non-executive Director (namely, Mr. Tang Yok Lam, Andy) and the independent non-executive Directors (namely, Mr. Leung Shu Kin, Alfred, Mr. Wong Wing Kee and Mr. Ng Kee Sin), which has been established to advise the Independent Shareholders in relation to the terms of the Offer and its acceptance
"Independent Shareholders"	Shareholder(s) other than the Joint Offerors and parties acting in concert with any of them

"Inni"	Inni International Inc., a company incorporated in the Republic of Liberia with limited liability, which was held as at the Latest Practicable Date, as to 49% of its total issued share capital by Mr. Cheok and the remaining 51% of its total issued share capital by Mr. Cheok and Mrs. Cheok jointly
"Joint Announcement"	the joint announcement issued by the Joint Offerors and the Company dated 24 November 2015 in relation to, among other things, the Sale and Purchase Agreement, the Disposals, the Novation and the Offer
"Joint Offerors"	Youfu and Zhisheng
"Last Trading Day"	16 November 2015, being the last full trading day immediately prior to the suspension of trading in the Shares pending the release of the Joint Announcement
"Latest Practicable Date"	19 January 2016, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained in this Composite Document
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Cheok"	Mr. Cheok Ho Fung, a shareholder of Inni and an executive Director and the Chairman of the Company
"Mr. Sun"	Mr. Sun Mingwen, the sole beneficial owner and sole director of Youfu
"Mrs. Cheok"	Ms. Chu Wai Man, the spouse of Mr. Cheok and a shareholder of Inni
"Ms. He"	Ms. He Yeqin, the sole beneficial owner and sole director of Zhisheng
"Novation"	the transactions contemplated under the Deed of Novation
"Octal Capital"	Octal Capital Limited, a licensed corporation permitted to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO which has been appointed as the financial adviser to the Company

"Offer"	the mandatory unconditional cash offer made by Prudential Brokerage, on behalf of the Joint Offerors, for all the issued Shares not already owned or agreed to be acquired by the Joint Offerors and/or parties acting in concert with any of them in accordance with the Takeovers Code
"Offer Period"	the period commencing from 24 September 2015, being the date of the Company's announcement made pursuant to Rule 3.7 of the Takeovers Code and ending on the Closing Date or such other time or date to which the Joint Offerors may decide to extend or revise the Offer in accordance with the Takeovers Code
"Offer Price"	the price at which the Offer is made, being HK$0.56 per Offer Share
"Offer Share(s)"	all the Share(s) in issue, other than those Shares already owned or agreed to be acquired by the Joint Offerors and parties acting in concert with any of them
"Overseas Shareholder(s)"	Shareholder(s) whose addresses, as shown on the register of members of the Company, are outside Hong Kong
"Prudential Brokerage"	Prudential Brokerage Limited, a licensed corporation permitted to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
"PRC"	the People's Republic of China which, for the purpose of this Composite Document, shall exclude Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Registrar"	Tricor Tengis Limited, the Hong Kong branch share registrar of the Company at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong
"Relevant Period"	the period from 24 March 2015, being the date falling six months prior to the date of the commencement of the Offer Period and up to and including the Latest Practicable Date
"Remaining Group"	the Group immediately after the completion of the Disposals

"Rule 3.7 Announcements"	the announcements issued by the Company dated 24 September 2015, 29 September 2015, 23 October 2015 and 9 November 2015 in relation to the possible sale by the Vendors of their shareholding interest in the Company
"Sale Shares"	an aggregate of 510,250,000 Shares, representing approximately 51.025% of the entire issued share capital of the Company as at the date of the Sale and Purchase Agreement, acquired by the Joint Offerors from the Vendors pursuant to the terms and conditions of the Sale and Purchase Agreement
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
"Share(s)"	the ordinary share(s) of HK$0.1 each in the share capital of the Company
"Share Charge"	the share charge entered into between Prudential Brokerage and the Joint Offerors whereby the 510,250,000 Shares legally and beneficially owned by the Joint Offerors and the Offer Shares to be acquired by the Joint Offerors through the Offer were charged to Prudential Brokerage as security for the Facility
"Shareholder(s)"	holder(s) of the Share(s) and the term "Shareholder" shall be construed accordingly
"Sale and Purchase Agreement"	the sale and purchase agreement dated 16 November 2015 entered into among the Vendors and the Joint Offerors in relation to the sale and purchase of the Sale Shares
"Sale and Purchase Completion"	completion of the sale and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Takeovers Code"	The Hong Kong Code on Takeovers and Mergers and Share Buy-backs as in force and as amended from time to time

"Tongliao Group"	Topsearch Tongliao (BVI) and its subsidiary, Topsearch Tongliao (PRC)
"Top Harvest"	Top Harvest International Investment Limited, a company incorporated in Hong Kong with limited liability and was wholly-owned by Mr. Cheok as at the Latest Practicable Date
"Toprich Bravo"	Toprich Bravo Limited, a company incorporated in Hong Kong with limited liability and was wholly-owned by Mr. Cheok as at the Latest Practicable Date
"Topsearch Printed Circuits (HK)"	Topsearch Printed Circuits (HK) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
"Topsearch Tongliao (BVI)"	Topsearch Tongliao Investment (BVI) Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company before the completion of the Disposal Agreement Two
"Topsearch Tongliao (PRC)"	至卓飛高線路板(通遼)有限公司, a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company before the completion of the Disposal Agreement Two
"Trading Day"	a day when the Stock Exchange is open for trading in Hong Kong
"Vendors"	collectively Inni, Mr. Cheok and Mrs. Cheok
"Youfu"	Youfu Investment Co., Ltd, a company incorporated in the BVI with limited liability on 28 August 2015, which is wholly-owned by Mr. Sun
"Zhisheng"	Zhisheng Enterprise Investment Co., Ltd, a company incorporated in the BVI with limited liability on 16 June 2015, which is wholly-owned by Ms. He
"%"	per cent

信誠證券有限公司
Prudential Brokerage Ltd

22 January 2016

To the Independent Shareholders,

Dear Sir/Madam,

MANDATORY UNCONDITIONAL CASH OFFERS BY PRUDENTIAL BROKERAGE LIMITED FOR AND ON BEHALF OF THE JOINT OFFERORS TO ACQUIRE ALL THE ISSUED SHARES IN THE SHARE CAPITAL OF TOPSEARCH INTERNATIONAL (HOLDINGS) LIMITED (OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY THE JOINT OFFERORS AND/OR PARTIES ACTING IN CONCERT WITH THEM)

INTRODUCTION

On 16 November 2015 (after trading hours), the Vendors and the Joint Offerors entered into the Sale and Purchase Agreement, pursuant to which the Joint Offerors conditionally agreed to acquire, and the Vendors conditionally agreed to sell, the Sale Shares, being 510,250,000 Shares, representing 51.025% of the entire issued share capital of the Company as at the Latest Practicable Date, for a total consideration of HK$285,740,000, equivalent to HK$0.56 per Sale Share, which was agreed between the Joint Offerors and the Vendors after arm's length negotiations. The Sale and Purchase Completion took place on 15 January 2016.

Immediately following the Sale and Purchase Completion and as at the Latest Practicable Date, the Joint Offerors and parties acting in concert with them were interested in 510,250,000 Shares, representing 51.025% of the entire issued share capital of the Company as at the Latest Practicable Date. Pursuant to Rule 26.1 of the Takeovers Code, the Joint Offerors and parties acting in concert with them are required to make an unconditional mandatory cash offer for all the issued Shares (other than those Shares already owned or agreed to be acquired by the Joint Offerors and parties acting in concert with them).

This letter sets out, among other things, the principal terms of the Offer, together with the information on the Joint Offerors and the Joint Offerors' intentions regarding the Group. Further details of the terms of the Offer and procedures of acceptance are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

UNCONDITIONAL MANDATORY CASH OFFER

As at the Latest Practicable Date, there were 1,000,000,000 Shares in issue. The Company did not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and had not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares as at the Latest Practicable Date.

Principal terms of the Offer

Prudential Brokerage, on behalf of the Joint Offerors and in compliance with the Takeovers Code, hereby makes the Offer on the terms set out in this Composite Document in accordance with the Takeovers Code on the following basis:

For each Offer Share .... HK$0.56 in cash

The Offer Price of HK$0.56 per Offer Share under the Offer is the same as the purchase price per Sale Share paid by the Joint Offerors under the Sale and Purchase Agreement.

Comparison of value

The Offer Price of HK$0.56 per Offer Share represents:

(a) a discount of approximately 51.30% to the closing price of HK$1.15 per Share as quoted on the Stock Exchange on 16 November 2015, being the Last Trading Day;

(b) a discount of approximately 44.22% to the average closing price of approximately HK$1.004 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;

(c) a discount of approximately 33.88% to the average closing price of approximately HK$0.847 per Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;

(d) a discount of approximately 27.84% to the average closing price of approximately HK$0.776 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;

(e) a discount of approximately 52.14% to the closing price of HK$1.17 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(f) a premium of approximately 47.37% over the audited consolidated net asset value attributable to Shareholders of approximately HK$0.380 per Share as at 31 December 2014, the date to which the latest audited financial results of the Group were made up; and

(g) a premium of approximately 31.15% over the unaudited consolidated net asset value attributable to Shareholders of approximately HK$0.427 per Share as at 30 June 2015, the date to which the latest unaudited interim results of the Group were made up.

Highest and lowest Share prices

During the six-month period preceding the date of the Rule 3.7 Announcements and the period up to and including the Latest Practicable Date:

(i) the highest closing price of the Shares as quoted on the Stock Exchange was HK$1.25 per Share on 8 January 2016; and

(ii) the lowest closing price of the Shares as quoted on the Stock Exchange was HK$0.27 per Share on 1 April 2015.

Total consideration for the Offer

As at the Latest Practicable Date, the Company had 1,000,000,000 Shares in issue. Excluding the Shares already owned or agreed to be acquired by the Joint Offerors and parties acting in concert with them and assuming that the Offer is accepted in full by all other Shareholders, the total consideration payable by the Joint Offerors under the Offer will be HK$274,260,000 based on the Offer Price.

Financial resources available to the Joint Offerors

The maximum aggregate amount payable by the Joint Offerors upon full acceptance of the Offer is HK$274,260,000. Youfu and Zhisheng will acquire, and pay for, the Shares tendered for acceptance under the Offer pursuant to and in accordance with the terms of the Offer in the proportion of 66.667% by Youfu and 33.333% by Zhisheng.

Each of the Joint Offerors shall finance and satisfy the consideration payable under the Offer firstly with its internal resources and the balance with the Facility. Under the terms of the Facility, the Sale Shares acquired by the Joint Offerors under the Sale and Purchase Agreement and the Shares to be acquired pursuant to the Offer shall be charged to Prudential Brokerage as security under the Share Charge. As at the Latest Practicable Date, Prudential Brokerage did not hold any Share.

Hercules Capital, the financial adviser to the Joint Offerors in respect of the Offer, is satisfied that sufficient financial resources are available to the Joint Offerors to satisfy the full acceptance of the Offer.

Effect of accepting the Offer

By accepting the Offer, the accepting Shareholders will sell their Shares to the Joint Offerors free from all Encumbrances and together with all rights attaching to them, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of this Composite Document.

Acceptance of the Offer by any Shareholder will be deemed to constitute a warranty by such person that all Shares sold by such person under the Offer are free from all liens, charges, options, claims, equities, adverse interests, third-party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and distributions recommended, declared, made or paid, if any, on or after the date of despatch of this Composite Document. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven business days (as defined in the Takeovers Code) of the date on which the duly completed acceptances of the Offer and the relevant documents of title in respect of such acceptances are received by the Joint Offerors (or their agent) to render each such acceptance complete and valid.

Hong Kong stamp duty

The seller's Hong Kong ad valorem stamp duty on acceptance of the Offer at a rate of 0.1% of the consideration payable in respect of the relevant acceptance by the Shareholders or if higher, the market value of the Offer Shares subject to such acceptance, will be deducted from the amount payable to those relevant Shareholders who accept the Offer. The Joint

Offerors will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Shareholders who accept the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfers of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Taxation advice

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Joint Offerors, parties acting in concert with them, the Company, Hercules Capital, Prudential Brokerage, Octal Capital, First Shanghai and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any person as a result of his/her/its acceptance or rejection of the Offer.

Dealing and interests in the Company's securities

Save for the entering into of the Sale and Purchase Agreement and the Share Charge, none of the Joint Offerors, their ultimate beneficial owners, nor parties acting in concert with any of them has dealt in any Share, option, derivative, warrant or other securities convertible into Shares during the six-month period prior to 24 September 2015, being the date of the first Rule 3.7 Announcement and the period thereafter up to and including the Latest Practicable Date.

Overseas Shareholders

The availability of the Offer to any Overseas Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibilities of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdictions).

Any acceptance by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Joint Offerors that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

Other arrangements

The Joint Offerors confirm that, save as disclosed in this Composite Document, as at the Latest Practicable Date:

(i) the Joint Offerors, their ultimate beneficial owners, and/or parties acting in concert with any of them had not received any irrevocable commitment to accept the Offer;

(ii) there was no outstanding derivative in respect of securities in the Company which has been entered into by the Joint Offerors, their ultimate beneficial owners and/or any person acting in concert with any of them;

(iii) save for the Share Charge, there was no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Joint Offerors or the Company and which may be material to the Offer (as referred to in Note 8 to Rule 22 of the Takeovers Code);

(iv) save for the Sale Shares, none of the Joint Offerors, their ultimate beneficial owners and/or parties acting in concert with any of them owned or had control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;

(v) there was no agreement or arrangement to which the Joint Offerors, their ultimate beneficial owners and/or parties acting in concert with any of them is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer; and

(vi) there was no relevant security (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Joint Offerors, their ultimate beneficial owners, and/or any person acting in concert with any of them has borrowed or lent.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) immediately before the Sale and Purchase Completion; and (ii) immediately following the Sale and Purchase Completion and as at the Latest Practicable Date:

	Immediately before the Sale and Purchase Completion		**Immediately following the Sale and Purchase Completion and as at the Latest Practicable Date**	
	No. of Shares	*Approximate %*	*No. of Shares*	*Approximate %*
The Vendors and parties acting in concert with them:				
Inni	432,000,000	43.200	—	—
Mr. Cheok	78,250,000	7.825	—	—
Sub-total	510,250,000	51.025	—	—
The Joint Offerors and parties acting in concert with them:				
Youfu	—	—	340,166,000	34.017
Zhisheng	—	—	170,084,000	17.008
Sub-total	—	—	510,250,000	51.025
Public Shareholders	489,750,000	48.975	489,750,000	48.975
Total	1,000,000,000	100.000	1,000,000,000	100.000

INFORMATION ON THE GROUP

Your attention is drawn to the details of the information of the Group as set out under the section headed “INFORMATION ON THE GROUP” in the “LETTER FROM THE BOARD” and in Appendices II and III to this Composite Document.

INFORMATION ON THE JOINT OFFERORS

Youfu is an investment holding company incorporated in the British Virgin Islands with limited liability on 28 August 2015. As at the Latest Practicable Date, Youfu was wholly owned by Mr. Sun, who is the sole director of Youfu.

Mr. Sun, aged 49, graduated from Beijing University of Chemical Technology with a bachelor's degree in chemical engineering. Mr. Sun has more than 25 years of experience in corporate finance and import and export trading. He also has over 15 years of experience in real estate trading in the PRC. Mr. Sun is the brother-in-law of Ms. He, the sole shareholder and director of Zhisheng.

Zhisheng is an investment holding company incorporated in the British Virgin Islands with limited liability on 16 June 2015. As at the Latest Practicable Date, Zhisheng was wholly owned by Ms. He, who is the sole director of Zhisheng.

Ms. He, aged 52, graduated from Nanjing Normal University with a bachelor's degree in finance. Ms. He worked in the finance department of Sinopec Pipeline Storage and Transportation Company before establishing her own company with principal activities of real estate development, pipeline engineering and project management in 2003. Ms. He is the sister-in-law of Mr. Sun, the sole shareholder and director of Youfu.

FUTURE INTENTIONS OF THE JOINT OFFERORS REGARDING THE GROUP

It is the intention of the Joint Offerors to continue with the Group's existing principal business following the close of the Offer. The Joint Offerors will conduct a strategic review on the business activities and assets of the Group in order to formulate a long-term business plan and strategy of the Group. Subject to the results of the review and should suitable investment or business opportunities arise, the Joint Offerors may consider whether any asset disposal, asset acquisition, business rationalisation, business divestment, fund raising and/or restructuring of the business will be appropriate to enhance the long-term growth potential of the Company. As at the Latest Practicable Date, no such investment or business opportunities had been identified or confirmed, nor had the Joint Offerors entered into any agreement or arrangement in relation to the injection of any asset or business into the Group. As at the Latest Practicable Date, the Joint Offerors had no intention to discontinue the employment of the employees (save for the proposed changes to the composition of the Board) or to dispose of or re-deploy the fixed assets of the Group other than those in its ordinary and usual course of business.

PROPOSED CHANGE OF BOARD COMPOSITION

As at the Latest Practicable Date, the Board comprised Mr. Cheok being the executive Director, Mr. Tang Yok Lam, Andy being the non-executive Director and Mr. Leung Shu Kin, Alfred, Mr. Wong Wing Kee, and Mr. Ng Kee Sin being the independent non-executive Directors. Under the Sale and Purchase Agreement, the Vendors have agreed to procure such persons (other than Mr. Cheok) as may be required by the Joint Offerors to resign as Directors at the earliest time permitted under the Takeovers Code and such resignation will not take effect earlier than the date of the close of the Offer Period, subject to the requirements of the Takeovers Code. Furthermore, the Joint Offerors shall nominate new Directors to the Board at a later time. As at the Latest Practicable Date, the Joint Offerors had not reached any final decision as to who would be nominated as new Directors or who would be required to resign as Directors. Any change to the Board composition will be announced by the Company and made in compliance with the Takeovers Code and the Listing Rules.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Joint Offerors intend to maintain the listing of the Shares on the Main Board of the Stock Exchange after the close of the Offer. In the event that the public float of the Company falls below 25% following the close of the Offer, the directors of the Joint Offerors and the new Directors (who will be nominated by the Joint Offerors and appointed as Directors) will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares following the close of the Offer.

The Stock Exchange has stated that if, upon closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares until the prescribed level of public float is restored.

PROCEDURES FOR ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further details regarding the procedures for acceptance and settlement and the acceptance period as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

COMPULSORY ACQUISITION

The Joint Offerors do not intend to avail themselves of any power of compulsory acquisition.

GENERAL

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

All documents and remittances to the Independent Shareholders will be sent by ordinary post or courier. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the register of members or, in the case of joint Independent Shareholders, to the Independent Shareholder whose name appears first in the register of members. None of the Joint Offerors and parties acting in concert with them, the Company, Hercules Capital, Prudential Brokerage, Octal Capital, the Registrar or any of their respective directors or associates or professional advisers or any other party involved in the Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document which form part of this Composite Document. You are reminded to read carefully the "Letter from the Board", the "Letter from the Independent Board Committee", the "Letter from First Shanghai" and other information about the Group which are set out in this Composite Document before deciding whether or not to accept the Offer.

Yours faithfully,
For and on behalf of
Prudential Brokerage Limited
Lau Shing Ngon
Managing Director

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:
CHEOK Ho Fung
(Chairman and Chief Executive Officer)

Non-executive Director:
TANG Yok Lam, Andy

Independent non-executive Directors:
LEUNG Shu Kin, Alfred
WONG Wing Kee
NG Kee Sin

Registered Office:
Canon's Court
22 Victoria Street
Hamilton
HM 12
Bermuda

Principal Place of Business:
Room 3406
China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

22 January 2016

To the Independent Shareholders,

Dear Sir or Madam,

MANDATORY UNCONDITIONAL CASH OFFER BY PRUDENTIAL BROKERAGE LIMITED FOR AND ON BEHALF OF THE JOINT OFFERORS TO ACQUIRE ALL THE ISSUED SHARES IN THE SHARE CAPITAL OF TOPSEARCH INTERNATIONAL (HOLDINGS) LIMITED (OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY THE JOINT OFFERORS AND/OR PARTIES ACTING IN CONCERT WITH THEM)

INTRODUCTION

Reference is made to the Joint Announcement and the Circular.

* *For identification purposes only*

The Company and the Joint Offerors jointly announced on 24 November 2015 that, among other things, on 16 November 2015 (after trading hours), the Vendors and the Joint Offerors had entered into the Sale and Purchase Agreement, pursuant to which the Joint Offerors have conditionally agreed to acquire and the Vendors have conditionally agreed to sell the Sale Shares, being 510,250,000 Shares, representing 51.025% of the entire issued share capital of the Company as at the date of the Joint Announcement, for a total consideration of HK$285,740,000, equivalent to HK$0.56 per Sale Share, which was agreed between the Joint Offerors and the Vendors after arm's length negotiations.

The Sale and Purchase Completion took place on 15 January 2016. Immediately after the Sale and Purchase Completion, the Joint Offerors and parties acting in concert with them became interested in an aggregate of 510,250,000 Shares, representing approximately 51.025% of the entire issued share capital of the Company as at the Latest Practicable Date. Pursuant to Rule 26.1 of the Takeovers Code, the Joint Offerors are required to make an unconditional mandatory cash offer for all the issued Shares other than those already owned or agreed to be acquired by the Joint Offerors and parties acting in concert with them. Prudential Brokerage, on behalf of the Joint Offerors, is making the Offer.

