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

(Incorporated in Bermuda with limited liability)

(Stock Code: 2323)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

The board of directors (the "Board" or "Directors") of Topsearch International (Holdings) Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2016 (the "Period"), together with the comparative figures for the corresponding period in 2015.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
		2016	2015
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	*3*	**246,849**	292,903
Cost of sales		**(217,245)**	(281,590)
Gross profit		**29,604**	11,313
Other income	*3*	**2,598**	5,832
Other gains and losses	*4*	**47,042**	115,155
Selling and distribution costs		**(21,397)**	(21,967)
Administrative expenses		**(41,408)**	(37,807)
Finance costs	*5*	**(7,803)**	(8,711)
PROFIT BEFORE INCOME TAX EXPENSE	*6*	**8,636**	63,815
Income tax expense	*7*	**(1,227)**	(15,592)
PROFIT FOR THE PERIOD		**7,409**	48,223
Other comprehensive income for the period			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(8,487)**	(122)
Release of translation reserve included in profit or loss upon disposal of subsidiaries and an associate		**(38,177)**	(2,788)
Total comprehensive income for the period		**(39,255)**	45,313

* *for identification purpose only*

		Six months ended 30 June	
		2016	2015
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Profit/(loss) for the period attributable to:			
Owners of the Company		**8,916**	49,899
Non-controlling interests		**(1,507)**	(1,676)
		7,409	48,223
Total comprehensive income for the period attributable to:			
Owners of the Company		**(37,788)**	46,990
Non-controlling interests		**(1,467)**	(1,677)
		(39,255)	45,313
Earnings per share attributable to owners of the Company			
— Basic and diluted	*8*	**HK0.79 cents**	HK4.99 cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2016 (Unaudited) HK$'000	At 31 December 2015 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**276,753**	286,124
Payments for leasehold land held for own use under operating leases		**3,758**	3,866
Rental and utility deposits		**233**	215
Available-for-sale financial assets		**1,857**	1,857
Deposits paid for acquisition of property, plant and equipment		**815**	186
Total non-current assets		**283,416**	292,248
CURRENT ASSETS			
Inventories		**71,157**	77,004
Payments for leasehold land held for own use under operating leases		**125**	127
Trade receivables	*11*	**101,153**	104,814
Prepayments, deposits and other receivables		**27,945**	18,259
Bank balances and cash		**438,471**	96,985
		638,851	297,189
Assets of disposal groups classified as held for sale		**—**	217,680
Total current assets		**638,851**	514,869
CURRENT LIABILITIES			
Trade payables	*12*	**102,385**	93,089
Other payables and accruals		**79,381**	78,667
Interest-bearing bank loans		**154,385**	152,510
Tax payable		**3,563**	2,430
Shareholder's loans		**—**	94,698
Loans from a director		**92,532**	—
Obligation under finance leases		**1,880**	3,338
		434,126	424,732
Liabilities of disposal groups classified as held for sale		**—**	37,435
Total current liabilities		**434,126**	462,167
NET CURRENT ASSETS		**204,725**	52,702
TOTAL ASSETS LESS CURRENT LIABILITIES		**488,141**	344,950

	Notes	At **30 June** **2016** **(Unaudited)** ***HK$'000***	At 31 December 2015 (Audited) *HK$'000*
NON-CURRENT LIABILITIES			
Obligation under finance leases		**50**	574
Deferred tax liabilities		**4,067**	4,067
Total non-current liabilities		**4,117**	4,641
NET ASSETS		**484,024**	340,309
CAPITAL AND RESERVES			
Share capital	*13*	**120,000**	100,000
Reserves		**377,687**	252,505
Equity attributable to owners of the Company		**497,687**	352,505
Non-controlling interests		**(13,663)**	(12,196)
TOTAL EQUITY		**484,024**	340,309

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

(a) Basis of preparation

The unaudited condensed consolidated financial statements for the Period 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 2015.

(b) Principal accounting policies, accounting estimates and judgements

The unaudited condensed consolidated financial statements for the Period 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 Period are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015 except for those 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 2015.

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

During the 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 unaudited condensed consolidated financial statements for the annual period beginning on 1 January 2016:

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 27	Equity Method in Separate Financial Statements

The adoption of these amendments has no material impact on the Group's unaudited condensed consolidated financial statements for the Period.

