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TOPSEARCH INTERNATIONAL (HOLDINGS) LIMITED

至卓國際(控股)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 2323)

DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF 45% EQUITY INTERESTS IN THE TARGET COMPANY AND PROVISION OF DEBT CAPITAL TO THE TARGET COMPANY

THE ACQUISITION

The Board is pleased to announce that on 5 August 2016 (after trading hours of the Stock Exchange), the Purchaser and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has agreed to acquire from the Vendor and the Vendor has agreed to sell to the Purchaser the Target Equity Interest at the Consideration of RMB9 million (equivalent to approximately HK\$10.44 million) in cash. The Consideration shall be payable by the Purchaser in the following manner:

- (i) as to RMB0.9 million (equivalent to approximately HK\$1.04 million) payable in cash to the Vendor upon five days after the signing of the Sale and Purchase Agreement; and
- (ii) as to RMB8.1 million (equivalent to approximately HK\$9.40 million) payable in cash to the Vendor upon the Completion.

Upon the Completion, the Target Company will become a joint venture of the Purchaser and the financial results of the Target Company will be accounted for in the Group's consolidated financial statements using equity method of accounting.

On the same date, the Purchaser, the Vendor and the Target Company, entered into the Debt Capital Agreement pursuant to which the Purchaser agreed to provide debt capital of RMB121.5 million (equivalent to approximately HK\$140.94 million) to the Target Company for a term of 18 months, which bears interest at an annual rate of 18% per annum and is secured.

* *For identification purpose only*

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.22 of the Listing Rules, the transactions pursuant to the Sale and Purchase Agreement and the Debt Capital Agreement will be aggregated. As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition and the Debt Capital are more than 5% but less than 25%, the Acquisition and the Debt Capital constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules. As the Debt Capital to the Target Company exceeds 8% under the assets ratio defined under Rule 14.07 of the Listing Rules, the Debt Capital is subject to the general disclosure obligations under Rules 13.13 and 13.15 of the Listing Rules.

Shareholders and potential investors should note that the Completion is subject to the fulfilment or waiver of certain conditions. The Acquisition and the Debt Capital may or may not proceed as contemplated or at all. Shareholders and potential investors should also note that there are risks associated with the Acquisition and the Debt Capital and they should consider and assess all the risks carefully. Shareholders and potential investors are reminded to exercise extreme caution when dealing in the shares and other securities of the Company.

INTRODUCTION

The Board is pleased to announce that on 5 August 2016 (after trading hours of the Stock Exchange), the Purchaser and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has agreed to acquire from the Vendor and the Vendor has agreed to sell to the Purchaser the Target Equity Interest at the total Consideration of RMB9 million (equivalent to approximately HK\$10.44 million) in cash.

On the same date, the Purchaser, the Vendor and the Target Company, entered into the Debt Capital Agreement pursuant to which the Purchaser agreed to provide debt capital of RMB121.5 million (equivalent to approximately HK\$140.94 million) to the Target Company for a term of 18 months, which bears interest at an annual rate of 18% and is secured.

THE SALE AND PURCHASE AGREEMENT

Set out below are the principal terms of the Sale and Purchase Agreement:

Date : 5 August 2016

Parties : (i) the Purchaser; and
(ii) the Vendor

TARGET EQUITY INTEREST

The Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell the Target Equity Interest representing 45% of the entire equity interest of the Target Company as at the date of this announcement.

As advised by the Vendor, the Target Company has currently made an investment in a unit trust company established in the PRC and such unit trust company has debt securities. Upon the Completion, the Target Company will become a joint venture of the Purchaser and the financial results of the Target Company will be accounted for in the Group's consolidated financial statements using equity method of accounting.

CONSIDERATION

The Consideration of the Acquisition is RMB9 million (equivalent to approximately HK\$10.44 million), which shall be satisfied by the Purchaser to the Vendor in the following manner:

1. an initial payment of RMB0.9 million (equivalent to approximately HK\$1.04 million) shall be payable within five (5) days from the date of the Sale and Purchase Agreement; and
2. the remaining RMB8.1 million (equivalent to approximately HK\$9.40 million) shall be payable upon the receipt of the new business registration license of the Target Company by the Purchaser after completion of the registration of the Acquisition with the relevant authorities.

The Consideration was agreed between the Purchaser and the Vendor after arm's length negotiation and with reference to the expected return to be generated by the underlying investment of the Target Company.

The Consideration for the Acquisition will be funded by internal resources of the Group.

COMPLETION

Completion shall take place upon the satisfaction of all the following conditions: (i) the receipt of the new business registration license of the Target Company by the Purchaser after completion of the registration of the Acquisition with the relevant authorities; and (ii) the settlement of the Consideration into the designated bank account of the Vendor by the Purchaser.

THE DEBT CAPITAL AGREEMENT

Set out below are the principal terms of the Debt Capital Agreement:

Date	:	5 August 2016
Parties	:	(i) the Purchaser (ii) the Target Company (iii) the Vendor (as guarantor)
Principal	:	RMB121.5 million (equivalent to approximately HK\$140.94 million)
Interest rate	:	18% per annum
Term	:	18 months commencing from the date of provision of the Debt Capital
Security	:	the remaining 55% equity interest in the Target Company beneficially owned by the Vendor after Completion
Repayment	:	The Target Company shall pay interest of the Debt Capital to the Purchaser quarterly and repay the principal amount of the Debt Capital at the end of the term of the Debt Capital
Early Repayment	:	The Target Company may at any time after the provision of the Debt Capital repay the Debt Capital together with all accrued interests in respect of the sum prepaid by giving not less than three (3) day's prior notice to the Purchaser and getting the Purchaser's consent pursuant to the Debt Capital Agreement
Purpose	:	The Debt Capital shall only be applied and used by the Target Company as its general working capital

The Debt Capital to be provided under the Debt Capital Agreement to the Target Company will be funded by internal resources of the Group.