The purpose of this Composite Document is to provide you with, among other things, (i) information relating to the Joint Offerors, the Offer and the Group; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Offer; and (iii) a letter of advice from First Shanghai to the Independent Board Committee and the independent Shareholders in relation to the Offer and as to its acceptance.

THE OFFER

The terms of the Offer summarised below are set out in details in the letter from Prudential Brokerage contained in this Composite Document and Appendix I to this Composite Document as well as the Form of Acceptance. You are recommended to refer to them for further details.

Principal terms of the Offer

Prudential Brokerage is making the Offer for and on behalf of the Joint Offerors in compliance with the Takeovers Code on the following basis:

For each Offer Share . . . . HK$0.56 in cash

The Offer Price of HK$0.56 per Offer Share is the same as the purchase price per Sale Share paid by the Joint Offerors under the Sale and Purchase Agreement, which was agreed between the Joint Offerors and the Vendors after arm's length negotiations and was paid in cash by the Joint Offerors upon the Sale and Purchase Completion.

The Offer Shares to be acquired under the Offer shall be free from all Encumbrances and together with all rights attaching to them, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of this Composite Document. The Offer is extended to all Shareholders other than the Joint Offerors and parties acting in concert with them in accordance with the Takeovers Code.

The Offer will be unconditional in all respects and will not be conditional upon acceptances being received in respect of a minimum number of Shares or any other conditions.

Effects of accepting the Offer

By validly accepting the Offer, the Shareholders will sell their tendered Shares to the Joint Offerors free from all Encumbrances and together with all rights now or hereafter attaching to them, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of this Composite Document.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) immediately prior to Sale and Purchase Completion; and (ii) immediately following the Sale and Purchase Completion and as at the Latest Practicable Date.

	Immediately before the Sale and Purchase Completion		Immediately following the Sale and Purchase Completion and as at the Latest Practicable Date	
	No. of Shares	*Approximate %*	*No. of Shares*	*Approximate %*
The Vendors and parties acting in concert with them:				
Inni	432,000,000	43.200	—	—
Mr. Cheok	78,250,000	7.825	—	—
Sub-total	510,250,000	51.025	—	—
The Joint Offerors and parties acting in concert with them:				
Youfu	—	—	340,166,000	34.017
Zhisheng	—	—	170,084,000	17.008
Sub-total	—	—	510,250,000	51.025
Public Shareholders	489,750,000	48.975	489,750,000	48.975
Total	1,000,000,000	100.000	1,000,000,000	100.00

INFORMATION ON THE GROUP

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Stock Exchange. The Company and its subsidiaries are principally engaged in the manufacture and sale of a broad range of printed circuit boards. The Group has a global customer base comprising principally Electronics Manufacturing Services ("**EMS**") companies and Original Equipment Manufacturer ("**OEM**") which are engaged in the production of a diverse range of products for personal computers ("**PC**") and PC-related industries, as well as the telecommunications, office components, security, instrumentation equipment and consumer products industries. Upon completion of the Disposal Agreements, the Remaining Group is principally engaged in manufacturing and sale of a broad range of printed circuit boards.

Set out below is a summary of certain audited financial information of the continuing operations of the Group for the financial years ended 31 December 2013 and 31 December 2014 extracted from its annual reports:

	Year ended 31 December 2013	Year ended 31 December 2014
	HK$'000	*HK$'000*
Revenue	720,372	610,340
Loss before income tax expense	(90,682)	(163,299)
Loss for the year	(94,267)	(166,594)

	As at 31 December 2013	As at 31 December 2014
	HK$'000	*HK$'000*
Consolidated net asset value attributable to owners of the Company	556,535	379,725

Your attention is drawn to Appendices II and III to this Composite Document which contain further financial and general information of the Group.

INFORMATION ON THE JOINT OFFERORS AND THEIR INTENTION REGARDING THE GROUP

Your attention is drawn to the Letter from Prudential Brokerage in this Composite Document for the information on the Joint Offerors and their intention regarding the Group. In particular, as stated in the Letter from Prudential Brokerage, the Joint Offerors intend to maintain the listing of the Shares on the Main Board of the Stock Exchange after the close of the Offer. In the event that the public float of the Company falls below 25% following the close of the Offer, the directors of the Joint Offerors and the new Directors (who will be nominated by the Joint Offerors and appointed as Directors) will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists for the Shares following the close of the Offer.

The Stock Exchange has stated that if, upon closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public

hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares until the prescribed level of public float is restored.

The Board is also aware of the Joint Offerors' intention regarding the Group and its employees and the proposed change of Board composition, and is willing to render co-operation with the Joint Offerors and would continue to act in the best interests of the Group and the Shareholders as a whole.

RECOMMENDATION

The Independent Board Committee, comprising all the non-executive Director (namely, Mr. Tang Yok Lam, Andy) and the independent non-executive Directors (namely Mr. Leung Shu Kin, Alfred, Mr. Wong Wing Kee and Mr. Ng Kee Sin), has been formed to make a recommendation to the Independent Shareholders as to whether the Offer is, or is not, fair and reasonable and as to its acceptance.

First Shanghai has been appointed by the Board after approval by the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee as to whether the Offer is, or is not, fair and reasonable and as to its acceptance.

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 28 to 29 of this Composite Document, which contains its recommendation to the Independent Shareholders in relation to the Offer; and (ii) the letter from First Shanghai set out on pages 30 to 54 of this Composite Document, which contains, among other things, its advice to the Independent Board Committee in relation to the Offer and the principal factors considered by it in arriving at its recommendation.

ADDITIONAL INFORMATION

Your attention is also drawn to the "Letter from Prudential Brokerage" and the additional information contained in the appendices to this Composite Document and the accompanying Form of Acceptance.

Yours faithfully,
By order of the Board
Topsearch International (Holdings) Limited
Cheok Ho Fung
Chairman

Set out below is the text of the letter of recommendation from the Independent Board Committee in respect of the Offer.

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

(Incorporated in Bermuda with limited liability)

(Stock Code: 2323)

22 January 2016

To the Independent Shareholders,

Dear Sir or Madam,

MANDATORY UNCONDITIONAL CASH OFFER BY PRUDENTIAL BROKERAGE LIMITED FOR AND ON BEHALF OF THE JOINT OFFERORS TO ACQUIRE ALL THE ISSUED SHARES IN THE SHARE CAPITAL OF TOPSEARCH INTERNATIONAL (HOLDINGS) LIMITED (OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY THE JOINT OFFERORS AND/OR PARTIES ACTING IN CONCERT WITH THEM)

We refer to the Composite Document dated 22 January 2016 jointly issued by the Company and the Joint Offerors, of which this letter forms part. Terms defined in the Composite Document shall bear the same meanings when used herein unless the context requires otherwise.

We have been appointed to constitute the Independent Board Committee under the Takeovers Code to consider the terms of the Offer and to advise you as to whether, in our opinion, the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and as to its acceptance. First Shanghai has been approved and appointed as the Independent Financial Adviser to advise us in this regard. Details of its advice and the principal factors and reasons taken into consideration in arriving at its advice are set out in the letter from First Shanghai set out on pages 30 to 54 of the Composite Document.

* *For identification purposes only*

We also wish to draw your attention to the Letter from the Board, the Letter from Prudential Brokerage and the additional information set out in the Composite Document.

Taking into account the terms of the Offer and the independent advice from First Shanghai, we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to accept the Offer. Independent Shareholders are recommended to read the full text of the letter from First Shanghai set out in the Composite Document.

Yours faithfully,
For and on behalf of
Independent Board Committee

Mr. Tang Yok Lam, Andy	**Mr. Leung Shu Kin, Alfred**	**Mr. Wong Wing Kee**	**Mr. Ng Kee Sin**
Non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*	*Independent non-executive Director*

The following is the full text of a letter of advice from First Shanghai to the Independent Board Committee and the Independent Shareholders in relation to the Offer, which has been prepared for the purpose of inclusion in this Composite Document.

第一上海
FIRST SHANGHAI GROUP
FIRST SHANGHAI CAPITAL LIMITED
第一上海融資有限公司

19th Floor
Wing On House
71 Des Voeux Road Central
Hong Kong

22 January 2016

*To: The Independent Board Committee and
the Independent Shareholders*

Topsearch International (Holdings) Limited
Room 3406 China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Dear Sirs,

MANDATORY UNCONDITIONAL CASH OFFER BY PRUDENTIAL BROKERAGE LIMITED FOR AND ON BEHALF OF THE JOINT OFFERORS TO ACQUIRE ALL THE ISSUED SHARES IN THE SHARE CAPITAL OF TOPSEARCH INTERNATIONAL (HOLDINGS) LIMITED (OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY THE JOINT OFFERORS AND/OR PARTIES ACTING IN CONCERT WITH THEM)

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Offer, details of which are set out in the "Letter from Prudential Brokerage" and the "Letter from the

Board" contained in the Composite Document dated 22 January 2016 to the Independent Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

The Company has been informed by the Vendors that, on 16 November 2015 (after trading hours), the Vendors and the Joint Offerors had entered into the Sale and Purchase Agreement, pursuant to which the Joint Offerors have conditionally agreed to acquire and the Vendors have conditionally agreed to sell the Sale Shares, being 510,250,000 Shares, representing approximately 51.025% of the entire issued share capital of the Company as at the Latest Practicable Date, for a total consideration of HK$285,740,000, equivalent to HK$0.56 per Sale Share, which was agreed between the Joint Offerors and the Vendors after arm's length negotiations. The Sale and Purchase Completion took place on 15 January 2016.

MANDATORY UNCONDITIONAL CASH OFFER

As at the Latest Practicable Date, the Joint Offerors and parties acting in concert with them will own a total of 510,250,000 Shares, representing approximately 51.025% of the entire issued share capital of the Company.

Pursuant to Rule 26.1 of the Takeovers Code, the Joint Offerors will be required to make the mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Joint Offerors and parties acting in concert with them).

As at the Latest Practicable Date, the Company has 1,000,000,000 Shares in issue. The Company does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

Prudential Brokerage, on behalf of the Joint Offerors and in compliance with the Takeovers Code, is making the Offer on the terms set out in this Composite Document in accordance with the Takeovers Code on the following basis:

For each Offer Share . . . . HK$0.56 in cash

The Offer Price of HK$0.56 per Offer Share equals to the purchase price per Sale Share paid by the Joint Offerors under the Sale and Purchase Agreement. The Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrances and together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of the despatch of the Composite Document.

Consideration for the Sale Shares

The total consideration for the Sale Shares was HK$285,740,000 (representing HK$0.56 per Sale Share) which was agreed between the Joint Offerors and the Vendors after arm's length negotiations and was paid in cash by the Joint Offerors upon the Sale and Purchase Completion.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising the one non-executive Director (namely Mr. Tang Yok Lam, Andy) and three independent non-executive Directors (namely, Mr. Leung Shu Kin, Alfred, Mr. Wong Wing Kee and Mr. Ng Kee Sin), has been constituted to give a recommendation to the Independent Shareholders in respect of the Offer as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

We, First Shanghai, have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee on the Offer, and such appointment has been approved by the Independent Board Committee.

OUR INDEPENDENCE

As at the Latest Practicable Date, we do not have any relationship with, or are interest in, the Company or any other parties that could reasonably be regarded as relevant to our independence. Apart from the normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser in relation to the Offer and the Special Deals as referred to in the circular of the Company dated 29 December 2015, no other arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence.

BASIS OF OUR OPINON

In formulating our opinion and advice, we have relied on the information and facts supplied, and the opinions expressed, by the Directors, which we have assumed to be true, accurate and complete. We have also sought and received confirmation from the

Directors that no material facts have been omitted from the information supplied and that the information which we have received is sufficient to enable us to reach our opinion and provide the advice set out in this letter. We have no reason to doubt the truth and accuracy of the information provided to us or to believe that any material facts have been omitted or withheld. We have also assumed that all representations contained or referred to in the Composite Document were true at the date of the Composite Document. However, we have not conducted any independent investigation into the businesses and affairs of the Group.

We have not considered the tax implications on the Independent Shareholders who accept the Offer since these depend on their individual circumstances. In particular, the Independent Shareholders who are overseas residents or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers.

In formulating our opinion, we have also made reference to the some comparable companies and the subject companies of the Comparables (as defined hereafter), which are listed on the Main Board of the Stock Exchange for analysis purpose and the relevant information was obtained from the website of the Stock Exchange (www.hkex.com.hk). We have assumed the truthfulness and accuracy of the information available to us regarding the Comparables. We have not, however, carried out any independent verification of the information available to us regarding the subject companies of the Comparables, nor have we conducted an independent investigation into the business and affairs, financial condition and future prospects of these companies. Our opinion is necessarily based upon the financial, economic, market, regulatory and other conditions as they existed on, and the facts, information, representations, and opinions made available to us as of the Latest Practicable Date.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In assessing the Offer and in giving our recommendation to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors and reasons:

1. Background of the Group

The Company was incorporated in Bermuda as an exempted company with limited liability and its Shares are listed on the Main Board of the Stock Exchange since 21 June 2002. The Company and its subsidiaries are principally engaged in the manufacturing and sale of a broad range of printed circuit boards ("**PCB(s)**"). The Group has a global customer base comprising principally Electronics Manufacturing

Services ("**EMS**") companies and Original Equipment Manufacturers ("**OEM**") which are engaged in the production of a diverse range of products for personal computers ("**PC**") and PC-related industries, as well as the telecommunications, office components, security, instrumentation equipment and consumer products industries.

2. Historical financial performance and prospects of the Group

The following table summarizes the (i) audited consolidated results, operating cash flows and financial positions of the Group for each of the five financial years (the "**FY(s)**") ended 31 December 2014; and (ii) unaudited consolidated results, operating cash flows and financial positions of the Group for the six months ended 30 June 2014 and 2015. More details of the latest two FYs ended 31 December 2014 are set out in the Appendix II to the Composite Document.

FY ended 31 December/ period ended 30 June	Revenue	Gross profit	(Loss)/ profit before income tax expense	(Loss)/ profit attributable to owners of the Company	Operating cash inflow/ (outflow) before movements in working capital	Net asset value (excluding minority interests)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
FY 2010	1,210,340	98,419	(69,513)	(66,830)	107,137	999,060
FY 2011	1,135,320	2,286	(422,019)	(438,996)	(4,682)	607,398
FY 2012	817,004	12,226	98,210	96,341	(56,670)	622,709
FY 2013	720,372	99,015	(90,682)	(90,381)	(12,285)	556,535
FY 2014	610,340	10,023	(163,299)	(161,895)	(65,269)	379,725
Six months ended 30/6/2014	317,511	16,961	(36,273)	(36,174)	(11,805)	499,123
Six months ended 30/6/2015	292,903	11,313	63,815	49,899	(25,691)	426,715

Overview

During the past five FYs, the Group's scale of business operation in terms of revenue had generally been declining from its relatively higher level of approximately HK$1,210.3 million in the FY 2010 to that of approximately HK$610.3 million in the FY 2014 mainly due to the global economic downturn over the years. Meanwhile, the Group basically had incurred persistent operating losses for the past five FYs since the FY 2010, even though, during two individual financial periods, positive net profits attributable to owners of the Company were recorded, i.e. in the full FY 2012 and the six months ended 30 June 2015. However, if we look into more details of arriving at such profit figures in these two particular FY and the six-month period, we may note that (i) a one-off gain on disposal of a subsidiary amounted to approximately HK$271.3 million was recognised in the FY 2012, excluding which, the Group would have incurred a net loss of approximately HK$175.0 million; and similarly (ii) a one-off special gain on disposal of an associate of approximately HK$174.6 million was recognised during the six months ended 30 June 2015, failing which, the Group actually would have recorded a larger net loss of approximately HK$124.7 million. In view of such scenario, we may consider that, since year of 2010, the Group has not been operating profitably under normal business circumstances (i.e. without having exceptional gains on disposal of subsidiary/associate) over the past five FYs and the six months ended 30 June 2015.

Considering another performance indicator, other than in the FY 2010, the Group had never generated positive operating cash inflow from its business operations since the FY 2011. In particular, the Group incurred the largest operating cash outflow of approximately HK$65.3 million in the latest full FY 2014, with an aggregate operating cash outflow of approximately HK$164.6 million over the four FYs up to 2014 and the six months ended 30 June 2015.

Further, the Group's net asset value had dropped from approximately HK$999.1 million as at 31 December 2010 to that of approximately HK$426.7 million as at 30 June 2015, representing a significant decrease of net asset value by approximately 57.3% during the five FYs up to 2014 and the six months ended 30 June 2015 between the said two year/period end dates mainly due to the accumulated net losses of approximately HK$572.3 million. Meanwhile, the Group had a relatively high gearing position (i.e. defined as interest-bearing liabilities over net asset value) at approximately 71.0% as at 30 June 2015. The relatively high gearing position had led to Group's heavy reliance on bank loans and shareholder's loans in the recent years to support its ordinary and usual course of business operation.

Owing to the adverse global economic environment resulting from the financial crisis and the highly competitive PCB industry, the Group had been facing increasing pressure of operating costs which resulted in a persistent loss-making position. Although the Group had continuously implemented cost control measures and recorded an unaudited profit attributable to equity owners of the Company of approximately HK$49.9 million for the six months ended 30 June 2015, it had still incurred operating cash outflow before movements in working capital of approximately HK$25.7 million during the same period. Looking forward, we consider that the prospects and outlook of the Group would remain challenging in the absence of a dramatic turnaround prospect.

FY 2012 versus FY 2013

As extracted from the Company's annual report of the FY 2013, the Directors considered that 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 its customers. As a result, a substantial reduction of revenue was recorded in FY 2013, representing a decrease by around 11.8% from approximately HK$817.0 million in the FY 2012 to HK$720.4 million in the FY 2013. However, over the same period, the Group's gross profit increased significantly from approximately HK$12.2 million in the FY 2012 to HK$99.0 million in the FY 2013, which contributed to an increase in the gross profit margin of approximately 12.2 percentage points (i.e. from 1.5% in the FY 2012 to 13.7% in the FY 2013). Meanwhile, the loss attributable to the owners of the Company for the FY 2013 amounted to HK$90.4 million comparing to a profit of approximately HK$96.3 million in 2012.

The Group generally financed its operations through a combination of internally generated cash flows, shareholders' equity and borrowings from banks. As at 31 December 2013, the Group had net asset value of approximately HK$556.5 million (approximately HK$622.7 million in FY 2012) and interest-bearing liabilities (i.e. comprising obligation under finance leases, interest-bearing bank loans and shareholder's loans) of approximately HK$206.7 million (approximately HK$490.0 million in FY 2012), representing a gearing ratio of approximately 37.1% (approximately 78.7% in FY 2012).

As at 31 December 2013, the Group had current assets of approximately HK$331.6 million (approximately HK$700.3 million in FY 2012) and current liabilities of HK$371.6 million (approximately HK$706.6 million in FY 2012), representing a net current liability position and current ratio of approximately HK$40.0 million (approximately HK$6.3 million in FY 2012) and 89.2% (99.1% in FY 2012), respectively.

FY 2013 versus FY 2014

In the recent years, a continuing trend in reducing world-wide demand for personal computers has been leading to reduction in the demand for the Group's ancillary parts and equipment including hard disk drives, one of the Group's major products., This also led to a substantial reduction of the Group's revenue for the FY 2014. The Group's revenue had further decreased by about 15.3% from approximately HK$720.4 million in the FY 2013 to HK$610.3 million in the FY 2014. The Group's gross profit had significantly decreased from approximately HK$99.0 million in the FY 2013 to merely HK$10.0 million in the FY 2014 with the a corresponding decrease in gross profit margin by approximately 12.1 percentage points (i.e. decreased from approximately 13.7% in the FY 2013 to 1.6% in the FY 2014), which was primarily caused by the reduced production capacity during the learning curve when the Group's new products (in connection with different household names in the automotive and domestic appliances application) were introduced and manufactured throughout the FY 2014. The loss attributable to the owners of the Company for the FY 2014 amounted to HK$161.9 million (approximately HK$90.4 million in FY 2013).

The Group generally financed its operations through a combination of internally generated cash flows, shareholders' equity and borrowings from banks. As at 31 December 2014, the Group had net asset value of approximately HK$379.7 million (approximately HK$556.5 million in FY 2013) and interest-bearing liabilities (i.e. comprising obligation under finance leases, interest-bearing bank loans and shareholder's loans) of approximately HK$279.4 million (approximately HK$206.7 million in FY 2013), representing a relatively higher gearing ratio of approximately 73.6% (approximately 37.1% in FY 2013).

As at 31 December 2014, the Group had current assets of approximately HK$315.6 million (approximately HK$331.6 million in FY 2013) and current liabilities of approximately HK$386.5 million (approximately HK$371.6 million in FY 2013), representing a net current liability position and current ratio of approximately HK$70.9 million (approximately HK$40.0 million in FY 2013) and 81.7% (approximately 89.2% in FY 2013), respectively. As such, the Group's liquidity position was not healthy enough.