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

The following new or revised HKFRSs, potentially relevant to the Group's unaudited condensed consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKAS 7	Disclosure Initiative[1]
HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]

[1] Effective for annual periods beginning on or after 1 January 2017
[2] Effective for annual periods beginning on or after 1 January 2018
[3] Effective for annual periods beginning on or after 1 January 2019

The Group has already commenced an assessment of the impact of adopting the above standards and amendments to existing standards to the Group. The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

2. 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	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Europe	**81,389**	93,304
Hong Kong	**41,446**	25,584
The People's Republic of China (the "PRC")	**34,475**	42,594
United States of America	**25,178**	17,346
Malaysia	**18,227**	36,557
Japan	**17,242**	12,581
Singapore	**12,399**	14,417
Thailand	**4,349**	37,213
Others	**12,144**	13,307
	246,849	292,903

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	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Customer A	**27,079**	N/A*
Customer B	**N/A***	46,439

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

3. Revenue and other income

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

An analysis of revenue and other income is as follows:

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue		
Sales of goods	**246,849**	292,903
Other income		
Tooling income	**648**	1,527
Sample income	**1,228**	1,956
Interest income	**361**	149
Compensation received from insurance claims	**—**	1,735
Others	**361**	465
	2,598	5,832

4. Other gains and losses

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Impairment loss on property, plant and equipment	**—**	(26,890)
Reversal of provision/(provision) for employee termination benefits	**2,118**	(28,591)
Write-off of other receivables	**—**	(2,458)
Net exchange gains/(losses)	**4,585**	(395)
Reversal of impairment loss/(impairment loss) on trade receivables	**56**	(1,085)
Gain on disposal of property, plant and equipment	**—**	1
Gain on disposal of an associate	**—**	174,573
Gain on disposal of subsidiaries and an associate	**40,283**	—
	47,042	115,155

5. Finance costs

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings	**4,485**	5,111
Shareholder's loans	**552**	3,326
Loans from a director	**2,655**	—
Obligation under finance leases	**111**	274
	7,803	8,711

6. Profit before income tax expense

This is arrived at after charging:

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of inventories recognised as an expense	**217,245**	281,590
Write-down of inventories (Included in cost of inventories)	**2,375**	854
Depreciation of property, plant and equipment	**9,131**	16,338
Release of prepaid lease payments	**64**	290

7. Income tax expense

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
The income tax expense comprises:		
PRC Enterprise Income Tax		
Current period	**1,206**	15,727
Under/(over)-provision in prior years	**21**	(135)
Income tax expense	**1,227**	15,592

8. Earnings per share

The calculation of the basic earnings 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$8,916,000 (six months ended 30 June 2015: HK$49,899,000) and the weighted average number of ordinary shares in issue of 1,125,275,000 (six months ended 30 June 2015: 1,000,000,000) during the Period.

Diluted earnings per share is equal to basic earnings per share for the six months ended 30 June 2016 and 2015 as there were no potential dilutive ordinary shares in issue in both periods.

9. Dividend

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

10. Property, plant and equipment

During the Period, the Group acquired property, plant and equipment with a cost of approximately HK$3,744,000 (six months ended 30 June 2015: approximately HK$1,428,000).

11. Trade receivables

The Group's credit period varies and depends on individual trade customers, ranging from 30 to 120 days (31 December 2015: 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 2016 (Unaudited) ***HK$'000***	At 31 December 2015 (Audited) *HK$'000*
0 — 30 days	**42,159**	43,948
31 — 60 days	**35,270**	37,620
61 — 90 days	**22,042**	20,586
Over 90 days	**1,682**	2,660
	101,153	104,814

12. Trade payables

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

	At 30 June 2016 (Unaudited) ***HK$'000***	At 31 December 2015 (Audited) *HK$'000*
0 — 30 days	**29,205**	27,201
31 — 60 days	**26,106**	22,665
61 — 90 days	**18,943**	17,575
Over 90 days	**28,131**	25,648
	102,385	93,089

The trade payables are non-interest bearing and are normally settled on terms of 60 to 120 days (31 December 2015: 60 to 120 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