PRINCIPAL BUSINESS OF THE COMPANY AND THE PURCHASER

The principal business of the Group is manufacturing and sale of a broad range of printed circuited boards. As disclosed in the Company's announcement dated 23 March 2016, the Company plans to expand its business to the carrying out of managing assets and funds for clients as well as financial investments from available investment monies of the Company including but not limited to securities, bonds and debentures of companies on discretionary basis.

The Purchaser is mainly engaged in the provision of investment advisory service in the PRC.

INFORMATION OF THE TARGET COMPANY AND THE VENDOR

The Target Company was established on 25 December 2014 with limited liability and a registered capital of RMB20 million and is principally engaged in equity investment, the provision of investment and research analysis advisory services (excluding restricted projects), and investment management (excluding trust, financial asset management, securities asset management, insurance asset management). The Target Company has no other business activity other than the investment made since its establishment. As at the date of this announcement, the Target Company is beneficially owned as to 100% by the Vendor.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Vendor and the Target Company are third parties independent of the Company and its connected persons (as defined in the Listing Rules) as at the date of this announcement.

FINANCIAL INFORMATION OF THE TARGET COMPANY

As informed by the Vendor, the unaudited financial information of the Target Company for the past two financial years ended 31 December 2014 and 2015 reported Nil for loss before taxation, loss after taxation, and net assets. As at the date of the entering into the Sale and Purchase Agreement, the Target Company's net asset was RMB20 million (equivalent to approximately HK\$23.2 million).

REASONS FOR AND BENEFITS OF THE ACQUISITION AND PROVISION OF DEBT CAPITAL

As at the date of this announcement, the Target Company has currently made an investment in a unit trust company established in the PRC and such unit trust company has debt securities. The Company considers that the Acquisition and the Debt Capital to the Target Company align with the voluntary announcement made by the Company dated 23 March 2016 to expand its business to the carrying out of managing assets and funds for clients as well as financial investments from available investment monies of the Company including but not limited to securities, bonds and debentures on discretionary basis.

Therefore, the Directors believe that entering into the Sale and Purchase Agreement and the Debt Capital Agreement will provide an opportunity to the Group to expand its business and increase the existing revenue base of the Group and thus generate potentially greater return for the Shareholders.

In view of the above, the Directors consider that the terms of the Sale and Purchase Agreement and the Debt Capital Agreement are on normal commercial terms and are fair and reasonable and they are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.22 of the Listing Rules, the transactions pursuant to the Sale and Purchase Agreement and the Debt Capital Agreement will be aggregated. As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition and the Debt Capital are more than 5% but less than 25%, the Acquisition and the Debt Capital constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

As the Debt Capital to the Target Company exceeds 8% under the assets ratio defined under Rule 14.07 of the Listing Rules, the Debt Capital is subject to the general disclosure obligations under Rules 13.13 and 13.15 of the Listing Rules.

Shareholders and potential investors should note that the Completion is subject to the fulfilment or waiver of certain conditions. The Acquisition and the Debt Capital may or may not proceed as contemplated or at all. Shareholders and potential investors should also note that there are risks associated with the Acquisition and the Debt Capital and they should consider and assess all the risks carefully. Shareholders and potential investors are reminded to exercise extreme caution when dealing in the shares and other securities of the Company.

TERMS USED IN THIS ANNOUNCEMENT

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

“Acquisition”	the acquisition of 45% equity interest in the Target Company by the Purchaser from the Vendor dated 5 August 2016;
“Board”	the board of Directors;
“Company”	Topsearch International (Holdings) Limited (Stock Code: 2323), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
“Completion”	the completion of the Acquisition pursuant to the terms and conditions of the Sale and Purchase Agreement;
“Consideration”	the total consideration payable by the Purchaser to the Vendor for the Target Equity Interests, being RMB9 million (equivalent to approximately HK\$10.44 million);
“Debt Capital”	the principal amount of RMB121.5 million (equivalent to approximately HK\$140.94 million) provided by the Purchaser to the Target Company pursuant to the Debt Capital Agreement;

“Debt Capital Agreement”	the debt capital agreement dated 5 August 2016 entered into among the Purchaser, the Vendor and the Target Company;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China and for the sole purposes of this announcement shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“Purchaser”	至卓飛高企業管理諮詢服務(韶關)有限公司, a company established in the PRC with limited liability, a wholly-owned subsidiary of the Group;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreement”	the sale and purchase agreement entered into among the Purchaser and the Vendor in relation to the Acquisition dated 5 August 2016;
“Shareholder(s)”	shareholder(s) or member(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	深圳市盛達前海供應鏈有限公司, a company established in the PRC with limited liability;
“Target Equity Interest”	the 45% equity interest in the Target Company;
“Vendor”	周兵良, a PRC individual and independent third party, who is to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, independent of and not connected with the Company and its connected person(s); and
“%”	per cent

In this announcement, the conversion of RMB into HK\$ has been made at an exchange rate of RMB1:HK\$1.16. Such conversion should not be construed as a representation that any amount has been, could have been or may be, exchanged at such a rate or at any other rates.

By order of the Board of
Topsearch International (Holdings) Limited
Liu Tingan
Chairman and Chief Executive Officer

Hong Kong, 5 August 2016

As at the date of this announcement, the board of directors of the Company comprises Mr. Liu Tingan, Mr. Cheok Ho Fung and Mr. Zhou Huorong being executive directors; and Mr. Ng Man Kung, Dr. Ngai Wai Fung and Mr. Lau Fai Lawrence being independent non-executive directors.