Six months ended 30 June 2014 versus six months ended 30 June 2015

The Group's revenue for the six months ended 30 June 2015 had decreased to approximately HK$292.9 million, representing a decrease of about 7.8% when compared to that of approximately HK$317.5 million for the corresponding period in the FY 2014. The Group's profit attributable to the owners of the Company for the same period amounted to approximately HK$49.9 million after taking into account of a one-off special gain on disposal of an associate of the Group amounted to approximately HK$174.6 million, as compared to a net loss attributable to the owners of the Company of approximately HK$36.2 million for the corresponding period of the FY 2014.

According to the interim report of the Company for the six months ended 30 June 2015 (the "**Interim Report**"), the unaudited net asset value of the Group was approximately HK$426.7 million as at 30 June 2015, representing an increase of approximately 12.4% from the audited net asset value of approximately HK$379.7 million as at 31 December 2014 mainly resulting from the net profit of approximately HK$49.9 million recorded during the same period. Based on the Offer Price of HK$0.56 per Share and 1,000,000,000 Shares in issue as at the Latest Practicable Date, the valuation of the Company as compromised between the existing controlling Shareholders and the Joint Offerors was HK$560.0 million, representing a premium of approximately 31.24% over the unaudited net asset position of the Group as at 30 June 2015.

Prospects and outlook

As noted from the Interim Report, the hard disk drive industry, in which the Group has substantially derived its income over the past years, continued to show softness during the six months ended 30 June 2015, and there has been no sign of recovery in the third quarter going forward. As indicated by various economic data globally and particularly in the PRC, the manufacturing sector in connection with a broad range of industries was facing a general downtrend for the first six months of 2015 due to softness in demand and eroding profit margins. The Group is in no exception and therefore would not expect an immediate recovery in its performance for the whole FY 2015, although the latest depreciation of the RMB in the second week of August 2015 may have somehow helped improve the Group's operations in certain cost reduction.

Nevertheless, the Group's financial position was improved following the completion of the disposal transaction of an associate, which has brought in substantial cash flow at the end of the first half of 2015 and therefore enabled the Group to regain its positive net current asset position, despite the Group recognised a significant provision for impairment on property, plant and equipment and employee termination benefits during the same period.

Conclusion

In view of the facts that (i) the Group's revenue had been declining from its relatively high level of approximately HK$1,210.3 million in the FY 2010 to that of approximately HK$610.3 million in the FY 2014; (ii) the Group basically had incurred persistent operating losses for the past five FYs up to the full FY 2014 and the six months ended 30 June 2015; (iii) the Group had never generated positive operating cash inflow (before movements in working capital) from its business operations since the FY 2011; (iv) the Group had been operating in a highly competitive industry with increasing pressure of operating costs and hence eroding gross profit margins from approximately 13.7% in the FY 2013 to, around 1.6% in the FY 2014, and around 3.9% for the six months ended 30 June 2015; (v) although the Group has recorded a profitable performance (mainly due to the one-off special gain on disposal of an associate) for the six months ended 30 June 2015, it had still incurred operating cash outflow of approximately HK$25.7 million during the same period; and (vi) the Group had a relatively higher gearing position of approximately 71.0% as at 30 June 2015, we consider that the Group's profitability, liquidity and financial stability had been unsound and unhealthy whilst its prospects and outlook would remain uncertain and challenging in the absence of a turnaround going forward.

3. Basic terms of the Offer

Prudential Brokerage, on behalf of the Joint Offerors, is making the Offer at HK$0.56 for each Offer Share.

The Offer Price of HK$0.56 per Offer Share under the Offer equals to the purchase price per Sale Share payable by the Joint Offerors under the Sale and Purchase Agreement. The Offer Price represents:

		Price/value per Share approximately	**(Discount) to/premium over at approximately**
		HK$	*%*
(i)	The closing price as quoted on the Stock Exchange on the Last Trading Day	1.150	(51.30)
(ii)	The average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day	1.004	(44.22)
(iii)	The average closing price of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day	0.847	(33.88)
(iv)	The average closing price of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day	0.776	(27.84)
(v)	The Group's audited consolidated net asset value attributable to the Shareholders per Share as at 31 December 2014, the date to which the latest audited financial results of the Group were made up	0.380	47.37
(vi)	The Group's unaudited consolidated net asset value attributable to the Shareholders per Share as at 30 June 2015	0.427	31.24
(vii)	The closing price of the Shares as quoted on the Stock Exchange as at the Latest Practicable Date	1.170	(52.14)

Further terms and conditions of the Offer, including the procedures for acceptance, are set out in the "Letter from Prudential Brokerage" and the Appendix I to the Composite Document.

Historical price performance of the Shares

The monthly highest and lowest closing prices and the monthly average daily closing price of the Shares as quoted on the Stock Exchange during the period commencing from 1 October 2014 to 16 November 2015 (i.e. for a period of at least 12 complete calendar months) up to and including the Last Trading Day (the "**Review Period**"), and further up to and including the Latest Practicable Date are shown as follows:

	Highest closing price *HK$*	**Lowest closing price** *HK$*	**Average daily closing price** *HK$*	**Number of trading days in each month**
2014				
November	0.385	0.320	0.355	20
December	0.340	0.270	0.294	21
2015				
January *(Note 1)*	0.320	0.280	0.293	12
February	0.315	0.295	0.302	18
March	0.310	0.275	0.295	22
April	0.400	0.270	0.322	19
May	0.610	0.370	0.464	19
June	0.920	0.600	0.754	22
July *(Note 2)*	0.760	0.310	0.637	17
August	0.580	0.390	0.512	21
September	0.690	0.310	0.443	19
October	0.880	0.570	0.745	20
November (up to the Last Trading Day)	1.150	0.600	0.825	11
November (after the Last Trading Day)	0.820	0.770	0.803	4
December	1.000	0.790	0.912	22
January (up to the Latest Practicable Date)	1.250	0.990	1.117	12

Notes:

1. Trading in the Shares was suspended for nine days from 9 January 2015 up to 21 January 2015.
2. Trading in Shares was suspended for five days from 9 July 2015 up to 15 July 2015.
3. Trading in the Shares was suspended for one day on 29 September 2015.

Source: website of the Stock Exchange (www.hkex.com.hk)

During the Review Period, the closing price of the Shares had been fluctuating considerably between the lowest of HK$0.270 per Share, which was recorded on 12 December 2014 and 1 April 2015 due to the very limited transactions (i.e. with respective trading volume of merely 422,000 Shares and 128,000 Shares transacted on each of the aforementioned trading days, which had recorded relatively lower trading volume during the Review Period) for the Shares during the period, to the highest of HK$1.150 recorded on the Last Trading Day. It was also the fact that none of the Shares was transacted for 20 trading days, mainly during the four months from December 2014 to March 2015, out of the 256 trading days during the Review Period. We consider such quiet trading atmosphere at that time may, to certain extent, affect the Share price performance. The Offer Price of HK$0.560 had been considerably above the average closing price of the Shares of approximately HK$0.465 per Share during the Review Period. The Shares had experienced a sudden increase in trading volume and an upsurge in Share price on 20 May 2015 to the daily highest at HK$0.610, being the first trading day immediately after the Company's announcement dated 19 May 2015 in relation to a major disposal of 30% equity interest of an associate of the Group. Since then, the closing prices of the Shares had gradually increased to around HK$0.850 in mid-June 2015. Afterwards, the closing prices of the Shares had experienced a gradual decreasing trend from mid-June 2015 to 8 July 2015. During such period, it fluctuated within the range from HK$0.310 to HK$0.920.

We further noted that trading in the Shares was suspended from 9 July 2015 to 15 July 2015 pending for the release of the Company's announcement dated 15 July 2015 mainly relating to a possible change of control of the Company by entering into a memorandum of understanding between the controlling Shareholder and an independent third party potential purchaser (the "**First Announcement**") and the closing price of the Shares has surged up to HK$0.760 on 16 July 2015, being the first trading day immediately after publication of the First Announcement, representing a significant increase of approximately 145.2% over the closing price of the Shares of HK$0.310 on the previous trading day on 8 July 2015 prior to the First Announcement. Afterwards, the closing price of the Shares had generally been decreasing to as low as around HK$0.310 on 4 September 2015 following an announcement of the Company dated 1 September 2015 that the controlling Shareholder had ceased discussion with the then potential purchaser in relation to the possible change of control, but at the same time, which started to rebound again since then, with the average closing price slightly above HK$0.800 up to the Latest Practicable Date. We have noted that the Company once again announced on 28 September 2015 that a memorandum of understanding was entered into between the controlling Shareholder and its associates and an independent third party potential purchaser in relation to a possible change in control of the Company (the "**Second Announcement**"). On 9 November 2015, the Company further announced that the controlling Shareholder and the potential purchasers have entered into an extension letter to extend the negotiation period for the possible change of control (the "**Third Announcement**"). Save for the First Announcement and its ancillary subsequent announcements, the Second Announcement as well as the Third Announcement in the similar nature (collectively, the "**Change of Control Announcements**"), we are not aware of any other public announcements made by the Company that were price sensitive in nature and thus, we believe that the surge in the Share price upon the publications of the Change of Control Announcements and the Joint Announcement, to a large extent, may likely due to the market speculation. Based on such scenario, we consider that the recent Share price level may not be a meaningful benchmark for the purpose of analysing the fairness and reasonableness of the Offer Price.

We are aware of that the Offer Price represents significant discounts to the recent market prices of the Shares and might not appear to be attractive for the Independent Shareholders, however, we consider that the discounts are justifiable taking into account the facts that (i) the Group had basically incurred continuous operating losses for the past five FYs since the FY 2010; (ii) the Group had never generated positive operating cash inflow (before movements in working capital) from its business operations for the four FYs since the FY 2011 and up to the six months ended 30 June 2015; (iii) even though the Group has recorded profit attributable to the owners of the Company of approximately HK$49.0 million for the six months ended 30 June 2015 after taking into account the one-off gain on disposal of an associate, it had still incurred operating cash outflow (before movements in working capital) of approximately HK$25.7 million during the same period; (iv) the uncertain prospects and outlook of the Group as detailed in the section headed "Historical financial performance and prospects of the Group" above; and (v) the Offer Price of HK$0.56 is equivalent to the purchase price for the Sale Shares paid by the Joint Offerors. Also given the relatively low liquidity of the Shares as detailed in the section headed "Liquidity of the Shares" below, we consider that the prevailing market price of the Shares might not truly reflect the value of the Shares.

However, we note that the closing price of the Shares has been significantly above the Offer Price during the period after the Last Trading Day up to and including the Latest Practicable Date with closing prices of the Shares ranging from HK$0.770 to HK$1.250. In particular, the lowest closing price of the Shares during such period was HK$0.770 per Share on 26 November 2015, which is 37.5% above the Offer Price. Independent Shareholders who wish to dispose of their Shares may consider selling their Shares in the stock market rather than accepting the Offer if the net proceeds from a sale of their Shares in the stock market would, after deducting all transaction costs, yield a higher consideration than the net amount to be received under the Offer.

We would like to remind the Independent Shareholders that although the Offer Price is below the recent closing prices of the Shares, and represents a significant discount to the closing price of the Shares on the Last Trading Day and up to the Latest Practicable Date, there is no guarantee that the trading price of the Shares will sustain and be higher than the Offer Price during and after the Offer Period. The Independent Shareholders, in particular those who may wish to realize their investments in the Shares, are thus reminded to closely monitor the market price of the Shares during the Offer Period for acceptance.

Liquidity of the Shares

The average daily number of Shares traded per month, and the respective percentages of the Shares' monthly trading volume during the Review Period as compared to (i) the total number of issued Shares held by the public as at the Last Trading Day and further up to the Latest Practicable Date; and (ii) the total number of issued Shares as at the Last Trading Day and further up to the Latest Practicable Date, are tabulated as follows:

	Total monthly trading volume of the Shares	**Average trading volume of the Shares per trading day during the month**	**% of average daily trading volume of the Shares to the average total issued Shares** *(Note 1)*	**% of average daily trading volume of the Shares to average public float Shares** *(Note 2)*	**Number of trading days in each month**
2014					
November	34,706,000	1,735,300	0.17%	0.58%	20
December	6,204,000	295,429	0.03%	0.10%	21

	Total monthly trading volume of the Shares	Average trading volume of the Shares per trading day during the month	% of average daily trading volume of the Shares to the average total issued Shares *(Note 1)*	% of average daily trading volume of the Shares to average public float Shares *(Note 2)*	Number of trading days in each month
2015					
January	16,782,000	1,398,500	0.14%	0.47%	12
February	2,088,000	116,000	0.01%	0.04%	18
March	7,412,000	336,909	0.03%	0.11%	22
April	82,702,000	4,352,737	0.44%	1.45%	19
May *(Note 3)*	322,334,000	16,964,947	1.70%	4.43%	19
June *(Note 4)*	381,673,900	17,348,814	1.73%	3.54%	22
July	404,534,000	23,796,118	2.38%	4.86%	17
August	69,424,000	3,305,905	0.33%	0.68%	21
September	168,932,000	8,891,158	0.89%	1.82%	19
October	118,571,900	5,928,595	0.59%	1.21%	20
November (up to the Last Trading Day)	189,869,900	17,260,900	1.73%	3.52%	11
November (after the Last Trading Day)	49,574,000	12,393,500	1.24%	2.53%	4
December	110,498,000	5,022,636	0.50%	1.03%	22
January (up to the Latest Practicable Date)	603,744,250	50,312,021	5.03%	10.27%	12

Notes:

1. Based on 1,000,000,000 Shares in issue as at the Last Trading Day.

2. Based on 300,624,000 issued Shares held by the public Shareholders during the period from 1 October 2014 to 30 April 2015.

3. Based on 383,236,000 issued Shares held by the public Shareholders for the month of May 2015.

4. Based on 489,750,000 issued Shares held by the public Shareholders from 1 June 2015 up to the Last Trading Day.

Source: website of the Stock Exchange (www.hkex.com.hk)

The above table illustrates that the average daily trading volume of the Shares per month was generally thin during the Review Period. Save and except for May to July and November 2015, the average daily trading volume of the Shares was below 2.0% of the total number of issued Shares held by the public Shareholders from time to time during the entire Review Period. None of the Shares was transacted for 20 trading days mainly during the four months from December 2014 to March 2015. We noted from the Stock Exchange's website regarding "Disclosure of Interests" by substantial shareholder(s) of listed companies on the Stock Exchange and further confirmed with the Company that the Company's then second largest group of Shareholders had disposed of their approximately 16.96% shareholding interests in the Company during the two months of May and June 2015, which shall be one of the major reasons leading to the substantial increase in trading volume of the Shares during such period. Other than that and the Change of Control Announcements in the similar nature, the Directors are not aware of any other reasons which might materially affect the fluctuation of trading volume of the Shares during the Review Period. On 15 January 2016, being the date of the Share and Purchase Completion, the Disposals Completion and the Novation Completion took place, there were 510,250,000 Shares transferred from the Vendors to the Joint Offerors, causing (i) an upsurge of total trading volume of the Shares to 519,038,000 Shares on that day; and (ii) a drastic increase in average daily trading volume of the Shares to the average total issued Shares and average public float Shares to approximately 5.03% and 10.27% respectively. Given that the Shares were generally illiquid during the Review Period even after the publication of the Joint Announcement and up to the Latest Practicable Date, we consider that Independent Shareholders who may wish to realize their investment in the Company, especially those with relatively sizeable shareholdings, might not be able to do so without having an adverse impact on the market price level of the Shares. Therefore, we consider that the Offer provides an alternative for the Independent Shareholders who would like to realize their investment in the Shares.

For the above reason, there is no guarantee that Independent Shareholders would be able to realise their investments in the Shares (especially those with relatively sizeable shareholdings) at the price level prior to the Last Trading Day or at a price much higher than the Offer Price.

Furthermore, those Independent Shareholders who, after considering the information about the Joint Offerors and Joint Offerors' intention in respect of the Group as detailed in the Composite Document and briefly set forth under the section headed "Information on the Joint Offerors" and "Future intentions of the Joint Offerors regarding the Group" of this letter, are optimistic about the prospects of the Group after the Offer, may, having regard to their own circumstances, consider retaining all or any part of their Shares. However, we note that the Joint Offerors have no intention or plan for any acquisition of assets and/or business by the Group as at the Latest Practicable Date.

Comparable analysis

In assessing the fairness and reasonableness of the Offer Price, it is the general practice to apply commonly used benchmarks for evaluating the value of companies. We have considered applying the price-to-book ratios (the "**P/B ratio(s)**") in our analysis. We have not considered applying (i) the price-earnings ratios (the "**P/E ratio(s)**") as the Company has generally been at a loss-making position since the FY 2010 and no meaningful earnings could then be applied to calculate the P/E ratio; and (ii) dividend approach as the Company has never declared and distributed any cash dividends since the FY 2005. Nevertheless, taking into account the nature of the business of the Company, the Group's total assets mainly comprise of property, plant and equipment, interests in associates, inventories, trade receivables, prepayments, deposits and other receivables and bank balances and cash, we consider the net asset approach (i.e. by computing the P/B ratios) is an appropriate alternate approach to assess the fairness and reasonableness of the Offer Price. Accordingly, we have decided to apply the P/B ratios in our analysis.

We have searched for comparable companies listed on the Stock Exchange which are primary engaged in businesses similar to those of the Group. We identified five comparable companies (the "**Comparables**"), all of which are in similar line of business to that of the Group (i.e. principally engaged in the manufacturing and sale of a broad range of PCBs). To the best of our knowledge, effort and endeavour and based on our researches conducted, the list of Comparables shall be exhaustive and we consider the Comparables are fair and representative comparables to the Company. Independent Shareholders should note that the business, scale of operation, trading prospect, product mix and capital structure of the Company are not exactly the same as those of the Comparables and we have not conducted any in-depth investigation into business and operations of the Comparables save for the aforesaid selection criteria. Nevertheless, we consider that the Comparables can still be a meaningful reference in assessing the fairness and reasonableness of the Offer Price. Our relevant findings are summarised in the table below.

Company name (Stock Code)	Principal business activities	Share price as the Last Trading Day	Market capitalization as at the Last Trading Day	Approximate net asset value ("NAV")	P/B ratios
		HK$	*HK$' million*	*HK$' million* *(Note 1)*	*Times* *(Notes 2 & 3)*
Comos Machinery Enterprises Limited (118)	Trading of industrial consumables, manufacturing of plastic process products, industrial machinery and PCBs	0.59	423.0	1,442.8	0.29
TC Orient Lighting Holdings Limited (515) *(Note 4)*	Manufacturing and trading of a broad range of PCBs and light emitting diode lighting	0.84	445.8	373.2	1.19
Daisho Microline Holdings Limited (567) *(Note 5)*	Investment holding, manufacturing and trading of PCBs	1.16	557.1	306.7	1.82
Yan Tat Group Holdings Limited (1480)	OEM provider of PCBs, principally engages in the production of quality PCBs	2.62	628.8	418.2	1.50

Company name (Stock Code)	Principal business activities	Share price as the Last Trading Day	Market capitalization as at the Last Trading Day	Approximate net asset value ("NAV")	P/B ratios
		HK$	*HK$' million*	*HK$' million*	*Times*
				(Note 1)	*(Notes 2 & 3)*
Fittec International Group Limited (2662)	Provision of pure assembly services; procurement and assembly services; repair and maintenance services; all for PCBs and related products	1.37	1,326.7	493.6	2.69
			Maximum		2.69
			Median		1.50
			Average		1.50
			Minimum		0.29
The Company (2323)		**0.56**	**560.0**	**379.7**	**1.47**

Source: website of the Stock Exchange (www.hkex.com.hk)

Notes:

1. The net asset values attributable to owners of the Comparables are extracted from their respective latest annual reports.

2. P/B ratios of the Comparables are calculated based on their respective closing prices as at the Last Trading Day and the net asset value attributable to owners of the Comparables, divided by the total number of issued shares as at the Last Trading Day.

3. The implied P/B ratio of the Company is calculated based on the Offer Price multiplied by 1,000,000,000 Shares in issue of the Company as at Last Trading Day over the consolidated net asset value attributable to equity holders of the Company of approximately HK$379.7 million.

4. Trading in the shares of TC Orient Lighting Holdings Limited has been suspended since 25 April 2015 up to the Last Trading Day due to receipt of court order and demand letter against its subsidiaries and the delay in publication of its annual report for the year ended 31 December 2014.

5. Trading in the shares of Daisho Microline Holdings Limited has been suspended since 25 June 2015 up to the Last Trading Day due to the delay in publication of its annual results and annual report for the year ended 31 March 2015.

As illustrated in the above table, the P/B ratios of the Comparables ranged from approximately 0.29 times to approximately 2.69 times. The average P/B ratios of the Comparables are approximately 1.50 times. The implied P/B ratio of the Company, based on the Offer Price of HK$0.56, is approximately 1.47 times, which is within the range of the Comparables' P/B ratio and very close to the median and average of the P/B ratios of the Comparables of approximately 1.50 times.