13. Share capital

	Number of ordinary shares of HK$0.1 each *('000)*	*HK$'000*
Authorised:	**2,000,000**	200,000
Issued and fully paid:		
At 1 January 2015 and 31 December 2015 (audited)	**1,000,000**	100,000
Issue of ordinary shares on placement *(Note)*	**200,000**	20,000
At 30 June 2016 (unaudited)	**1,200,000**	120,000

Note:

On 9 March 2016, the Company completed a placement of 200,000,000 new ordinary shares at a price of HK$0.925 per share through a placing agent to an independent third party (the "Placement"). The net proceed received from the Placement was approximately HK$182,970,000, of which HK$20,000,000 was credited to share capital account and the remaining balance of approximately HK$162,970,000, was credited to the share premium account. Further details of the Placement were set out in the Company's announcements dated 26 February 2016, 1 March 2016 and 9 March 2016. The Company intends to apply the net proceeds from the Placement as general working capital of the Group.

14. Share award scheme

On 17 May 2016, the Company adopted a share award scheme (the "Share Award Scheme"), pursuant to which the Board may propose or determine the grant of the Company's shares to any Directors, employees or third party service providers of the Group as their incentives and rewards so as (i) to provide them with an opportunity to acquire a proprietary interest in the Company; (ii) to encourage and retain such individuals to work with the Company; and (iii) to provide additional incentive for them to achieve performance goals, subject to such conditions as the Board may deem appropriate at its discretion. Further details of the Share Award Scheme were set out in the Company's announcements dated 17 May 2016.

On the same date, the Board resolved to award an aggregate of 60,000,000 shares of the Company (the "Award Shares") to a director of the Company under the Share Award Scheme, which will be vested in five equal batches on 31 March 2017, 2018, 2019, 2020 and 2021. The vesting of the Award Shares is subject to satisfaction of vesting criteria and conditions, including the Group's achievement of expected return percentage in each year in respect of the Group's assets management and investment business as approved by the Board. Further details of the grant of Award Shares were set out in the Company's announcement dated 17 May 2016 and circular dated 5 July 2016.

The grant of the Award Shares was approved by independent shareholders of the Company at the special general meeting held on 20 July 2016.

15. Significant event after the reporting period

On 5 August 2016, the Group entered into a conditional sales and purchase agreement with an independent third party (the "Vendor") for the acquisition of 45% equity interests in 深圳市盛達前海供應鏈有限公司 (the "Target Company") at the total cash consideration of RMB9 million (equivalent to approximately HK$10.44 million). The Target Company is 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 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 Group, the Vendor and the Target Company, entered into a debt capital agreement pursuant to which the Group agreed to provide debt capital of RMB121.5 million (equivalent to approximately HK$140.94 million) (the "Debt Capital") to the Target Company for a term of 18 months commencing from the date of provision of the Debt Capital, which bears interest at an annual rate of 18% per annum and is secured by the remaining 55% equity interests in the Target Company beneficially owned by the Vendor. The Debt Capital shall only be applied and used by the Target Company as its general working capital.

As of the date of approval of the interim financial statements, the acquisition has not yet been completed and the Debt Capital has not yet been provided to the Target Company. Further details of the above-mentioned transactions are set out in the Company's announcement dated 5 August 2016.

BUSINESS REVIEW

The Group is principally engaged in the manufacture and sale of a broad range of printed circuit boards (the "PCB") during the Period.

In fact, the Group was still facing the difficulty arising from the reduction in world-wide demand for personal computers which led to reduction in the demand for their ancillary parts and equipment including Hard Disk Drives, which has been the Group's major products supplied to our customers, leading to a comparatively low sales revenue for the Period. Therefore, the Group had just been able to achieve sales turnover of approximately HK$247 million for the Period, representing a decrease of approximately 15.7% as compared to the corresponding period of 2015. In the meantime, the Group's gross profit increased by 161.7% and its gross profit margin increased from 3.9% to 12.0% mainly due to the Group's effective costs saving and the recent depreciation in Renminbi ("RMB").

Additionally, the Group's profit for the Period decreased significantly as compared to the corresponding period of 2015 was mainly due to a gain on disposal of an associate of approximately HK$175 million was recognised in the prior period. No similar gain was recognised during the Period.