As mentioned in notes 4 and 5 to the above summary of findings, we have noted that trading in the shares of two out of the five Comparables, namely TC Orient Lighting Holdings Limited and Daisho Microline Holdings Limited, have been suspended since April and June 2015, respectively. By excluding such two Comparables, our conclusion can still be maintained that the median and average P/B ratios of the remaining three Comparables are approximately 1.49 times which are also very close to the implied P/B ratio of the Company of approximately 1.47 times.

Having considered that (i) the implied P/B ratio from the Offer Price is within the range of the Comparables and very close to the median and average of such Comparables' P/B ratios; (ii) even after taking into account the possible increase in the pro forma net asset value of the Group as at 30 June 2015 by approximately HK$47.6 million to HK$474.4 million following the Disposals Completion based on the circular of the Company dated 29 December 2015, the implied P/B ratio on such pro forma basis would be approximately 1.18 times, which is still within the range of the Comparables, despite lower than the median and average of such Comparables' P/B ratios; (iii) the generally loss-making operating performance of the Group during the past five FYs since 2010; and (iv) the future outlook and prospects of the Group are uncertain and challenging; we consider the Offer Price, with reference to the above implied P/B ratios, is fair and reasonable when compared to the current market valuation and pricing of shares of the other listed companies in the same industry.

4. Information on the Joint Offerors

Youfu is an investment holding company incorporated in the British Virgin Islands with limited liability on 28 August 2015. As at the Latest Practicable Date, Youfu is wholly owned by Mr. Sun, who is also the sole director of Youfu.

Mr. Sun, aged 49, graduated from Beijing University of Chemical Technology with a bachelor's degree in chemical engineering. Mr. Sun has more than 25 years of experience in corporate finance and import and export trading. He also has over 15 years of experience in real estate trading in the PRC. Mr. Sun is the brother-in-law of Ms. He, the sole shareholder and director of Zhisheng.

Zhisheng is an investment holding company incorporated in the British Virgin Islands with limited liability on 16 June 2015. As at the Latest Practicable Date, Zhisheng is wholly owned by Ms. He, who is also the sole director of Zhisheng.

Ms. He, aged 52, graduated from Nanjing Normal University with a bachelor's degree in finance. Ms. He worked in the finance department of Sinopec Pipeline Storage and Transportation Company before establishing her own company with principal activities of real estate development, pipeline engineering and project management in 2003. Ms. He is the sister-in-law of Mr. Sun, the sole shareholder and director of Youfu.

5. Future intentions of the Joint Offerors regarding the Group

It is the intention of the Joint Offerors to continue the Group's existing principal business following the close of the Offer. The Joint Offerors will conduct a strategic review on the business activities and assets of the Group in order to formulate a long-term business plan and strategy of the Group. Subject to the results of the review and should suitable investment or business opportunities arise, the Joint Offerors may consider whether any asset disposal, asset acquisition, business rationalisation, business divestment, fund raising and/or restructuring of the business will be appropriate to enhance the long term growth potential of the Company. However, as at the Latest Practicable Date, no such investment or business opportunities have been identified or confirmed, nor have the Joint Offerors entered into any agreement or arrangement in relation to the injection of any asset or business into the Group.

As at the Latest Practicable Date, the Joint Offerors have no intention to discontinue the employment of the employees (save for the proposed changes to the composition of the Board) or to dispose of or re-deploy the fixed assets of the Group other than those in its ordinary and usual course of business.

6. Proposed change of Board composition

As at the Latest Practicable Date, the Board comprises Mr. Cheok Ho Fung being the executive Director; Mr. Tang Yok Lam, Andy being the non-executive Director; and Mr. Leung Shu Kin, Alfred, Mr. Wong Wing Kee, and Mr. Ng Kee Sin being the independent non-executive Directors.

Under the Sale and Purchase Agreement, the Vendors have agreed to procure such persons (other than Mr. Cheok) as may be required by the Joint Offerors to resign as Directors at the earliest time permitted under the Takeovers Code and such resignation will not take effect earlier than the date of the close of the Offer Period, subject to the requirements of the Takeovers Code. Furthermore, the Joint Offerors intend to nominate new Directors to the Board upon the Sale and Purchase Completion, with effect from a date which is no earlier than such date as permitted under Rule 26.4 of the Takeovers Code. As at the Latest Practicable Date, the Joint Offerors have not reached any final decision as to who will be nominated as new Directors or who will be required to resign as Directors. Any change to the Board composition will be announced by the Company and made in compliance with the Takeovers Code and the Listing Rules.

7. Public float and maintaining listing status of the Company

The Joint Offerors intend to maintain the listing of the Shares on the Main Board of the Stock Exchange after the close of the Offer. In the event that the public float of the Company falls below 25% following the close of the Offer, the directors of the Joint Offerors and the new Directors (who will be nominated by the Joint Offerors and appointed as Directors) will undertake to the Stock Exchange to take appropriate steps to ensure that a sufficient public float exists for the Shares following the close of the Offer.

The Stock Exchange has stated that if, upon closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares until the prescribed level of public float is restored.

RECOMMENDATION

Taking into consideration the above-mentioned principal factors and reasons of the Offer, being:

- the Independent Shareholders are treated even-handedly by the Joint Offerors who are offering to acquire the Shares of the Independent Shareholders at the Offer Price of HK$0.56 per Share, which is the same as the price payable for each Sale Share under the Sale and Purchase Agreement;

- the Group basically had incurred persistent operating losses over the past five full FYs since the FY 2010;

- the Group had never generated positive operating cash inflow (i.e. before movements in working capital) over the past four full FYs since the FY 2011 and the six months ended 30 June 2015;

- the prospects and outlook of the Group would remain uncertain and challenging in the near future;

- the Company has never distributed dividends since the FY 2005;

- the Offer Price of HK$0.560 per Share had been considerably above the average closing price of the Shares of approximately HK$0.465 per Share during the Review Period;

- the trading liquidity of the Shares has been generally thin during the Review Period;

- the Offer Price of HK$0.56 per Share represents an implied P/B ratio of the Company of approximately 1.47 times, which is within the range of the Comparables' P/B ratios and very close to the median and average of the P/B ratios of the Comparables of approximately 1.50 times; and

- even after taking into account the possible increase in the pro forma net asset value of the Group as at 30 June 2015 by approximately HK$47.6 million to HK$474.4 million following the Disposals Completion based on the circular of the Company dated 29 December 2015, the implied P/B ratio on such pro forma basis would be approximately 1.18 times, which is still within the range of the Comparables, despite lower than the median and average of such Comparables' P/B ratios,

we are of the opinion that the terms of the Offer, on balance, are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Offer subject to the following circumstances.

However, Independent Shareholders should pay particular attention that the closing price of the Shares has been significantly above the Offer Price during the period after the Last Trading Day up to and including the Latest Practicable Date. Independent Shareholders who wish to dispose of their Shares should carefully and closely monitor the market price of the Shares and sell their Shares in the stock market rather than accepting the Offer if the net proceeds from a sale of their Shares in the stock market would, after deducting all transaction costs, yield a higher consideration than the net amount to be received under the Offer. However, should the market price of the Shares substantially fall below the Offer

Price such that Independent Shareholders could receive a higher net amount by accepting the Offer than by selling their Shares in the stock market, Independent Shareholders who wish to dispose of their Shares should (if such circumstances arise) accept the Offer.

As different Shareholders would have different investment criteria, objectives, risk preference and tolerance level and/or circumstances, we would recommend any Shareholder who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

The Independent Shareholders, in particular those who intend to accept the Offer, are reminded to note the recent fluctuation in the Share price after the release of the Joint Announcement, and that there is no guarantee that the current market price will or will not sustain and will or will not be higher than the Offer Price during and after the close of the Offer Period. The Independent Shareholders who intend to accept the Offer are reminded to closely monitor the market price and the liquidity of the Shares during the Offer Period for acceptance and shall, having regard to their own circumstances, consider selling the Shares in the open market, instead of accepting the Offer, if the net proceeds from the sale of such Shares would be higher than that receivable under the Offer.

Yours faithfully,
For and on behalf of
First Shanghai Capital Limited

Fanny Lee	**Nicholas Cheng**
Managing Director	*Director*

Note:

Ms. Fanny Lee and Mr. Nicholas Cheng have been the Responsible Officers of Type 6 (advising on corporate finance) regulated activity under the SFO and have over 18 years and 14 years of experience in corporate finance industry, respectively. Both of them have participated in the provision of independent financial advisory services for various connected transactions involving companies listed in Hong Kong.

1. PROCEDURES FOR ACCEPTANCE OF THE OFFER

To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Offer.

(a) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are in your name, and you wish to accept the Offer, you must send the duly completed and signed Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for not less than the number of Share(s) in respect of which you intend to accept the Offer, by post or by hand, to the Registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, in any event no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Joint Offerors may determine and announce in accordance with the Takeovers Code.

(b) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your holding of Share(s) (whether in full or in part), you must either:

(i) lodge your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the duly completed Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(ii) arrange for the Share(s) to be registered in your name by the Company through the Registrar, and deliver the duly completed and signed Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(iii) if your Share(s) has/have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

(iv) if your Share(s) has/have been lodged with your investor participant account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.

(c) If the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer in respect of your Share(s), the Form of Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title, you should also write to the Registrar requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

(d) If you have lodged transfer(s) of any of your Share(s) for registration in your name and have not yet received your Share certificate(s), and you wish to accept the Offer in respect of your Share(s), you should nevertheless complete and sign the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to the Joint Offerors and/or Prudential Brokerage or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant Share certificate(s) when issued and to deliver such Share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such Share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.

(e) Acceptance of the Offer will be treated as valid only if the completed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date (or such later time and/or date as the Joint Offerors may determine and announce with the consent of the Executive in accordance with the Takeovers Code) and in compliance with Note 1 to Rule 30.2 of the Takeovers Code, and the Registrar has recorded the acceptance and any relevant documents required by the Takeovers Code have been so received, and is:

(i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those share certificate(s) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Share(s); or

(ii) from a registered Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to Share(s) which is/are not taken into account under another sub-paragraph of this paragraph (e)): or

(iii) certified by the Registrar or the Stock Exchange. If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

(f) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

2. SETTLEMENT OF THE OFFER

Provided that a valid Form of Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Shares as required by Note 1 to Rule 30.2 of the Takeovers Code are complete and in good order and in all respects and have been received by the Registrar before the close of the Offer, a cheque for the amount due to each of the Shareholders who accept the Offer less seller's ad valorem stamp duty in respect of the Offer Shares tendered by him/her/it under the Offer will be despatched to such Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) Business Days of the date on which the duly completed acceptances of the Offer and the relevant documents of title in respect of such acceptances are received by the Registrar to render each such acceptance complete and valid.

Settlement of the consideration to which any accepting Independent Shareholders is entitled under the Offer will be implemented in full in accordance with the terms of the Offer (save with respect to the payment of seller's ad valorem stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Joint Offerors may otherwise be, or claim to be, entitled against such accepting Independent Shareholders.

3. ACCEPTANCE PERIOD AND REVISIONS

(a) Unless the Offer has previously been revised or extended with the consent of the Executive in accordance with the Takeovers Code, the Form of Acceptance must be received by the Registrar in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date.

(b) The Joint Offerors and the Company will jointly issue an announcement through the website of the Stock Exchange no later than 7:00 p.m. on the Closing Date stating whether the Offer has been revised or extended.

(c) If the Joint Offerors revise the terms of the Offer (in accordance with the relevant requirements under the Takeovers Code), all the Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.

(d) If the Offer is extended or revised, the announcement of such extension or revision will state the next closing date or, if the Offer has become unconditional as to acceptances, include a statement that the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing will be given before the Offer is closed to the Independent Shareholders who have not accepted the Offer, and an announcement will be released. The revised Offer will be kept open for at least 14 days thereafter.

(e) If the Closing Date of the Offer is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offer as so extended.

(f) Any acceptance of the relevant revised offer shall be irrevocable unless and until the Independent Shareholder who accepted the Offer becomes entitled to withdraw their acceptance under the paragraph 6 headed "Right of Withdrawal" below duly do so.

4. NOMINEE REGISTRATION

To ensure equality of treatment of all Shareholders, those Shareholders who hold Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owners separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

5. ANNOUNCEMENTS

(a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Joint Offerors must inform the Executive and the Stock Exchange of their decision in relation to the revision or extension of the Offer. The Joint Offerors must post an announcement on the Stock Exchange's website by 7:00 p.m. on the

Closing Date stating, amongst other information required under Rule 19.1 of the Takeovers Code, whether the Offer has been revised or extended. The announcement will state the total number of Shares:

(i) for which acceptances of the Offer has been received;

(ii) held, controlled or directed by the Joint Offerors or persons acting in concert with any of them before the Offer Period; and

(iii) acquired or agreed to be acquired during the Offer Period by the Joint Offerors and persons acting in concert with them.

The announcement must include details of any relevant securities (as defined in the Takeovers Code) in the Company which the Joint Offerors or any person acting in concert with any of them has borrowed or lent, save for any borrowed Shares which have been either on-lent or sold. The announcement must also specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers of Shares.

(b) In computing the total number of Shares represented by acceptances, only valid acceptances that are complete and in good order and satisfy the acceptance conditions set out in paragraph 1 of this Appendix and which have been received by the Registrar or the Company (as the case may be) no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offer, shall be included.

(c) As required under the Takeovers Code, all announcements in relation to the Offer must be made in accordance with the requirements of the Takeovers Code and the Listing Rules and will be published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.topsearch.com.hk.

6. RIGHT OF WITHDRAWAL

(a) Acceptance of the Offer tendered by the Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in (b) below.

(b) If the Joint Offerors are unable to comply with the requirements set out in the paragraph 5 headed "Announcements" above, the Executive may require that the Independent Shareholders who have tendered acceptances to the Offer, to be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

In such case, when the Independent Shareholder(s) withdraw(s) the acceptances, the Joint Offerors shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title lodged with the Form of Acceptance to the relevant Independent Shareholders at their own risks.

7. OVERSEAS SHAREHOLDERS

The Offer will be made available to all the Independent Shareholders, including the Overseas Shareholders. The availability of the Offer to any Overseas Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibilities of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdictions).

8. STAMP DUTY AND OTHER FEES

The seller's Hong Kong ad valorem stamp duty on acceptances of the Offer (or part thereof) at a rate of 0.1% of the consideration payable in respect of the relevant acceptances by the Shareholders, or if higher, the market value of the Offer Shares subject to such acceptance, will be deducted from the amount payable to those relevant Shareholders who accept the Offer.

The Joint Offerors will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Shareholders who accept the Offer and each of the Joint Offerors will bear its own portion of the buyer's Hong Kong ad valorem stamp duty in connection with the acceptances of the Offer and the transfers of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

9. TAX IMPLICATIONS

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Joint Offerors, parties acting in concert with the Joint Offerors, the Company, Hercules Capital, Prudential Brokerage, Octal Capital, First Shanghai and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

10. GENERAL

(a) All communications, notices, Form of Acceptance, Share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents. by ordinary post at their own risk, and none of the Joint Offerors, parties acting in concert with the Joint Offerors, the Company, Hercules Capital, Prudential Brokerage, Octal Capital and any of their respective directors nor the Registrar or other parties involved in the Offer or any of their respective agents accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.

(b) The provisions set out in the Form of Acceptance form part of the terms and conditions of the Offer.

(c) The accidental omission to despatch this Composite Document and/or Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.

(d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.

(e) Due execution of the Form of Acceptance will constitute an authority to the Joint Offerors, Hercules Capital, Prudential Brokerage or such person or persons as the Joint Offerors may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Joint Offerors, or such person or persons as it may direct, the Shares in respect of which such person or persons has/have accepted the Offer.

(f) By accepting the Offer, the Independent Shareholders will sell their Shares to the Joint Offerors free from all Encumbrances and together with all rights attaching or accruing thereto, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of this Composite Document. The making of the Offer to a person with a registered address in a jurisdiction outside Hong Kong may be affected by the applicable laws of the relevant jurisdiction. Overseas Shareholders with registered addresses in jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal requirements in their own jurisdictions.

(g) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Joint Offerors that the number of Shares in respect of which it is indicated in the Form of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owner who is accepting the Offer.

(h) Reference to the Offer in this Composite Document and in the Form of Acceptance shall include any extension or revision thereof.

(i) All acceptances, instructions, authorities and undertakings given by the Independent Shareholders in the Form of Acceptance shall be irrevocable except as permitted under the Takeovers Code.

(j) In making their decision, the Independent Shareholders, in addition to considering the information contained in the "Letter from Prudential Brokerage", "Letter from the Board", "Letter from the Independent Board Committee" and "Letter from First Shanghai" as set out in this Composite Document, must rely on their own examination of the Joint Offerors, the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of the Joint Offerors, their respective ultimate beneficial owners, the Company, Hercules Capital and Prudential Brokerage. The Independent Shareholders should consult their own professional advisers for professional advice.

(k) The English text of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation.

I. THREE-YEAR SUMMARY OF FINANCIAL INFORMATION

The following summary of the financial information has been extracted from the audited consolidated financial statements of the Company for each of the three years ended 31 December 2012, 2013 and 2014 in the respective annual reports of the Company and the unaudited condensed consolidated financial statements for the six months ended 30 June 2015 as extracted from the interim report of the Company for the six months ended 30 June 2015. For each of the three years ended 31 December 2012, 2013 and 2014 and for the six months ended 30 June 2015, no dividend was declared or paid.

The auditor of the Company for each of the three years ended 31 December 2012, 2013 and 2014, BDO Limited, has expressed an unqualified audit opinion on the financial statements of the Group for each of the three years ended 31 December 2012, 2013 and 2014.

The Group had no exceptional or extraordinary items which were exceptional because of its size, nature or incidence for each of the three years ended 31 December 2012, 2013 and 2014, as well as for the six months ended 30 June 2015 respectively.

	For the year ended 31 December			For the six months ended 30 June
	2012	**2013**	**2014**	**2015**
	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*
	(audited)	(audited)	(audited)	(unaudited)
RESULTS				
Revenue	817,004	720,372	610,340	292,903
Profit before income tax expense	98,210	(90,682)	(163,299)	63,815
Income tax expense	(4,557)	(3,585)	(3,295)	(15,592)
Profit/(Loss) for the year/period	93,653	(94,267)	(166,594)	48,223
Attributable to:				
Owners of the Company	96,341	(90,381)	(161,895)	49,899
Non-controlling interests	(2,688)	(3,886)	(4,699)	(1,676)
Earnings/(Loss) per Share				
— Basic and diluted (HK cents)	10.21	(9.04)	(16.19)	4.99

II. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

The followings are the audited consolidated financial information of the Group extracted from the annual report of the Company for the year ended 31 December 2014.

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	*7*	610,340	720,372
Cost of sales		(600,317)	(621,357)
Gross profit		10,023	99,015
Other income	*8*	12,245	10,362
Other gains and losses	*9*	(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	*10*	(14,899)	(19,203)
Loss before income tax expense	*11*	(163,299)	(90,682)
Income tax expense	*15*	(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

	Notes	2014 HK$'000	2013 HK$'000
Item that will not be reclassified to profit or loss:			
Gain on revaluation of property, plant and equipment	18	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	16	(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	17		
Basic and diluted		(HK16.19 cents)	(HK9.04 cents)

Consolidated Statement of Financial Position

As at 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	18	482,068	549,204
Payments for leasehold land held for own use under operating leases	19	22,131	23,295
Interests in associates	20	109,403	118,580
Rental and utility deposits		840	752
Available-for-sale financial assets	21	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	22	96,086	92,172
Payments for leasehold land held for own use under operating leases	19	582	597
Trade receivables	23	102,218	126,033
Prepayments, deposits and other receivables		21,963	26,894
Amount due from an associate	20	—	24
Bank balances and cash	24	94,722	85,872
Total current assets		315,571	331,592
CURRENT LIABILITIES			
Trade payables	25	180,136	156,382
Other payables and accruals	26	100,499	107,811
Amount due to an associate	20	—	4,390
Tax payable		136	—
Obligation under finance leases	27	4,095	1,459
Interest-bearing bank loans	28	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

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT LIABILITIES			
Shareholder's loans	29	95,661	101,757
Interest-bearing bank loans	28	75,000	—
Obligation under finance leases	27	3,012	1,956
Deferred tax liabilities	30	—	—
Total non-current liabilities		173,673	103,713
TOTAL NET ASSETS		371,913	553,497
CAPITAL AND RESERVES			
Share capital	31	100,000	100,000
Reserves	32	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

Statement of Financial Position

As at 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Investments in subsidiaries	33	1,000	1,000
CURRENT ASSETS			
Other current assets		460	292
Bank balances and cash		23	163
Total current assets		483	455
CURRENT LIABILITIES			
Other payables and accruals		1,642	1,623
NET CURRENT LIABILITIES		(1,159)	(1,168)
TOTAL ASSETS LESS CURRENT LIABILITIES		(159)	(168)
NON-CURRENT LIABILITIES			
Shareholder's loans	29	95,661	101,757
TOTAL NET LIABILITIES		(95,820)	(101,925)
CAPITAL AND RESERVES			
Share capital	31	100,000	100,000
Reserves	32	(195,820)	(201,925)
DEFICIENCY IN SHAREHOLDERS' FUND		(95,820)	(101,925)

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Share capital	Share premium	Contributed surplus	Property revaluation reserve	Foreign exchange reserve	Statutory reserve	Accumulated losses	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 31)		*(Note (a))*			*(Note (b))*				
At 1 January 2013	100,000	337,854	19,000	–	158,593	7,335	(73)	622,709	750	623,459
Loss for the year	–	–	–	–	–	–	(90,381)	(90,381)	(3,886)	(94,267)
Exchange differences arising on translation of foreign operations	–	–	–	–	20,818	–	–	20,818	98	20,916
Share of other comprehensive income of associates	–	–	–	–	3,389	–	–	3,389	–	3,389
Total comprehensive income for the year	–	–	–	–	24,207	–	(90,381)	(66,174)	(3,788)	(69,962)
At 31 December 2013 and 1 January 2014	100,000	337,854	19,000	–	182,800	7,335	(90,454)	556,535	(3,038)	553,497
Loss for the year	–	–	–	–	–	–	(161,895)	(161,895)	(4,699)	(166,594)
Exchange differences arising on translation of foreign operations	–	–	–	–	(21,216)	–	–	(21,216)	(75)	(21,291)
Gain on revaluation of property, plant and equipment	–	–	–	5,831	–	–	–	5,831	–	5,831
Share of other comprehensive income of associates	–	–	–	–	470	–	–	470	–	470
Total comprehensive income for the year	–	–	–	5,831	(20,746)	–	(161,895)	(176,810)	(4,774)	(181,584)
At 31 December 2014	100,000	337,854	19,000	5,831	162,054	7,335	(252,349)	379,725	(7,812)	371,913

Notes:

(a) The contributed surplus of the Group represents the difference between the nominal value of the share capital of the subsidiaries acquired as a result of the group reorganisation in prior years, over the nominal value of the Company's shares issued in exchange therefor.