Other than the above-mentioned and those discussed in note 15 of this announcement, there have been no material changes in respect of such matters disclosed in the Chairman's Statement of 2015 Annual Report of the Company under the subject headed "Business Review".

PROSPECT

During the Period, the Group has replaced almost all the business from its customers in the Hard Disk Drive ("HDD") industry by other industries of which the contribution from the HDD industry just represented a negligible percentage of its total revenue for the Period and also led to a decrease in revenue when compared to the first and second halves of 2015. However, with a more competitive pricing and a re-engineered quality system and execution being achieved during the last few months, the Group is ready to take up more businesses from current and new customers in other industries. Accordingly, it is expected that the Group's revenue will gradually recover in the short- and medium-terms, and so its bottom-line performances.

Moreover, as further detailed in the Company's announcement dated 23 March 2016, the Company's management will actively develop its new line of business on assets and funds management as well as conducting financial investments including but not limited to securities, bonds and debentures on discretionary basis. As at the date of this announcement, the Company has submitted its application to the Securities and Futures Commission for the necessary licenses to conduct type 4 (advising on securities) and type 9 (asset management) regulated activities. The Company does not expect any legal impediments to obtaining the licenses and is in the process of conducting internal preparatory work. The Group would also consider to acquire assets and/or businesses from independent third parties as and when appropriate, so as to build the assets and profitability of the Group and enhance the return to the shareholders of the Company.

FINANCIAL REVIEW

Liquidity and financial resources

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

As at 30 June 2016, the Group recorded shareholders' funds of approximately HK$484 million (31 December 2015: HK$340 million).

As at 30 June 2016, the Group's net current assets of approximately HK$205 million (31 December 2015: HK$53 million) consisted of current assets of approximately HK$639 million (31 December 2015: HK$515 million) and current liabilities of approximately HK$434 million (31 December 2015: HK$462 million), representing a current ratio of 1.47 (31 December 2015: 1.11).

As at 30 June 2016, the Group's current assets consisted of approximately HK$438 million (31 December 2015: HK$97 million) of cash and cash equivalents, of which 37% was in Hong Kong dollars ("HKD"), 8% was in United States dollars ("USD"), and 55% was in RMB.

Interest-bearing bank and other borrowings

As at 30 June 2016, the Group had interest-bearing bank and other borrowings as follows:

	At 30 June 2016 (Unaudited) *HK$'000*	At 31 December 2015 (Audited) *HK$'000*
Repayable:		
Within one year	**248,797**	250,546
In the second year	**50**	574
In the third to fifth years, inclusive	**—**	—
	248,847	251,120
Less: Portion classified as current liabilities	**248,797**	250,546
Portion classified as non-current liabilities	**50**	574

Of the total interest-bearing bank and other borrowings, HKD denominated borrowings accounted for 35% (31 December 2015: 36%), USD denominated borrowings accounted for 17% (31 December 2015: 15%), and the remaining 48% was RMB denominated borrowings (31 December 2015: 49%) as at 30 June 2016.

Bank loans of HK$34,884,000 (31 December 2015: HK$115,294,000) carried floating interest rates and the effective interest rates ranged from 5.5% to 5.75% (31 December 2015: ranged from 5.35% to 6.15%) per annum. The remaining bank loans of HK$119,501,000 (2015: HK$37,216,000) carried fixed interest rates ranged from 1.44% to 4.35% (31 December 2015: ranged from 1.2% to 1.93%) per annum. Other borrowings include loans from a director of HK$92,532,000 (31 December 2015: shareholder's loans of HK$94,698,000), which bore interest at a fixed rate of 7% (31 December 2015: 7%) per annum, and obligation under finance leases. The Board does not recognise a significant seasonality of borrowing requirements.

As at 30 June 2016 and 31 December 2015, the bank loans and other borrowings of the Group are secured by:

(i) certain buildings and payments for leasehold land held for own use under operating leases held by the Group;

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

(iii) corporate guarantee of the Company.

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

	At 30 June 2016 (Unaudited) ***HK$'000***	At 31 December 2015 (Audited) *HK$'000*
Denominated in USD	**40,432**	37,216

MATERIAL ACQUISITIONS OR DISPOSALS

Save as disclosed in the paragraphs under "Business Review" in the Chairman's Statement of 2015 Annual Report of the Company about the disposal of subsidiaries by the Group and note 15 of this announcement regarding the acquisition of the Target Company, the Group neither held any significant non-consolidated investments nor underwent any material acquisitions or disposals of subsidiaries and associates during the first half year of 2016.