(b) Statutory reserve was appropriated each year on the basis of 10% of the profit after taxation of certain subsidiaries established in the People's Republic of China (the "PRC") as determined by their boards of directors in accordance with the Articles of Association of the subsidiaries. This reserve should only be used for making up losses, capitalisation into capital and expansion of production and operation.

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	2014	2013
	HK$'000	*HK$'000*
Cash flows from operating activities		
Loss before income tax expense	(163,299)	(90,682)
Adjustments for:		
Depreciation of property, plant and equipment	33,438	35,286
Interest income	(306)	(435)
Finance costs	14,899	19,203
Share of results of associates	5,211	726
Net gain on disposal of property, plant and equipment	(1,044)	(536)
Impairment loss on property, plant and equipment	50,000	—
(Gain)/loss on revaluation of property, plant and equipment	(7,151)	35,000
Release of payments for leasehold land held for own use under operating leases	587	586
Write-down/(reversal of write-down) of inventories	723	(3,472)
Impairment loss /(reversal of impairment loss) on trade receivables	1,673	(1,251)
Write-back of other payables and accruals	—	(8,853)
Write-off of other receivables	—	2,143
Operating loss before working capital changes	(65,269)	(12,285)
(Increase)/decrease in rental and utility deposits	(88)	63
(Increase)/decrease in inventories	(10,760)	31,220
Decrease in trade receivables	19,788	19,393
Decrease in prepayments, deposits and other receivables	5,153	35,089
Increase/(decrease) in trade payables	25,026	(23,070)
Decrease in other payables and accruals	(6,192)	(19,886)
Cash (used in)/generated from operations	(32,342)	30,524
Income tax paid	(3,159)	(5,994)
Net cash (used in)/ generated from operating activities	(35,501)	24,530

	2014	2013
	HK$'000	*HK$'000*
Cash flows from investing activities		
Interest received	306	435
Proceeds from disposal of property, plant and equipment	1,310	2,981
Purchase of property, plant and equipment	(6,977)	(14,598)
Deposits paid for acquisition of property, plant and equipment	(142)	—
Acquisition of subsidiaries	(1,304)	—
Release of pledged bank deposits	—	15,000
Proceeds from disposal of subsidiary	—	305,017
Net cash (used in)/generated from investing activities	(6,807)	308,835
Cash flows from financing activities		
New bank loans	497,458	396,354
Repayment of bank loans	(420,800)	(685,964)
Repayment of obligation under finance leases	(3,977)	(598)
Repayment of shareholder's loans	(6,096)	(3,058)
Interest paid	(14,899)	(19,203)
Repayment from an associate	70	386
Net cash generated from/(used in) financing activities	51,756	(312,083)
Net increase in cash and cash equivalents	9,448	21,282
Cash and cash equivalents at beginning of year	85,872	63,934
Effect of exchange rate changes on cash and cash equivalents	(598)	656
Cash and cash equivalents at end of year represented by bank balances and cash	94,722	85,872

Notes to the Financial Statements

31 December 2014

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 "Stock Exchange"). The directors of the Company consider that its immediate holding company and ultimate holding company is Inni International Inc., which is incorporated in Liberia. Its ultimate controlling party is Mr. Cheok Ho Fung, an executive director and chief executive officer of the Company. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information to the annual report.

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in Note 33.

2. 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.

3. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "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 as explained in the accounting policies set out below.

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) As further detailed in Note 43 to these financial statements, 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 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 aggregate amount of approximately RMB90,000,000, equivalent to approximately HK$112,500,000, was received in cash as of the date of this report. In the opinion of the directors of the Company, the disposal will be completed within twelve months from the date of this report. 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 report, 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.

(c) Functional and presentation currency

The financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(c) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amounts are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

(d) Property, plant and equipment

The buildings component of owner-occupied leasehold properties is stated at valuation less accumulated depreciation. Revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period. Increases in value arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of property revaluation reserve. Decreases in value arising on revaluation are first offset against increases on earlier valuations in respect of the same property and thereafter recognised in profit or loss. Any subsequent increases are recognised in profit or loss up to the amount previously charged and thereafter to the property revaluation reserve.

Upon disposal, the relevant portion of the property revaluation reserve realised in respect of previous valuations is released from the property revaluation reserve to accumulated losses.

Other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost or valuation net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Buildings	Over the lease terms ranging from 30 to 50 years
Leasehold improvements	5 years
Plant and machinery	10 years
Furniture, fixtures and equipment	5 years
Motor vehicles	5 years
Moulds, dies, test fixtures and pins	4 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

(e) Payments for leasehold land held for own use under operating leases

Payments for leasehold land held for own use under operating leases represent up-front payments to acquire long-term interests in lessee-occupied properties. These payments are stated at cost and are amortised over the period of the lease on a straight-line basis as an expense.

(f) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are initially recognised as assets at their fair value or, if lower, the present value of the minimum lease payments. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

(g) Financial instruments

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers, and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

Available-for-sale financial assets

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

For loans and receivables

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

For available-for-sale financial assets

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in profit or loss.

Any impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

(iii) Financial liabilities

Financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred, and are subsequently measured at amortised cost, using effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value.

Raw materials are valued at cost on a weighted average basis. Work in progress and finished goods are valued at standard cost which approximates to the actual cost determined on a weighted average basis and comprises direct materials, direct labour and an appropriate proportion of manufacturing overheads.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated cost necessary to make the sale.

(i) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of rebate, discounts and related taxes. Provided it is probable that the economic benefit will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Revenue from sale of goods is recognised on transfer of risks and rewards of ownership, which is at the time of delivery and the title is passed to customer.

Tooling income is recognised when the relevant services are provided.

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

(j) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

(k) Foreign currency

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve. Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of non-current monetary items forming part of the Group's net investment in the foreign operations concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to profit or loss as part of the profit or loss on disposal.

(l) Employee benefits

(i) Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(ii) Defined contribution retirement plans

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

(m) Impairment of other assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment; interests in leasehold land held for own use under operating leases; and investments in subsidiaries and associates to determine whether there is any indication that these assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

(n) Government grants

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(o) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(p) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

(a) Estimation of useful lives of property, plant and equipment

Items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives after taking into account the estimated residual values. The estimated useful lives are based on the expected lives of those property, plant and equipment items. The useful lives of property, plant and equipment could change significantly as a result of technical obsolescence. When the actual useful lives of property, plant and equipment, due to the change of commercial and technological environment, are different from their estimated useful lives, such difference will impact the depreciation charges.

(b) Impairment of property, plant and equipment

The Group assesses annually whether property, plant and equipment have any indication of impairment, in accordance with the relevant accounting policies. The determination of the recoverable amounts requires the use of judgment and estimates on future operating cash flows and discount rates adopted. Where the actual cash flows are different from the original estimate, a material change in the amount of impairment may arise, further details of which are set out in Note 18.

(c) Fair value measurement of buildings

As detailed in Note 18, the buildings were measured at their fair values at the end of the reporting period using the depreciated replacement cost approach by an independent firm of professionally qualified valuers or agreed selling price where available.

The fair value measurement of the Group's buildings utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

Level 1: Quoted prices in active markets for identical items (unadjusted);
Level 2: Observable direct or indirect inputs other than Level 1 inputs;
Level 3: Unobservable inputs (i.e. not derived from market data).

Further detailed information in relation to the fair value measurement of the revalued buildings is set out in Note 18.

(d) Impairment loss on trade receivables

The policy for impairment loss on trade receivables of the Group is based on the evaluation of collectability and the ageing analysis of the trade receivables and on management's judgment. A considerable amount of estimation is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment loss may be required, further details of which are set out in Note 23.

6. 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.

7. REVENUE

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

8. 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.

9. 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 *(Note 23)*	(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 *(Note 18)*	7,151	(35,000)
Impairment loss on property, plant and equipment *(Note 18)*	(50,000)	—
Others	(2,521)	—
	(35,871)	(37,712)

10. 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

11. 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 12)*	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.

12. STAFF COSTS

	2014	**2013**
	HK$'000	*HK$'000*
Staff costs (including directors' remuneration *(Note 13)*) 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

13. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS

The emoluments paid or payable to each of the directors were as follows:

	Fees	Salaries and other benefits	Contributions to retirement benefits scheme	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
2014				
Executive director:				
Cheok Ho Fung	—	5,433^	155	5,588
Non-executive directors:				
Tang Yok Lam, Andy	120	—	—	120
Ng Kwok Ying, Alvin (Deceased on 13 October 2014)	100	—	—	100
	220	—	—	220
Independent non-executive directors:				
Leung Shu Kin, Alfred	120	—	—	120
Wong Wing Kee	120	—	—	120
Ng Kee Sin	120	—	—	120
	360	—	—	360
Total	580	5,433	155	6,168
2013				
Executive director:				
Cheok Ho Fung	—	5,195^	155	5,350
Non-executive directors:				
Tang Yok Lam, Andy	120	—	—	120
Ng Kwok Ying, Alvin	120	—	—	120
	240	—	—	240
Independent non-executive directors:				
Leung Shu Kin, Alfred	120	—	—	120
Wong Wing Kee	120	—	—	120
Ng Kee Sin	120	—	—	120
	360	—	—	360
Total	600	5,195	155	5,950

^ Included in the amount is rental and management fee paid for director's quarter to a company beneficially owned by Mr Cheok Ho Fung.

Mr. Cheok Ho Fung is also the Chief Executive Officer of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive Officer.

No emolument was paid to the directors as an inducement to join or upon joining the Group or as compensation for loss of office during both years. No directors waived any of their emoluments for both years.

14. FIVE HIGHEST PAID INDIVIDUALS

Of the five individuals with the highest emoluments in the Group, one (2013: one) is a director of the Company whose emoluments are included in the disclosures in Note 13 above. The emoluments of the remaining four (2013: four) individuals are as follows:

	2014	**2013**
	HK$'000	*HK$'000*
Salaries and other benefits	3,819	3,699
Contributions to retirement benefits scheme	146	146
	3,965	3,845

Their emoluments were within the following bands:

	2014	**2013**
	Number of individuals	*Number of individuals*
HK$Nil to HK$1,000,000	3	3
HK$1,500,001 to HK$2,000,000	1	1

No emolument was paid to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during both years.

The emoluments paid or payable to members of senior management are within the following bands:

	2014	**2013**
	Number of individuals	*Number of individuals*
HK$Nil to HK$1,000,000	8	8
HK$1,500,001 to HK$2,000,000	1	1
HK$5,000,001 to HK$5,500,000	—	1
HK$5,500,001 to HK$6,000,000	1	—

15. 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%.

The income tax expense for the year can be reconciled to the loss before income tax expense per the consolidated statement of profit or loss and other comprehensive income as follows:

	2014	2013
	HK$'000	*HK$'000*
Loss before income tax expense	(163,299)	(90,682)
Tax at the statutory tax rate of 25%	(40,825)	(22,671)
Tax effect of exemption granted to Macau subsidiary	(99)	(3,584)
Tax effect of income not taxable for tax purpose or subject to capital gain tax	(2,400)	(393)
Tax effect of expenses not deductible for tax purpose	28,527	27,472
Tax effect of tax losses not recognised	4,329	1,534
Under-provision in respect of prior years	79	294
Effect of different tax rates of subsidiaries operating in other jurisdictions	1,184	710
Tax effect of other deductible temporary differences not recognised	12,500	223
Income tax expense	3,295	3,585

16. LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

The Group's loss for the year attributable to owners of the Company includes an amount of loss of approximately HK$12,963,000 (2013: HK$13,574,000) which has been dealt with in the financial statements of the Company.

17. LOSS PER SHARE

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

	2014 *HK$'000*	2013 *HK$'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.

18. PROPERTY, PLANT AND EQUIPMENT

	Buildings *HK$'000*	Leasehold improvements *HK$'000*	Plant and machinery *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Motor vehicles *HK$'000*	Moulds, dies, test fixtures and pins *HK$'000*	Total *HK$'000*
At 31 December 2014							
At 1 January 2014							
Cost or valuation	443,851	6,845	1,188,877	38,871	7,713	6,251	1,692,408
Accumulated depreciation	(56,686)	(1,257)	(1,039,058)	(35,976)	(6,249)	(3,978)	(1,143,204)
Carrying amount	387,165	5,588	149,819	2,895	1,464	2,273	549,204
At 1 January 2014, carrying amount	387,165	5,588	149,819	2,895	1,464	2,273	549,204
Additions	—	227	14,725	478	1,564	1,033	18,027
Disposals	—	—	—	—	(45)	(221)	(266)
Depreciation provided during the year	(7,999)	(131)	(23,508)	(793)	(630)	(377)	(33,438)
Impairment loss	—	(3,000)	(47,000)	—	—	—	(50,000)
Revaluation gain	12,982	—	—	—	—	—	12,982
Exchange realignment	(10,480)	113	(4,147)	117	(25)	(19)	(14,441)
At 31 December 2014, carrying amount	381,668	2,797	89,889	2,697	2,328	2,689	482,068
At 31 December 2014							
Cost or valuation	431,879	6,898	1,139,508	39,373	8,505	6,955	1,633,118
Accumulated depreciation and impairment losses	(50,211)	(4,101)	(1,049,619)	(36,676)	(6,177)	(4,266)	(1,151,050)
Carrying amount	381,668	2,797	89,889	2,697	2,328	2,689	482,068
Analysis of cost or valuation:							
At cost	—	6,898	1,139,508	39,373	8,505	6,955	1,201,239
At 31 December 2014 valuation	431,879	—	—	—	—	—	431,879
	431,879	6,898	1,139,508	39,373	8,505	6,955	1,633,118

	Buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Moulds, dies, test fixtures and pins	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2013							
At 1 January 2013							
Cost or valuation	466,878	5,710	1,195,093	38,390	7,643	4,287	1,718,001
Accumulated depreciation	(46,509)	(1,123)	(1,036,750)	(35,394)	(5,672)	(3,789)	(1,129,237)
Carrying amount	420,369	4,587	158,343	2,996	1,971	498	588,764
At 1 January 2013, carrying amount	420,369	4,587	158,343	2,996	1,971	498	588,764
Additions	—	1,017	15,199	528	—	1,824	18,568
Disposals	—	—	(2,421)	(24)	—	—	(2,445)
Depreciation provided during the year	(8,824)	(121)	(25,137)	(458)	(568)	(178)	(35,286)
Revaluation loss	(35,000)	—	—	—	—	—	(35,000)
Exchange realignment	10,620	105	3,835	(147)	61	129	14,603
At 31 December 2013, carrying amount	387,165	5,588	149,819	2,895	1,464	2,273	549,204
At 31 December 2013							
Cost or valuation	443,851	6,845	1,188,877	38,871	7,713	6,251	1,692,408
Accumulated depreciation	(56,686)	(1,257)	(1,039,058)	(35,976)	(6,249)	(3,978)	(1,143,204)
Carrying amount	387,165	5,588	149,819	2,895	1,464	2,273	549,204
Analysis of cost or valuation:							
At cost	—	6,845	1,188,877	38,871	7,713	6,251	1,248,557
At 31 December 2013 valuation	443,851	—	—	—	—	—	443,851
	443,851	6,845	1,188,877	38,871	7,713	6,251	1,692,408

The Group's buildings are situated in the PRC and are held under medium lease terms. At 31 December 2014, the Group's buildings with a carrying amount of approximately HK$244,908,000 (2013: HK$256,618,000) were pledged to secure the bank loans granted to the Group.

The Group is in the process of obtaining ownership certificate of buildings with a carrying amount of approximately HK$129,917,000 (2013: HK$129,508,000) as at 31 December 2014.

As at 31 December 2014, the carrying amount of the Group's plant and machinery includes an amount of approximately HK$13,631,000 (2013: HK$4,927,000) in respect of assets acquired under finance leases.

The Group's buildings were revalued at 31 December 2013 and 2014 based on market approach and with reference to the valuation reports issued by DTZ Debenham Tie Leung Limited ("DTZ"), an independent firm of professionally qualified valuers. DTZ's valuation reports used depreciated replacement cost approach which is arrived at using the aggregate amount of the new replacement cost of the buildings, from which appropriate deductions may then be made to allow for the age, condition, functional obsolescence and environmental factor, or agreed selling price where available. The market approach was with reference to the agreed selling price of a portion of a property of the Group (Note 26).

For the year ended 31 December 2014, a revaluation gain of approximately HK$5,831,000 (2013: HK$Nil) on one of the Group's buildings has been recognised in other comprehensive income and credited to property revaluation reserve.

In addition, a revaluation gain of approximately HK$7,151,000 on a property located in Tongliao, the PRC, has been recognised in profit or loss included in other gains and losses as a revaluation loss of HK$35,000,000 on the property was previously charged to profit or loss in prior year. The fair value was estimated using a market approach with reference to the agreed selling price for a portion of a property of the Group.

The following table presents the fair values of the Group's buildings measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

	2014	**2013**
	HK$'000	*HK$'000*
Level 2	129,917	129,508
Level 3	251,751	257,657
	381,668	387,165

A reconciliation of the opening and closing fair value balance of Level 3 recurring fair value measurement is provided below:

	2014	**2013**
	HK$'000	*HK$'000*
Opening balance (Level 3 recurring fair value)	257,657	256,510
Depreciation provided for the year	(5,340)	(5,334)
Revaluation gain	5,831	—
Exchange realignment	(6,397)	6,481
Closing balance (Level 3 recurring fair value)	251,751	257,657

The following table gives information about how the fair value of the Group's buildings are determined, as well as the fair value hierarchy into which the fair value measurement is categorised, based on the degree to which the inputs to the fair value measurement is observable.

As at 31 December 2014

Fair value hierarchy	Valuation technique	Significant unobservable input	Relationship of unobservable inputs for fair value	Range
Level 3	Depreciated replacement cost approach	New replacement costs per square metre are determined using estimated new replacement cost per square metre of the buildings, and adjusted to reflect the age, condition, functional obsolescence and environmental factor	The increase in the new depreciated replacement costs per square metre would result in a increase in fair value	RMB1,689 to RMB3,899 per square metre
Level 2	Market approach	N/A	N/A	N/A

As at 31 December 2013

Fair value hierarchy	Valuation technique	Significant unobservable input	Relationship of unobservable inputs for fair value	Range
Level 3	Depreciated replacement cost approach	New replacement costs per square metre are determined using estimated new replacement cost per square metre of the buildings, and adjusted to reflect the age, condition, functional obsolescence and environmental factor	The increase in the new depreciated replacement costs per square metre would result in a increase in fair value	RMB1,326 to RMB3,060 per square metre
Level 2	Market approach	N/A	N/A	N/A

There were no changes to the valuation techniques during the year.

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

Had the Group's buildings been stated at historical cost less accumulated depreciation and impairment losses (if any), their carrying amount as at 31 December 2014 would have been approximately HK$368,686,000 (2013: HK$387,165,000).

The trend in reducing world-wide demand for personal computers led to reduction in the demand for their ancillary parts and equipment which are the Group's major products supplied to customers, leading to a substantial reduction of the Group's revenue for the year ended 31 December 2014. Certain items of property, plant and equipment and payments for leasehold land held for own use under operating leases (the "Relevant Assets") which relate to the manufacture and sale of printed circuit boards business and also constitute a smallest cash-generating unit ("CGU"), were assessed for impairment. The recoverable amount of the CGU has been determined to be approximately HK$368,000,000 by the directors of the Company with reference to a value-in-use calculation, using cash flow projection based on estimates and financial budgets approved by the management. These projections cover a 5-year period and extrapolate cash flows beyond such projection period using an estimated growth rate of 2%, and have been discounted using a pre-tax discount rate of 13%. All of the assumptions and estimations involved in the preparation of the cash flow projection including budgeted gross margin, discount rate and growth rate are determined by the management of the Group based on past performance, experience and their expectation for market development. In view of the carrying amount of the Relevant Assets being higher than the recoverable amount of this CGU, the Relevant Assets were written down to the recoverable amount, with impairment loss of approximately HK$50,000,000 of which HK$3,000,000 and HK$47,000,000 are attributable to the leasehold improvements and plant and machinery, respectively, which were recognised in profit or loss under other gains and losses in the current year.

19. PAYMENTS FOR LEASEHOLD LAND HELD FOR OWN USE UNDER OPERATING LEASES

The Group's payments for leasehold land held for own use under operating leases comprise of land use rights in the PRC on a medium lease terms:

	2014	**2013**
	HK$'000	*HK$'000*
Analysed for reporting purpose as		
Current assets	582	597
Non-current assets	22,131	23,295
	22,713	23,892

As at 31 December 2014, certain of the Group's land use rights with a carrying amount of approximately HK$4,377,000 (2013: HK$4,628,000) was pledged to secure the bank loans granted to the Group.

20. INTERESTS IN ASSOCIATES

	2014	**2013**
	HK$'000	*HK$'000*
Unlisted shares, at cost		
— *Note (a)*	—	4,496
— *Note (b)*	111,521	111,521
	111,521	116,017
Share of post-acquisition change in net assets	(2,078)	2,663
Impairment loss recognised	(40)	(100)
	109,403	118,580
Amount due from an associate	—	24
Amount due to an associate	—	(4,390)

The amounts due were unsecured, interest-free and repayable on demand.

Notes:

(a) At 31 December 2013, the cost of investments in unlisted associates included an investment of called-up share capital of Topsearch iService HK (defined below) of HK$4,396,000 but not yet paid. Pursuant to the Group's acquisition of the remaining equity interest during the year, Topsearch iService HK became a wholly-owned subsidiary at the end of the reporting period. The carrying value of its attributable net assets approximates the fair value, and there is no material difference between the acquisition consideration and the fair value of its net attributable assets.

(b) The Group entered into a conditional disposal agreement and conditional supplemental agreements with an independent third party to dispose of the Group's entire 30% equity interest in Topsearch Shenzhen (defined below) after the end of the reporting period. The disposal has not been completed at the date of this report. Further details are set out in Notes 3(b)(iv) and 43.

(c) Particulars of the Group's associates during the year ended 31 December 2014 are set out below:

Name	Place of incorporation or establishment and operation	Form of legal entity	Issued share capital/paid-up registered capital	Percentage of ownership interest indirectly held by Group 2014	2013	Principal activities
Topsearch iService Information Technology (HK) Limited ("Topsearch iService HK")	Hong Kong	Corporation	Ordinary shares RMB20,000	100% *(Note (a))*	36%	Inactive
Topsearch Printed Circuits (Shenzhen) Ltd ("Topsearch Shenzhen")	PRC	Sino-foreign equity joint venture	Registered capital US$50,000,000	30%	30%	Property investment

(d) Summarised financial information (material associate)

Topsearch Shenzhen

	2014 *HK$'000*	2013 *HK$'000*
As at 31 December		
Current assets	245,795	308,499
Non-current assets	601,126	481,123
Current liabilities	(436,322)	(363,219)
Non-current liabilities	—	—
Included in the above amounts are:		
Bank balances and cash	152	60,102
Year ended 31 December		
Revenue	—	—
Loss for the year	(17,371)	(2,421)
Other comprehensive income	—	—
Total comprehensive income	(17,371)	(2,421)

(e) Summarised financial information (immaterial associate)

Topsearch iService HK

	2014 *HK$'000*	2013 *HK$'000*
Year ended 31 December		
Profit or loss for the year	—	—
Other comprehensive income	—	—
Total comprehensive income	—	—

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2014	2013
	HK$'000	*HK$'000*
Club debentures, at fair value	1,857	1,857

The fair values of the club debentures are based on recent transaction prices.

22. INVENTORIES

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Raw materials and consumables	48,067	45,407
Work in progress	19,180	14,741
Finished goods	47,948	51,118
	115,195	111,266
Less: Allowance for obsolete inventories	(19,109)	(19,094)
	96,086	92,172

23. 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

The Group's trade receivables that are denominated in a currency other than the functional currencies of the relevant group entities are set out below:

	2014	2013
	HK$'000	*HK$'000*
Denominated in United States dollars	97,975	123,034

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

As at 31 December 2014, trade receivables of approximately HK$81,101,000 (2013: HK$101,344,000) are neither past due nor impaired. Trade receivables that were neither past due nor impaired related to customers for whom there was no recent history of default.

The ageing of trade receivables (net of allowance for doubtful debts) which are past due but not impaired is as follows:

	2014	**2013**
	HK$'000	*HK$'000*
0 — 30 days past due	18,510	20,550
31 — 90 days past due	2,607	4,139
	21,117	24,689

Trade receivables that were past due but not impaired related to customers that have good creditworthiness or good track record with the Group. Based on past experience, the management considered no impairment is necessary as there has not been a significant change in credit quality of these balances, which are still considered fully recoverable. The Group does not hold any collateral over these balances.

The movement in the impairment loss on trade receivables during the year is as follows:

	2014	**2013**
	HK$'000	*HK$'000*
At beginning of the year	6,870	8,491
Impairment loss/(reversal of impairment loss) on trade receivables	1,673	(1,251)
Bad debts written off	(6,811)	(370)
Exchange realignment	(5)	—
At end of the year	1,727	6,870

The Group recognised impairment loss on individual assessment based on the accounting policy stated in Note 4(g)(ii).

24. BANK BALANCES AND CASH

At 31 December 2014, bank balances carry interest at prevailing deposit rates which range from 0.001% to 0.35% (2013: 0.001% to 0.35%) per annum. During the year ended 31 December 2013, the pledged bank deposits carry interest at prevailing deposit rates of 3.0%. The pledged bank deposits were released during the year ended 31 December 2013.

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

	2014	**2013**
	HK$'000	*HK$'000*
Denominated in Hong Kong dollars	134	620
Denominated in Renminbi	1,903	11,148
Denominated in United States dollars	55,463	58,362
Denominated in Euro dollars	141	568
Denominated in Great British Pound	605	—

25. 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

The Group's trade payables that are denominated in a currency other than the functional currencies of the relevant group entities are set out below:

	2014	**2013**
	HK$'000	*HK$'000*
Denominated in United States dollars	82,085	67,851

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

26. OTHER PAYABLES AND ACCRUALS

Included in other payables and accruals are accruals for payroll and payroll related costs, utility charges and general administrative expenses, purchases of spare parts and a deposit of approximately RMB30,000,000 (equivalent to approximately HK$37,500,000 (2013: RMB30,000,000 (equivalent to HK$38,462,000)) in respect of a property assignment transaction described below.

On 31 December 2010, the Group entered into a property assignment agreement (the "Property Assignment Agreement") with an independent third party (the "Purchaser"), to sell a portion of a parcel of industrial land and buildings (the "Property"), which are located in phase II of Tongliao Economic Technology Development Zone, Tongliao City, Inner Mongolia, the PRC for a consideration of RMB51,000,000 (equivalent to HK$59,302,000).

As of 31 December 2011, a deposit of RMB20,000,000 (equivalent to HK$24,691,000) was received whilst the transaction was suspended due to delay of financing arrangement with a bank for a loan by the Purchaser for settlement of the remaining consideration. The directors of the Company believed that the aforesaid remaining consideration balance of RMB31,000,000 would be settled in full, taking into consideration the statements given by the local government bodies of Tongliao dated 21 March 2012 that they would pay directly to the Group's subsidiary in Tongliao.

During the year ended 31 December 2012, a further deposit of RMB10,000,000 (equivalent to HK$12,500,000) was received from local government bodies of Tongliao.

In the opinion of the directors, the Group is in the process of completing the transaction and there are ongoing negotiations between the Group, the Purchaser and local government bodies of Tongliao during the year. Moreover, the directors of the Company considered that the Property Assignment Agreement continues to be legally enforceable based on the legal advice from the Group's legal counsel.

At 31 December 2014 and 2013, the Property is currently idle and included in payments for leasehold land held for own use under operating leases and property, plant and equipment with carrying amounts of approximately RMB5,987,000 (equivalent to approximately HK$7,484,000) (2013: RMB6,148,000 (equivalent to HK$7,882,000)) and approximately RMB45,013,000 (equivalent to approximately HK$56,266,000) (2013: RMB40,320,000 (equivalent to HK$51,692,000)) respectively. In the opinion of the directors, no reclassification of the Property to non-current asset held for sale in the consolidated financial statements was made as it is not highly probable that the transaction will be completed in the next twelve months from the end of the reporting period.

27. OBLIGATION UNDER FINANCE LEASES

The Group leases certain plant and machinery items. Such assets are generally classified as finance leases as the ownership of the assets will be transferred to the Group by the end of the lease terms.

Future lease payments are due as follows:

	Minimum lease payments 2014 *HK$'000*	**Interest 2014** *HK$'000*	**Present value 2014** *HK$'000*
Not later than one year	4,558	463	4,095
Later than one year and not later than five years	3,214	202	3,012
	7,772	665	7,107

	Minimum lease payments 2013 *HK$'000*	Interest 2013 *HK$'000*	Present value 2013 *HK$'000*
Not later than one year	1,692	233	1,459
Later than one year and not later than five years	2,105	149	1,956
	3,797	382	3,415

The present value of future lease payments are analysed as:

	2014 *HK$'000*	2013 *HK$'000*
Current liabilities	4,095	1,459
Non-current liabilities	3,012	1,956
	7,107	3,415

The Group's obligation under finance leases is secured by the lessor's charge over the leased assets.

28. INTEREST-BEARING BANK LOANS

	2014 *HK$'000*	2013 *HK$'000*
Secured bank loans repayable:		
within one year	101,616	101,550
in the second year	75,000	—
	176,616	101,550

The bank loans of the Group are secured by certain buildings and payments for leasehold land held for own use under operating leases held by the Group, the assignment of the Group's trade receivables of approximately HK$91,832,000 (2013: HK$90,349,000) and corporate guarantee of the Company. Bank loans of approximately HK$75,000,000 (2013: HK$63,088,000) carried floating interest rates and the effective interest rate is 6.15% (2013: ranged from 2.51% to 3.55%) per annum. The remaining bank loans carried fixed interest rates ranging from 1.53% to 6% (2013: 6.00%) per annum.

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

	2014 *HK$'000*	2013 *HK$'000*
Denominated in United States dollars	64,116	63,088

29. SHAREHOLDER'S LOANS

	The Group and the Company	
	2014	**2013**
	HK$'000	*HK$'000*
Unsecured loans from a controlling shareholder:		
— interest bearing at 7% and repayable on 2 January 2016 (2013: 2 January 2015)	95,661	101,757

The shareholder's loans were advanced by Mr. Cheok Ho Fung, a director and controlling shareholder of the Company.

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

	2014	**2013**
	HK$'000	*HK$'000*
Denominated in Renminbi	4,150	4,256
Denominated in United States dollars	643	3,650

30. DEFERRED TAX LIABILITIES

The following sets out the major deferred tax liabilities/(assets) recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation	**Tax losses**	**Impairment of property, plant and equipment**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2013, 31 December 2013, 1 January 2014 and 31 December 2014	3,185	(1,588)	(1,597)	—

The Group has unused tax losses arising in the PRC of HK$53,968,000 (2013: HK$37,340,000) that will expire in one to five years for offsetting against future taxable profit. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for several years and it is not considered probable that taxable profit will be available against which the tax losses can be utilised.

At the end of the reporting period, the Group has deductible temporary differences of HK$168,140,000 (2013: HK$121,168,000) in respect of the allowance for obsolete inventories and impairment of property, plant and equipment. No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. There is no profit of the PRC subsidiaries available for distribution subject to the withholding tax.

As at 31 December 2014 and 2013, the Group and the Company did not have other material unrecognised deferred tax.

31. SHARE CAPITAL

The Company

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

32. RESERVES

The Group

Details of the movements in the reserves of the Group are set out in the consolidated statement of changes in equity.

The Company

	Share premium *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 January 2013	337,854	(542,944)	(205,090)
Profit for the year	—	3,165	3,165
At 31 December 2013 and 1 January 2014	337,854	(539,779)	(201,925)
Profit for the year	—	6,105	6,105
At 31 December 2014	337,854	(533,674)	(195,820)

33. INVESTMENTS IN SUBSIDIARIES

	2014 *HK$'000*	2013 *HK$'000*
Unlisted shares, at cost	1,000	1,000

As at 31 December 2014 and 2013, the directors assessed that the recoverable amount of the investments in subsidiaries is not less than the carrying amount reflected in the Company's statement of financial position, and accordingly no provision for impairment is required.

Particulars of the principal subsidiaries as at 31 December 2014 are set out below:

Name	Place of incorporation or establishment/ operations	Issued share capital/ paid-up registered capital	Attributable equity interest held by the Company Directly	Attributable equity interest held by the Company Indirectly	Principal activities
Topsearch Industries (BVI) Limited	British Virgin Islands/ Hong Kong	Ordinary Shares US$50,000	100%	—	Investment holding
Topsearch Industries (Holdings) Limited	Hong Kong	Ordinary shares HK$1,000 Deferred non-voting* HK$20,000,000	—	100%	Investment holding
Topsearch Printed Circuits (HK) Limited	Hong Kong	Ordinary shares HK$10,000,000	—	100%	Investment holding
Topsearch Printed Circuits Macao Commercial Offshore Company Limited	Macau	Ordinary shares Macau Pataca100,000	—	100%	Sale of printed circuit boards
Topsearch Marketing (S) Pte. Ltd.	Singapore	Ordinary shares Singapore dollars1,000	—	100%	Provision of marketing services
Topsearch Tongliao Investment (BVI) Limited	British Virgin Islands/ Hong Kong	Shares US$50,000	—	100%	Investment holding
Topsearch Excelio Investment (HK) Limited	Hong Kong	Ordinary shares HK$1	—	100%	Investment holding
至卓飛高線路板(曲江)有限公司@	The PRC	Registered capital US$99,000,000	—	100%	Manufacture of printed circuit boards
至卓飛高線路板(通遼)有限公司@	The PRC	Registered capital US$28,300,122	—	100%	Manufacture of printed circuit boards
至卓飛高進出口貿易(深圳)有限公司@	The PRC	Registered capital HK$500,000	—	100%	Sale of printed circuit boards
Topsearch Technologies Investment (Holdings) Limited	Hong Kong	Ordinary shares HK$2	—	100%	Investment holding
Topsearch iService Investment Limited	Hong Kong	Ordinary shares HK$1	—	100%	Investment holding
Excelio Technology (Hong Kong) Company Limited	Hong Kong	Ordinary shares HK$10,000,000	—	60%	Investment holding
Excelio Company Limited	British Virgin Islands/ Hong Kong	Ordinary share US$1	—	60%	Integrated circuit design
卓捷創芯科技(深圳)有限公司@	The PRC	Registered capital RMB10,000,000	—	60%	Product research and development

Name	Place of incorporation or establishment/ operations	Issued share capital/ paid-up registered capital	Attributable equity interest held by the Company		Principal activities
			Directly	Indirectly	
無錫智速科技有限公司@	The PRC	Registered capital RMB1,500,000	—	60%	Product research and development
至卓飛高企業管理咨詢服務(韶關)有限公司@	The PRC	Registered capital HK$1,000,000	—	100%	Provision of information system management services
Citilite Pride Limited	Hong Kong	Ordinary shares HK$2,000,000	—	100%	Investment holding

* The non-voting deferred shares carry no rights to dividends, no rights to attend or vote at general meetings and no rights to receive any surplus assets in a return of capital upon winding-up unless a sum of HK$500,000,000,000,000 has been distributed to each of the holders of the ordinary shares.

@ Registered as wholly-foreign-owned enterprises under the PRC law.

None of the subsidiaries had issued any debt securities as at 31 December 2014 or at any time during the year.

The above tables list the subsidiaries of the Company which, in the opinion of the directors of the Company, principally comprised the Group's assets or results. To give details of the other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

34. OPERATING LEASE COMMITMENTS

The Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due during the period as follows:

	2014	**2013**
	HK$'000	*HK$'000*
Within one year	4,055	3,430
In the second to fifth years inclusive	3,017	1,620
	7,072	5,050

Operating lease payments represent rentals payable by the Group for its office properties and staff quarters. Leases were negotiated for terms ranging from one to three years with fixed rentals over the terms of the leases.

35. CAPITAL AND OTHER COMMITMENTS

	2014 *HK$'000*	2013 *HK$'000*
Capital expenditure, contracted for but not provided in the consolidated financial statements, in respect of:		
Construction of factory buildings	91	500
Acquisition of plant and machinery	160	5,087
	251	5,587

36. OTHER COMMITMENTS

As at 31 December 2013, the Company had commitment to contribute further capital of HK$9,069,000 to a subsidiary in the PRC. There is no other commitment as at 31 December 2014.

37. SHARE OPTION SCHEME

The Company's share option scheme was adopted on 30 May 2002 and became effective on 21 June 2002 and unless otherwise cancelled or amended, would remain in force for 10 years from that date. The share option scheme was expired in prior years without renewal. At the end of the reporting period, no share option was outstanding under the share option scheme (2013: Nil).

38. RELATED PARTIES TRANSACTIONS

(a) In addition to the related party balances and transactions set out in other notes to the consolidated financial statements, during the year, the Group entered into the following transactions with related parties:

Related party	**Nature of transaction**	**2014** *HK$'000*	**2013** *HK$'000*
Keentop Investment Limited ("Keentop") *(Note (i))*	Rental expenses and management fee expense	2,112	2,099
Mr. Cheok Ho Fung	Interest on shareholder's loans	6,991	7,135

Notes:

(i) The amounts paid to Keentop, which is beneficially owned by Mr. Cheok Ho Fung, a director of the Company, and his spouse, related to a property leased as their residence. Pursuant to a tenancy agreement entered into on 1 June 2011, the monthly rental and management fees were revised to HK$165,000 and HK$9,900, respectively, for the period from 1 June 2011 to 31 May 2014. The tenancy agreement was renewed on 28 May 2014 for three years from 1 June 2014 to 31 May 2017 under the same terms and conditions except that the monthly management fee was increased to HK$11,390 (subject to adjustment). The fees were based on a market rental valuation provided by DTZ. Further details are set out in the Company's announcement dated 28 May 2014.

At the end of reporting period, the Group had commitments for future minimum lease payments payable to Keentop under non-cancellable leases which fall due as follows:

	2014	2013
	HK$'000	*HK$'000*
Within one year	1,980	825
In the second to fifth years inclusive	2,805	—
	4,785	825

This related party transaction constitutes a continuing connected transaction under the Listing Rules.

(ii) In prior year, service fee expense of HK$697,000 was charged by a company owned by the non-controlling equity owners of the Company's non-wholly-owned subsidiary, Excelio Technology (Hong Kong) Company Limited. The service fee was charged on mutually agreed terms. There is no service fee charged in the year ended 31 December 2014.

(b) Details of the compensation of key management personnel of the Group were as follows:

	2014	2013
	HK$'000	*HK$'000*
Short-term benefits	9,832	9,494
Post-employment benefits	301	301
	10,133	9,795

(c) During the year, the Group has acquired 100% interest in a company (the "Target") from the controlling shareholder and ultimate holding company at approximately HK$1,500,000, which approximated the fair value of the attributable net assets of the Target and its subsidiary as at the date of acquisition. The Target is engaged in investment holding of a dormant subsidiary as at the date of acquisition and 31 December 2014.

39. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

(a) Categories of financial assets and financial liabilities

	2014	2013
	HK$'000	*HK$'000*
Financial assets		
Loan and receivables (including bank balances and cash), at amortised cost	203,455	219,243
Available-for-sale financial assets, at fair value	1,857	1,857
Financial liabilities		
Financial liabilities, at amortised cost	503,628	422,829

(b) Fair values

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets which are traded on active markets are determined with reference to quoted market bid prices; and

- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate to their fair values.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities; Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 fair value measurements are those derived from inputs that are not based on observable market data (unobservable inputs).

Available-for-sale financial assets are measured subsequent to initial recognition at fair value, grouped into Level 2.

40. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Group's major financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group's overall strategy remains unchanged from prior year.

(i) Currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the monetary assets and monetary liabilities denominated in foreign currencies, i.e. currency other than the functional currency of the respective group entities, which are mainly trade receivables, intra-group companies balances, trade payables, pledged bank deposits, bank balances and bank loans at the end of the reporting period, are as follows:

	2014	**2013**
	HK$'000	*HK$'000*
Assets		
United States dollars	153,438	181,396
Renminbi	1,903	11,148
Hong Kong dollars	134	620
Euro dollars	141	568
Great British Pound	605	—
Liabilities		
Renminbi	4,110	4,256
United States dollars	146,844	137,589

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase in the functional currencies of the group entities, against relevant foreign currencies, mainly United States dollars and Renminbi. The directors of the Company are of the opinion that the Group's sensitivity to the change in United States dollars against Hong Kong dollars is low as Hong Kong dollars are pegged to United States dollars. In addition, the monetary assets denominated in Euro dollars and Hong Kong dollars are not significant and the directors of the Company consider that the Company's exposure to the currency of Euro dollars and Hong Kong dollars are minimal. As a result, the following sensitivity table does not include the impact of such changes. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign currency rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for 5% change in foreign currency rates.

A negative number below indicates an increase in loss for the year when the functional currencies strengthen against the relevant foreign currencies. For a 5% weakening of the functional currencies against the relevant foreign currencies, there would be an equal but opposite impact on the results for the year.

	2014	**2013**
	HK$'000	*HK$'000*
United States dollars		
(Increase)/decrease in loss for the year	(2,295)	2,401
Renminbi		
(Increase)/decrease in loss for the year	(93)	287

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank loans and shareholder's loans.

The Group is also exposed to cash flow interest rate risk in relation to the Group's bank balances and bank borrowings with floating interest rates. The directors of the Company monitor the related cash flow interest rate risk exposure closely and will consider hedging significant cash flow interest rate risk exposure should the need arise. No derivative contracts have been entered into during both years.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative financial liabilities. The analysis is prepared assuming the financial liabilities outstanding at the end of the reporting period were outstanding for the whole year. 300 basis points (2013: 300 basis points) are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 300 basis points (2013: 300 basis points) higher and all other variables were held constant, the Group's loss for the year ended 31 December 2014 would increase by HK$1,688,000 (2013: HK$1,419,000).

The Group's exposure to cash flow interest rate risk is mainly concentrated on the fluctuation of People's Bank of China lending rate arising from the Group's bank borrowings. In the opinion of directors of the Company, no sensitivity analysis for bank balances is prepared as the effect of fluctuation of interest rate is not significant.

(iii) Credit risk

The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history. The Group mainly trades with recognised and creditworthy third parties. It is the Group's policy that credit terms are granted subject to in-depth credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and substantially covered by credit insurance. In this regard, management considers that the Group's credit risk is minimal.

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to perform an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Since the Group mainly trades with recognised and creditworthy third parties, there is no requirement for collateral.

The Group has concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings.

The Group also has concentration of credit risk as 28% (2013: 48%) of the total trade receivables which were due from the Group's two largest customers.

(iv) Liquidity risk

The Group is exposed to significant liquidity risk at the end of the reporting period, as it has net current liabilities of approximately HK$70,911,000 (2013: HK$40,000,000). The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long terms. The Group also relies on the continuous financial support from the banks and the Company's controlling shareholder and the management closely monitors its liquidity risk. Accordingly, the directors of the Company considered that the Group's liquidity risk is properly addressed and therefore prepared the consolidated financial statements on a going concern basis.

The following table details the remaining contractual maturity at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average interest rate	Within 1 year or on demand	1 to 5 years	Total contractual undiscounted cash flow	Carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2014					
Trade payables	—	180,136	—	180,136	180,136
Other payables	—	44,108	—	44,108	44,108
Interest-bearing bank loans	4.12	107,256	76,738	183,994	176,616
Obligation under finance leases	—	4,558	3,214	7,772	7,107
Shareholder's loans	7	6,696	95,698	102,394	95,661
		342,754	175,650	518,404	503,628

	Weighted average interest rate	Within 1 year or on demand	1 to 5 years	Total contractual undiscounted cash flow	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000
2013					
Trade payables	—	156,382	—	156,382	156,382
Other payables	—	55,335	—	55,335	55,335
Interest-bearing bank loans	4.04	102,576	—	102,576	101,550
Amount due to an associate	—	4,390	—	4,390	4,390
Obligation under finance leases	—	1,692	2,105	3,797	3,415
Shareholder's loans	7	7,123	101,796	108,919	101,757
		327,498	103,901	431,399	422,829

41. CAPITAL RISK MANAGEMENT

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2013 and 2014.

The Group monitors its capital using a gearing ratio, which is net debt divided by the total capital plus net debt. The Group's policy is to maintain the gearing ratio of not more than 80%. Net debt includes trade payables, other payables and accruals, amount due to an associate, interest-bearing bank loans, shareholder's loans and obligation under finance leases, less bank balances and cash. Capital represents total equity. The gearing ratios as at the end of the reporting period were as follows:

	2014	2013
	HK$'000	HK$'000
Trade payables	180,136	156,382
Other payables and accruals	100,499	107,811
Amount due to an associate	—	4,390
Interest-bearing bank loans	176,616	101,550
Shareholder's loans	95,661	101,757
Obligation under finance leases	7,107	3,415
Less: Bank balances and cash	(94,722)	(85,872)
Net debt	465,297	389,433
Total capital	371,913	553,497
Total capital and net debt	837,210	942,930
Gearing ratio	56%	41%

42. RETIREMENT BENEFIT SCHEMES

Hong Kong

The Group participates in both a defined contribution scheme which is registered under the Occupational Retirement Scheme Ordinance (the "ORSO Scheme") and a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Ordinance. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme or switching to the MPF Scheme, whereas all new employees joining the Group on or after 1 December 2000 are required to join the MPF Scheme.

The ORSO Scheme is funded by monthly contributions from both employees and the Group based on a specified percentage of the employee's basic salary, depending on the length of service with the Group. Where there are employees who leave the ORSO Scheme prior to vesting, the contributions payable by the Group are reduced by the amount of forfeited contributions. No forfeited contributions were utilised in this manner for both years.

For members of the MPF Scheme, the Group contributes 5% of relevant payroll costs to the scheme, which contribution is matched by the employees subject to a limit of HK$1,500 since 1 June 2014.

The PRC

The employees of the Group in the PRC are members of state-managed retirement benefit schemes operated by the local governments in the PRC. The Group is required to contribute a specified percentage of the payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions.

43. SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

On 8 January 2015, the Group entered into a conditional disposal agreement and conditional supplemental agreement (collectively the "Agreements") with an independent third party (the "Buyer"), pursuant to which the Group conditionally agreed to sell and the Buyer conditionally agreed to buy the Group's entire 30% equity interest in Topsearch Shenzhen at a cash consideration of approximately RMB170,235,000, equivalent to approximately HK$212,793,000 (the "Disposal"). According to the Agreements, Topsearch Shenzhen, after undergoing an asset separation arrangement before the completion of the Disposal, will principally own a property located in the PRC.

On 2 February 2015, the Group entered into second conditional supplemental agreement with the Buyer concerning the amendment of manner of payment in connection with the Disposal.

The estimated net proceeds after deducting the related professional fees, outgoings and taxes are approximately HK$185,900,000. Partial consideration in the aggregate amount of approximately RMB90,000,000, equivalent to approximately HK$112,500,000, was received in cash as of the date of this report. 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 report, the Company does not have any specific investment plan which requires the use of the net proceeds from the Disposal.

Further details are set out in the announcements of the Company dated 21 January 2015 and 9 February 2015. The Disposal has not been completed as at the date of this report.

44. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 24 March 2015.

III. UNAUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

The followings are the unaudited consolidated financial information of the Group extracted from the full text of the unaudited interim report of the Company for the six months ended 30 June 2015.

Unaudited Condensed Consolidated Statement of Comprehensive Income

		Six months ended 30 June	
		2015	**2014**
		(Unaudited)	**(Unaudited)**
	Notes	*HK$'000*	*HK$'000*
REVENUE	*4*	292,903	317,511
Cost of sales		(281,590)	(300,550)
Gross profit		11,313	16,961
Other income	*4*	5,832	2,880
Other gains and losses	*5*	115,155	10,247
Selling and distribution costs		(21,967)	(25,272)
Administrative expenses		(37,807)	(34,227)
Finance costs	*6*	(8,711)	(6,862)
PROFIT/(LOSS) BEFORE INCOME TAX	*7*	63,815	(36,273)
Income tax	*8*	(15,592)	(1,666)
PROFIT/(LOSS) FOR THE PERIOD		48,223	(37,939)
Other comprehensive income for the period			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		(122)	(21,299)
Release of translation reserve included in profit or loss upon disposal of an associate		(2,788)	—
Total comprehensive income for the period		45,313	(59,238)

		Six months ended 30 June	
		2015	**2014**
		(Unaudited)	**(Unaudited)**
	Notes	*HK$'000*	*HK$'000*
Profit/(loss) for the period attributable to:			
Owners of the Company		49,899	(36,174)
Non-controlling interests		(1,676)	(1,765)
		48,223	(37,939)
Total comprehensive income for the period attributable to:			
Owners of the Company		46,990	(57,412)
Non-controlling interests		(1,677)	(1,826)
		45,313	(59,238)
Earnings/(loss) per share attributable to owners of the Company			
— Basic and diluted	*9*	HK4.99 cents	(HK3.62 cents)

Unaudited Condensed Consolidated Statement of Financial Position

	Notes	At 30 June 2015 (Unaudited) HK$'000	At 31 December 2014 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	440,172	482,068
Payments for leasehold land held for own use under operating leases		21,840	22,131
Interests in associates		78,750	109,403
Rental and utility deposits		849	840
Available-for-sale financial assets		1,857	1,857
Deposits paid for acquisition of property, plant and equipment		94	198
Total non-current assets		543,562	616,497
CURRENT ASSETS			
Inventories		85,279	96,086
Payments for leasehold land held for own use under operating leases		582	582
Trade receivables	12	126,179	102,218
Prepayments, deposits and other receivables		110,101	21,963
Bank balances and cash		154,062	94,722
Total current assets		476,203	315,571
CURRENT LIABILITIES			
Trade payables	13	156,247	180,136
Other payables and accruals		141,993	100,499
Interest-bearing bank loans	14	165,018	101,616
Tax payable		1,295	136
Obligation under finance leases		4,504	4,095
Total current liabilities		469,057	386,482

	Notes	At 30 June 2015 (Unaudited) HK$'000	At 31 December 2014 (Audited) HK$'000
Net current assets/(liabilities)		7,146	(70,911)
Total assets less current liabilities		550,708	545,586
NON-CURRENT LIABILITIES			
Shareholder's loans	*15*	93,907	95,661
Interest-bearing bank loans	*14*	37,500	75,000
Obligation under finance leases		2,075	3,012
Total non-current liabilities		133,482	173,673
Total net assets		417,226	371,913
CAPITAL AND RESERVES			
Share capital	*16*	100,000	100,000
Reserves		326,715	279,725
Equity attributable to owners of the Company		426,715	379,725
Non-controlling interests		(9,489)	(7,812)
Total equity		417,226	371,913

Unaudited Condensed Consolidated Statement of Changes in Equity

	Equity attributable to owners of the Company									
	Share capital (Unaudited) HK$'000	Share premium (Unaudited) HK$'000	Contributed surplus (Unaudited) HK$'000	Property revaluation reserve (Unaudited) HK$'000	Foreign exchange reserve (Unaudited) HK$'000	Statutory reserve fund (Unaudited) HK$'000	Accumulated losses (Unaudited) HK$'000	Total (Unaudited) HK$'000	Non-controlling interests (Unaudited) HK$'000	Total equity (Unaudited) HK$'000
At 1 January 2015	100,000	337,854	19,000	5,831	162,054	7,335	(252,349)	379,725	(7,812)	371,913
Profit for the period	–	–	–	–	–	–	49,899	49,899	(1,676)	48,223
Other comprehensive income for the period:										
Exchange difference arising on translation of foreign operations	–	–	–	–	(121)	–	–	(121)	(1)	(122)
Release upon disposal of an associate	–	–	–	–	(2,788)	–	–	(2,788)	–	(2,788)
Total comprehensive income for the period	–	–	–	–	(2,909)	–	49,899	46,990	(1,677)	45,313
At 30 June 2015	100,000	337,854	19,000	5,831	159,145	7,335	(202,450)	426,715	(9,489)	417,226

	Equity attributable to owners of the Company									
	Share capital (Unaudited) HK$'000	Share premium (Unaudited) HK$'000	Contributed surplus (Unaudited) HK$'000	Property revaluation reserve (Unaudited) HK$'000	Foreign exchange reserve (Unaudited) HK$'000	Statutory reserve fund (Unaudited) HK$'000	Accumulated losses (Unaudited) HK$'000	Total (Unaudited) HK$'000	Non-controlling interests (Unaudited) HK$'000	Total equity (Unaudited) HK$'000
At 1 January 2014	100,000	337,854	19,000	–	182,800	7,335	(90,454)	556,535	(3,038)	553,497
Loss for the period	–	–	–	–	–	–	(36,174)	(36,174)	(1,765)	(37,939)
Other comprehensive income for the period:										
Exchange difference arising on translation of foreign operations	–	–	–	–	(21,238)	–	–	(21,238)	(61)	(21,299)
Total comprehensive income for the period	–	–	–	–	(21,238)	–	(36,174)	(57,412)	(1,826)	(59,238)
At 30 June 2014	100,000	337,854	19,000	–	161,562	7,335	(126,628)	499,123	(4,864)	494,259

Unaudited Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2015	**2014**
	(Unaudited)	**(Unaudited)**
	HK$'000	*HK$'000*
OPERATING ACTIVITIES		
Profit/(loss) before income tax	63,815	(36,273)
Adjustments for:		
Depreciation of property, plant and equipment	16,338	16,988
Interest income	(149)	(253)
Finance costs	8,711	6,862
Gain on disposal of property, plant and equipment	(1)	(120)
Release of prepaid lease payments	290	295
Write-down of inventories	854	347
Impairment loss on trade receivables	1,085	324
Gain on disposal of an associate	(174,573)	—
Provision for employee termination benefits	28,591	—
Impairment loss on property, plant and equipment	26,890	—
Write-off of other receivables	2,458	25
Operating cash flows before movements in working capital	(25,691)	(11,805)
Increase in rental and utility deposits	(9)	(88)
Decrease in inventories	9,921	241
(Increase)/decrease in trade receivables	(24,975)	1,351
(Increase)/decrease in prepayments, deposits and other receivables	(3,450)	2,131
(Decrease)/increase in trade payables	(23,818)	2,934
Increase/(decrease) in other payables and accruals	7,543	(1,078)
Cash used in operations	(60,479)	(6,314)
Income tax paid	(1,717)	(95)
NET CASH USED IN OPERATING ACTIVITIES	(62,196)	(6,409)

	Six months ended 30 June	
	2015	**2014**
	(Unaudited)	**(Unaudited)**
	HK$'000	*HK$'000*
INVESTING ACTIVITIES		
Interest received	149	253
Proceeds from disposal of property, plant and equipment	3	150
Proceeds from disposal of an associate	109,919	—
Purchase of property, plant and equipment	(1,428)	(8,776)
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	108,643	(8,373)
FINANCING ACTIVITIES		
New bank loans raised	204,857	280,736
Repayment of bank loans	(179,078)	(205,956)
Repayment of obligation under finance leases	(2,409)	(1,168)
Repayment of shareholder's loans	(1,754)	(5,243)
Interest paid	(8,711)	(6,862)
NET CASH GENERATED FROM FINANCING ACTIVITIES	12,905	61,507
NET INCREASE IN CASH AND CASH EQUIVALENTS	59,352	46,725
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	94,722	85,872
Effect on foreign exchange rate changes	(12)	(604)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	154,062	131,993
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	154,062	131,993

Notes to the Unaudited Condensed Consolidated Financial Statements

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Stock Exchange. The Directors consider that the immediate holding company and its ultimate holding company is Inni International Inc., which was incorporated in Liberia. Its ultimate controlling party is Mr. Cheok Ho Fung, the executive director and chief executive officer of the Company. The addresses of the registered office and principal place of business of the Company are Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and Room 3406, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong respectively.

The Company is an investment holding company. The principal activities of its principal subsidiaries are the manufacture and sale of a broad range of printed circuit boards ("PCB").

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars ("HK$") which is same as the functional currency of the Company.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of preparation

The unaudited condensed consolidated financial statements for the six months ended 30 June 2015 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix 16 and other relevant provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2014.

(b) Principal accounting policies, accounting estimates and judgements

The unaudited condensed consolidated financial statements for the six months ended 30 June 2015 have been prepared on the historical cost basis except for available-for-sale financial assets that are measured at fair value.

The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2015 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014 except as described in (c) below.

The preparation of the unaudited condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing the unaudited condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2014.

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

In the current interim period, the Group has applied for the first time, the following amendments to HKFRSs issued by the HKICPA which are relevant to and effective for the Group's condensed consolidated financial statements for the annual period beginning on 1 January 2015:

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle

Except as explained below, the adoption of these amendments has no material impact on the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2015.

Annual Improvements 2010-2012 Cycle and 2011-2013 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.

The adoption of the amendments to HKAS16 has no impact on these financial statements as the latter treatment is consistent with the manner in which the Group has previously dealt with revaluations of its property, plant and equipment.

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

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.

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
HKFRS 9 (2014)	Financial Instruments[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
HKFRS 15	Revenue from Contracts with Customers[2]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2017
3 Effective for annual periods beginning on or after 1 January 2018

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

3. SEGMENT INFORMATION

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

(a) Geographical information

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

	Six months ended 30 June	
	2015	**2014**
	(Unaudited)	**(Unaudited)**
	HK$'000	*HK$'000*
Europe	93,304	36,462
The People's Republic of China (the "PRC")	42,594	32,318
Thailand	37,213	45,413
Malaysia	36,557	49,371
Hong Kong	25,584	23,818
United States of America	17,346	9,027
Singapore	14,417	102,233
Japan	12,581	4,675
Others	13,307	14,194
	292,903	317,511

Note:

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

(b) Information about major customers

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

	Six months ended 30 June	
	2015	**2014**
	(Unaudited)	**(Unaudited)**
	HK$'000	*HK$'000*
Customer A	46,439	98,787
Customer B	N/A*	38,114

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

4. REVENUE AND OTHER INCOME

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

An analysis of revenue and other income is as follows:

	Six months ended 30 June 2015 (Unaudited) *HK$'000*	Six months ended 30 June 2014 (Unaudited) *HK$'000*
Revenue		
Sales of goods	292,903	317,511
Other income		
Tooling income	1,527	1,016
Sample income	1,956	1,609
Interest income	149	253
Compensation received from insurance claims	1,735	—
Others	465	2
	5,832	2,880

5. OTHER GAINS AND LOSSES

	Six months ended 30 June 2015 (Unaudited) *HK$'000*	Six months ended 30 June 2014 (Unaudited) *HK$'000*
Impairment loss on property, plant and equipment	(26,890)	—
Provision for employee termination benefits	(28,591)	—
Write-off of other receivables	(2,458)	(25)
Net exchange (losses)/gains	(395)	10,476
Impairment loss on trade receivables	(1,085)	(324)
Gain on disposal of property, plant and equipment	1	120
Gain on disposal of an associate	174,573	—
	115,155	10,247

6. FINANCE COSTS

	Six months ended 30 June 2015 (Unaudited) *HK$'000*	Six months ended 30 June 2014 (Unaudited) *HK$'000*
Interest on:		
Bank borrowings wholly repayable within five years	5,111	3,218
Shareholder's loans	3,326	3,485
Obligation under finance leases	274	159
	8,711	6,862

7. PROFIT/(LOSS) BEFORE INCOME TAX

This is arrived at after charging:

	Six months ended 30 June	
	2015	**2014**
	(Unaudited)	**(Unaudited)**
	HK$'000	*HK$'000*
Cost of inventories recognised as an expense	281,590	300,550
Write-down of inventories		
(Included in cost of inventories)	854	347
Depreciation of property, plant and equipment	16,338	16,988
Release of prepaid lease payments	290	295

8. INCOME TAX

	Six months ended 30 June	
	2015	**2014**
	(Unaudited)	**(Unaudited)**
	HK$'000	*HK$'000*
The income tax comprises:		
PRC Enterprise Income Tax		
Current period	15,727	1,571
(Over)/under-provision in prior years	(135)	95
Income tax	15,592	1,666

9. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share attributable to owners of the Company is based on the Group's profit for the period attributable to owners of the Company of HK$49,899,000 (six months ended 30 June 2014: loss of HK$36,174,000) and the weighted average number of ordinary shares in issue of 1,000,000,000 (six months ended 30 June 2014: 1,000,000,000) during the six months ended 30 June 2015.

Diluted earnings/(loss) per share is equal to basic earnings/(loss) per share for the six months ended 30 June 2015 and 2014 as there were no potential dilutive ordinary shares in issue in both periods.

10. DIVIDEND

The directors of the Company do not recommend the payment of any interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: HK$Nil).

11. PROPERTY, PLANT AND EQUIPMENT

(a) Acquisitions and disposals

During the six months ended 30 June 2015, the Group acquired items of property, plant and equipment with a cost of approximately HK$1,428,000 (six months ended 30 June 2014: approximately HK$13,576,000). Items of property, plant and equipment with net carrying amount of approximately HK$2,000 (six months ended 30 June 2014: approximately HK$30,000) were disposed of during the six months ended 30 June 2015, resulting in a gain on disposal of approximately HK$1,000 (six months ended 30 June 2014: gain of approximately HK$120,000).

(b) Impairment losses

The trend in reducing world-wide demand for personal computers led to reduction in the demand for their ancillary parts and equipment which are the Group's major products supplied to customers, leading to a substantial reduction of the Group's revenue for the six months ended 30 June 2015. Certain items of property, plant and equipment and payments for leasehold land held for own use under operating leases (the "Relevant Assets") which relate to the manufacture and sale of printed circuit boards business and also constitute the smallest cash-generating unit ("CGU"), were assessed for impairment. The recoverable amount of the CGU has been determined to be approximately HK$330,000,000 by the directors of the Company with reference to a value-in-use calculation, using cash flow projection based on estimates and financial budgets approved by the management. These projections cover a 5-year period and extrapolate cash flows beyond such projection period using an estimated growth rate of 2%, and have been discounted using a pre-tax discount rate of 13%. All of the assumptions and estimations involved in the preparation of the cash flow projection including budgeted gross margin, discount rate and growth rate are determined by the management of the Group based on past performance, experience and their expectation for market development. In view of the carrying amount of the Relevant Assets being higher than the recoverable amount of this CGU, the Relevant Assets were written down to the recoverable amount, with impairment loss of approximately HK$26,890,000 which were recognised in profit or loss under other gains and losses in the current Period.

12. TRADE RECEIVABLES

The Group's credit period varies and depends on individual trade customers, ranging from 30 to 120 days (31 December 2014: 30 to 120 days). The Group closely monitors its outstanding trade receivables. Overdue balances are reviewed regularly by the Group's senior management. The following is an ageing analysis of trade receivables (net of allowance for doubtful debts) based on invoice date at the end of the reporting period:

	At 30 June 2015 (Unaudited) *HK$'000*	At 31 December 2014 (Audited) *HK$'000*
0 — 30 days	51,964	41,311
31 — 60 days	45,511	38,842
61 — 90 days	23,151	19,999
Over 90 days	5,553	2,066
	126,179	102,218

13. TRADE PAYABLES

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

	At 30 June 2015 (Unaudited) *HK$'000*	At 31 December 2014 (Audited) *HK$'000*
0 — 30 days	49,140	41,320
31 — 60 days	27,062	39,644
61 — 90 days	26,244	28,216
Over 90 days	53,801	70,956
	156,247	180,136

The trade payables are non-interest bearing and are normally settled on terms of 60 to 120 days (31 December 2014: 60 to 120 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

14. INTEREST-BEARING BANK LOANS

	At 30 June 2015 (Unaudited) *HK$'000*	At 31 December 2014 (Audited) *HK$'000*
Repayable:		
Not later than one year	165,018	101,616
Later than one year and not later than five years	37,500	75,000
	202,518	176,616

15. SHAREHOLDER'S LOANS

	At 30 June 2015 (Unaudited) *HK$'000*	At 31 December 2014 (Audited) *HK$'000*
Unsecured loans from a controlling shareholder:		
— interest bearing at 7% and repayable on 2 July 2016 (31 December 2014: 2 January 2016)	93,907	95,661

The shareholder's loans were advanced by Mr. Cheok Ho Fung, a director and controlling shareholder of the Company and carried a fixed interest rate of 7% (31 December 2014: 7%) per annum.

16. SHARE CAPITAL

	At 30 June 2015 (Unaudited) *HK$'000*	At 31 December 2014 (Audited) *HK$'000*
Authorised:		
2,000,000,000 ordinary shares of HK$0.1 each	200,000	200,000
Issued and fully paid:		
1,000,000,000 ordinary shares of HK$0.1 each	100,000	100,000

17. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	At 30 June 2015 (Unaudited) *HK$'000*	At 31 December 2014 (Audited) *HK$'000*
Within one year	4,529	4,055
In the second to fifth years inclusive	3,909	3,017
	8,438	7,072

Operating lease payments represent rentals payable by the Group for its office properties and staff quarters. Leases are negotiated for terms of one to three (31 December 2014: one to three) years with fixed rentals.

18. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had the following capital commitments:

	At 30 June 2015 (Unaudited) *HK$'000*	At 31 December 2014 (Audited) *HK$'000*
Capital expenditure, contracted for but not provided in the unaudited condensed consolidated financial statements, in respect of:		
— the construction of factory buildings	—	91
— the acquisition of plant and machinery	180	160
	180	251

19. RELATED PARTY TRANSACTIONS

(a) Save as disclosed elsewhere in these unaudited condensed consolidated financial statements, during the Period, the Group entered into the following transactions with related parties:

		Six months ended 30 June	
Related party	**Nature of transactions**	**2015**	**2014**
		(Unaudited)	**(Unaudited)**
		HK$'000	*HK$'000*
Keentop Investment Limited ("Keentop") *(Note (i))*	Rental expense and management fee expense	1,060	1,052
Mr Cheok Ho Fung *(Note (ii))*	Interest on shareholder's loans	3,326	3,485

Notes:

(i) The amount paid to Keentop, which is beneficially owned by Mr. Cheok Ho Fung, a director of the Company, and his spouse, related to a property leased as their residence. Pursuant to a tenancy agreement entered into on 1 June 2011, the monthly rental and management fees were HK$165,000 and HK$9,000 (whereas the monthly management fee was subsequently adjusted to HK$9,900 since July 2011) respectively, for the period from 1 June 2011 to 31 May 2014. The tenancy agreement was renewed on 28 May 2014 for three years from 1 June 2014 to 31 May 2017 under the same terms and conditions except that the monthly management fee was increased to HK$11,390 (subject to adjustment). The monthly rental was based on a market rental valuation provided by an independent firm of professionally qualified valuers, DTZ Debenham Tie Leung Limited. Further details are set out in the Company's announcement dated 28 May 2014.

(ii) The interest expense was charged at a fixed rate of 7% (six months ended 30 June 2014: 7%) per annum on the shareholder's loans granted by Mr. Cheok Ho Fung during the Period.

(b) Details of the compensation of key management personnel of the Group were as follows:

	Six months ended 30 June	
	2015	**2014**
	(Unaudited)	**(Unaudited)**
	HK$'000	*HK$'000*
Short-term benefits	4,637	4,751
Post-employment benefits	148	151
	4,785	4,902

20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Certain of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The fair value of these financial assets and financial liabilities are determined as follows:

— the fair values of financial assets which are traded on active liquid markets are determined with reference to quoted market bid prices; and

— the fair values of other financial assets and financial liabilities which are not quoted in active market are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Level 1 fair value measurements are derived from quoted prices (unadjusted) in active market for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Available-for-sale financial assets are measured subsequent to initial recognition at fair value, grouped into Level 2 (31 December 2014: Level 2).

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the unaudited condensed consolidated statement of financial position, approximate to their fair values due to short maturity of these instruments.

IV. INDEBTEDNESS

As at the close of business on 31 October 2015, being the latest practicable date for the purpose of this statement of indebtedness, the Group had outstanding borrowings of approximately HK$266,944,000 and outstanding commitments of approximately HK$9,003,000, details of which are as follows:

Borrowings

As at 31 October 2015, the Group had outstanding borrowings of approximately HK$266,944,000 which comprised (i) secured bank loans of approximately HK$167,872,000; (ii) equipment leasing loans of approximately HK$4,852,000; and (iii) unsecured, unguaranteed and interest-bearing loans from a controlling shareholder of approximately HK$94,220,000.

Commitments

As at 31 October 2015, the Group had outstanding capital commitments of approximately HK$2,268,000 and HK$75,000 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 31 October 2015, the Group had outstanding operating lease commitments of approximately HK$6,660,000 which represented the total future minimum lease payments under non-cancellable operating leases in respect of rented premises.

Charge on assets

The Group's buildings are situated in the PRC and are held under medium lease terms. As at 31 October 2015, the Group's buildings with a carrying amount of approximately HK$240,251,000 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 31 October 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 31 October 2015.

V. MATERIAL CHANGE

Save for the completion of the Disposals and the Novation on 15 January 2016 (details of which are set out in the circular of the Company dated 29 December 2015), the Directors were not aware of any material change in the financial or trading position or outlook of the Group since 31 December 2014, the date to which the latest audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of providing information to the Shareholders with regard to the Joint Offerors, the Group and the Offer.

The directors of the Joint Offerors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Vendors and the Group) and confirms, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Vendors and the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Joint Offerors and parties acting in concert with them), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Joint Offerors and parties acting in concert with them) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

2. SHARE CAPITAL

The authorised and issued share capitals of the Company as at the Latest Practicable Date were as follows:

Authorised share capital:		*HK$*
2,000,000,000	Shares	200,000,000.00
Issued share capital:		*HK$*
1,000,000,000	Shares	100,000,000.00

All the Shares in issue rank pari passu in all respects with each other, including the rights in respect of capital and dividends and voting.

The Company had not issued any Shares since 31 December 2014 (being the date to which the latest published audited financial statements of the Group were made up) and up to and including the Latest Practicable Date.

As at the Latest Practicable Date, there were 1,000,000,000 Shares in issue, of which the Joint Offerors and their parties acting in concert with them held 510,250,000 Shares, representing approximately 51.025% of the issued share capital of the Company.

Other than the Shares in issue, the Company had no other outstanding Shares, options, warrants, derivative or other securities that are convertible or exchangeable into Shares or other types of equity interest in issue as at the Latest Practicable Date.

3. MARKET PRICES

The table below shows the closing prices of the Shares as quoted on the Stock Exchange on (i) the last Business day of each of the calendar months during the Relevant Period; (ii) the last Business Day immediately preceding the date of the Company's announcement made pursuant to Rule 3.7 of the Takeovers Code; (iii) the Last Trading Day; and (iv) the Latest Practicable Date:

Date	**Closing price Per Share** *HK$*
31 March 2015	0.275
30 April 2015	0.400
29 May 2015	0.610
30 June 2015	0.680
31 July 2015	0.600
31 August 2015	0.435
23 September 2015 (the last Business Day immediately preceding the date of the Company's announcement made pursuant to Rule 3.7 of the Takeovers Code)	0.640
30 September 2015	0.670
30 October 2015	0.570
16 November 2015 (the Last Trading Day)	1.150
30 November 2015	0.800
31 December 2015	0.980
Latest Practicable Date	1.170

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK$1.25 on 8 January 2016 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK$0.27 on 1 April 2015.

4. DISCLOSURE OF INTERESTS

(a) Directors and the chief executives' interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company, including their respective associates in the equity or equity securities of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) 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 deemed or taken to have under the provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers had been notified to the Company and the Stock Exchange were as follows:

Topsearch Industries (Holdings) Limited (subsidiary of the Company)

Name of director	Nature of interest	Number of deferred shares held	Percentage of total deferred shares issued
Mr. Cheok	Direct	2,000,100	10.00%
	Deemed *(Note)*	17,999,900	90.00%
		20,000,000	100.00%

Note: These shares are owned by Inni.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executives of the Company, including their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) 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 deemed or taken to have under the provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholder's interests and short positions in Shares, underlying shares and securities of the Company

Names of Shareholders	*Notes*	Interest in the Shares	Position	Number of Shares held	Percentage of issued capital
Youfu		Direct	Long Position	340,166,000	34.017%
Mr. Sun	*(i)*	Deemed	Long Position	340,166,000	34.017%
Zhisheng		Direct	Long Position	170,084,000	17.008%
Ms. He	*(ii)*	Deemed	Long Position	170,084,000	17.008%

Notes:

(i) The shares of Youfu is wholly owned by Mr. Sun.

(ii) The shares of Zhisheng is wholly owned by Ms. He.

Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, no person had an interest or a short position in the Shares or the underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which 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 the Company, or of any other company which is a member of the Group, or any options in respect of such share capital.

Save as disclosed above, as at the Latest Practicable Date, no other person had any interest or short position in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

5. DEALING IN SECURITIES

(a) none of the Company and the Directors owned or controlled or was interested in any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) (the "**Relevant Securities**") of the Joint Offerors as at the Latest Practicable Date, nor had they dealt in any Relevant Securities of the Joint Offerors during the Relevant Period;

(b) save as disclosed in the paragraph headed "4. Disclosure of Interests" in this appendix, as at the Latest Practicable Date, none of the Directors owned or controlled or was interested in any Relevant Securities of the Company;

(c) save for the disposal of the 510,250,000 Sale Shares by the Vendors pursuant to the Sale and Purchase Agreement, none of the Directors had dealt for value in any Relevant Securities of the Company during the Relevant Period;

(d) none of the subsidiaries of the Company, pension fund (if any) of the Company or of any subsidiaries of the Company and any adviser to the Company as specified in class (2) of the definition of "associate" under the Takeovers Code owned or controlled any Relevant Securities of the Company as at the Latest Practicable Date and none of them had dealt in any Relevant Securities of the Company since the commencement of the Offer Period and up to and including the Latest Practicable Date;

(e) as at the Latest Practicable Date, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate under the Takeovers Code;

(f) there were no Relevant Securities of the Company which were managed on a discretionary basis by fund managers connected with the Company as at the Latest Practicable Date and there were no fund managers connected with the Company had dealt in any Relevant Securities of the Company since the commencement of the Offer Period and up to and including the Latest Practicable Date;

(g) as at the Latest Practicable Date, neither the Company nor any of the Directors had borrowed or lent any Shares, convertible securities, warrants, options or derivatives of the Company;

(h) save for the entering into of the Sale and Purchase Agreement and the Share Charge, none of the Joint Offerors, their ultimate beneficial owners or parties acting in concert with any of them had dealt in the Shares, outstanding options, derivatives, warrants or other securities convertible into Shares during the Relevant Period;

(i) as at the Latest Practicable Date, there was no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code between the Joint Offerors, or parties acting in concert with any of them or the Joint Offerors' associates, and any other person;

(j) as at the Latest Practicable Date, no person owning or controlling any shareholding in the Company with whom the Joint Offerors or any person acting in concert with the Joint Offerors had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code, and no such person had dealt in any Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period;

(k) as at the Latest Practicable Date, none of the Joint Offerors, their ultimate beneficial owners or parties acting in concert with any of them had borrowed or lent any Relevant Securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;

(l) as at the Latest Practicable Date, none of the Joint Offerors, their ultimate beneficial owners or parties acting in concert with any of them had received any irrevocable commitment to accept or not to accept the Offer;

(m) save for the Share Charge, as at the Latest Practicable Date, there was no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Joint Offerors or the Company and which may be material to the Offer (as referred to in Note 8 to Rule 22 of the Takeovers Code); and

(n) save for the Sale and Purchase Agreement, as at the Latest Practicable Date, there was no agreement or arrangement to which the Joint Offerors, their ultimate beneficial owners or parties acting in concert with any of them is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer; and

(o) as at the Latest Practicable Date, none of the Joint Offerors, their ultimate beneficial owners or parties acting in concert with any of them had entered into any arrangements or contracts in relation to the outstanding derivatives in respect of securities in the Company nor had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

6. ARRANGEMENT AFFECTING DIRECTORS

As at the Latest Practicable Date,

(i) none of the Directors had been given any benefit as compensation for loss of office or otherwise in connection with the Offer;

(ii) there was no agreement or arrangement between any Directors and any other persons which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer;

(iii) there was no material contract entered into by the Joint Offerors in which any Director had a material personal interest; and

(iv) there was no agreement, arrangement or understanding (including any compensation arrangement) existing between the Joint Offerors or any person acting in concert with them and any Director, Shareholders or recent Shareholders having any connection with or dependence upon the Offer.

7. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, there were no service contracts with the Group in force for the Directors (i) which (including both continuous and fixed terms contracts) have been entered into or amended within 6 months before the commencement of the Offer Period; (ii) which are continuous contracts with a notice period of 12 months or more; or (iii) which are fixed term contracts with more than 12 months to run irrespective of the notice period.

8. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinion or advice which is contained or referred to in this Composite Document:

Name	Qualifications
Prudential Brokerage	a licensed corporation permitted to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
Hercules Capital	a licensed corporation permitted to carry on Type 6 (advising on corporate finance) regulated activity under the SFO
First Shanghai	a licensed corporation permitted to carry on Type 6 (advising on corporate finance) regulated activity under the SFO

Each of the above experts has given, and has not withdrawn, its written consent to the issue of this Composite Document with the inclusion of the text of its letter, report, and/or references to its name in the form and context in which it appears.

As at the Latest Practicable Date, none of Prudential Brokerage, Hercules Capital and First Shanghai had any shareholding in any member of the Group, nor any of them had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

9. LITIGATION

As at the Latest Practicable Date, none of the Company or any of its subsidiaries was engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance was pending or threatened by or against the Company or any member of the Group.

10. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries, had been entered into by members of the Group after the date falling two years before the commencement of the Offer Period up to and including the Latest Practicable Date:

(i) the supplemental agreement dated 11 December 2015 in relation to the Disposal Agreement One;

(ii) the Disposal Agreements;

(iii) the Deed of Novation;

(iv) the third supplemental agreement dated 15 May 2015 entered into among Topsearch Printed Circuits (HK), 上海譽星投資中心(有限合伙)(Shanghai Yuxing Investment Fund, LLP) and 深圳市華拓置業投資有限公司 (China Step Real Estate Investment Co., Ltd.) in relation to the Equity Transfer Agreement (as defined below);

(v) the second supplemental agreement dated 2 February 2015 entered into among Topsearch Printed Circuits (HK), 上海譽星投資中心(有限合伙)(Shanghai Yuxing Investment Fund, LLP) (being the vendors), 深圳市華拓置業投資有限公司 (China Step Real Estate Investment Co., Ltd.) and Gu Jing in relation to the Equity Transfer Agreement (as defined below);

(vi) the supplemental agreement dated 8 January 2015 entered into among Topsearch Printed Circuits (HK), 上海譽星投資中心(有限合伙)(Shanghai Yuxing Investment Fund, LLP) and深圳市華拓置業投資有限公司 (China Step Real Estate Investment Co., Ltd.) in relation to the subsequent asset separation, draft agreement and fund transfer arrangement concerning the equity transfer of an aggregated 30% equity interest in深圳市飛高至卓實業有限公司at the nominal consideration of RMB63,000,000 (equivalent to approximately HK$78,750,000); and

(vii) the equity transfer agreement (the "**Equity Transfer Agreement**") dated 8 January 2015 entered into among Topsearch Printed Circuits (HK) and 上海譽星投資中心(有限合伙)(Shanghai Yuxing Investment Fund, LLP) (being the vendors) and 深圳市華拓置業投資有限公司 (China Step Real Estate Investment Co., Ltd.) (being the purchaser) in relation to the disposal of 30% equity interest in Topsearch Printed Circuits (Shenzhen) Ltd at the consideration of RMB170,234,720 (equivalent to approximately HK$212,793,400).

11. GENERAL

(i) The Joint Offerors are Youfu and Zhisheng.

(ii) Youfu is wholly-owned by Mr. Sun and the registered office of which is situated at NovaSage Chambers, P.O. Box 4389, Road Town, Tortola, British Virgin Islands. The correspondence address of Mr. Sun is 2/F, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong. Mr. Sun is the sole director of Youfu.

(iii) Zhisheng is wholly-owned by Ms. He and the registered office of which is situated at NovaSage Chambers, P.O. Box 4389, Road Town, Tortola, British Virgin Islands. The correspondence address of Ms. He is 2/F, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong. Ms. He is the sole director of Zhisheng.

(iv) The registered office of the Company is situated at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda. Its head office and principal place of business is situated at Room 3406, China Merchant Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

(v) The company secretary of the Company is Mr. Fong Ching Kong, Tony. He is also the financial controller of the Group. He is a fellow member of Taxation Institute of Hong Kong and Chartered Association of Certified Accountants. He is also an associate member of the Hong Kong Institute of Certified Public Accountants, Hong Kong Institute of Chartered Secretaries and Institute of Chartered Secretaries and Administrators.

(vi) The Hong Kong branch share registrar and transfer office of the Company is Tricor Tengis Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(vii) The registered office of Hercules Capital is located at 1503 Ruttonjee House, 11 Duddell Street, Central, Hong Kong.

(viii) The registered office of Prudential Brokerage is located at 9/F., Worldwide House, 19 Des Voeux Road Central, Hong Kong.

(ix) The registered office of Octal Capital is located at 801-805, 8/F, Nan Fung Tower, 88 Connaught Road Central, Hong Kong.

(x) The registered office of First Shanghai is located at 19th Floor, Wing On House, 71 Des Voeux Road Central, Hong Kong.

(xi) The English text of this Composite Document and the Form of Acceptance shall prevail over the Chinese text, in case of any inconsistency.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) on the website of the Securities and Futures Commission (www.sfc.hk); and (ii) the Company's website at www.topsearch.com.hk from Friday, 22 January 2016, being the date of this Composite Document up to and including the Closing Date or the date on which the Offer is extended or revised (whichever is earlier).

(a) the memorandum of association and bye-laws of the Company;

(b) the memorandum and articles of association of the Joint Offerors;

(c) the annual reports of the Company for the two financial years ended 31 December 2013 and 2014, respectively;

(d) the interim report of the Company for the six months ended 30 June 2015;

(e) the letter from Prudential Brokerage, the text of which is set out in this Composite Document;

(f) the letter from the Board, the text of which is set out in this Composite Document;

(g) the letter from the Independent Board Committee, the text of which is set out in this Composite Document;

(h) the letter from First Shanghai, the text of which is set out in this Composite Document;

(i) the written consents referred to in the paragraph headed "8. Experts and Consents" in this appendix;

(j) the material contracts referred to in the paragraph headed "10. Material Contracts" in this appendix; and

(k) this Composite Document.