FOREIGN EXCHANGE EXPOSURE

Sales of the Group's products are principally denominated in USD and the purchases of materials and payments of operational expenses are mainly denominated in USD, HKD and RMB. Approximately 72% of the Group's purchases and 73% of the Group's expenses are denominated in RMB. The Group currently does not have a foreign currency hedging policy. However, the Group's management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure to minimise exchange risk should the need arise.

NUMBER AND REMUNERATION OF EMPLOYEES

As at 30 June 2016, the Group had approximately 1,660 (31 December 2015: 1,885) employees. For the Period, the Group's total staff costs amounted to HK$69 million (six months ended 30 June 2015: HK$80 million).

There have been no material changes to the information disclosed in the 2015 Annual Report in respect of the share option scheme (which has been expired), remuneration policies and staff training and development of the Group except for the adoption of the Share Award Scheme on 17 May 2016 as detailed in note 14 of this announcement.

Reference is made to the poll results announcement dated 20 July 2016, in which the Company announced that, among other things, all resolutions in relation to the approval of the grant of special mandate to the directors of the Company to allot and issue the Award Shares in accordance with the terms of the Share Award Scheme, to a trustee to hold on trust for Mr. Liu Tingan, who is a director and a connected person to the Company (as defined in Chapter 14A of the Listing Rules) upon satisfaction of vesting conditions, were duly approved by independent shareholders at the special general meeting held on 20 July 2016. Further details in relation to the Share Award Scheme and the grant of Award Shares to Mr. Liu Tingan are set out in the Company's circular dated 5 July 2016.

CAPITAL COMMITMENTS

As at 30 June 2016, the Group's capital commitments contracted but not provided for amounted to approximately HK$3.4 million (31 December 2015: approximately HK$0.4 million) and there was no capital commitments authorised but not contracted for (31 December 2015: Nil). All these capital commitments were related to acquisition of plant and machinery.

MATERIAL CHANGES

Save as disclosed in note 15 of this announcement, there has been no material change in respect of any other matters since the publication of the Company's 2015 Annual Report.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period.

CODE ON CORPORATE GOVERNANCE PRACTICES

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

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

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

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

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

The Company has in practice complied with the new requirements under the amendments to C.3.3 of the CG Code relating to risk management and internal control since 1 January 2016. The Board has adopted new terms of reference for the Audit Committee on 17 August 2015 to comply with the new requirements under the amendments to C.3.3 of the CG Code.

Compliance with CG Code

The Directors confirm that, the Company has complied with the code provisions set out in the CG Code during the Period save for the deviation mentioned below.

During the Period, Mr. Liu Tingan was appointed as the Chairman as well as the Chief Executive Officer of the Company in place of Mr. Cheok Ho Fung on 22 March 2016. This arrangement deviates from provision A.2.1 of the CG Code, which provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

The Directors are of the opinion that the current arrangement will provide stronger leadership for managing the Group and will enable effective business planning. The Directors believe that it does not have a material adverse impact on the corporate governance of the Company.

The Board will carry out a regular review and propose any amendment, if necessary, to ensure compliance with the CG Code provisions as set out in the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

The Company has adopted its own code of conduct (the "Own Code") regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

The Company, having made specific enquiries, confirms that members of the Board have complied with the Own Code throughout the Period. Members of the Company's management, who, due to their positions in the Company, are likely to be in possession of inside information, have also complied with the provisions of the Own Code.

THE BOARD OF DIRECTORS

As at the date of this announcement, the Board consists of six Directors with a variety and a balance of skills and experience in accounting, manufacturing, marketing, finance, banking and investment professions. Their brief biographical particulars are set out in the 2015 Annual Report and recently published announcements dated 8 April 2016 and 3 August 2016. The detailed composition of the Board during the Period and as at the date of this announcement is as follows:

Name of Director	Position
Executive Directors	
Mr. Liu Tingan	Chairman of the Board and the executive committee, and Chief Executive Officer
Mr. Cheok Ho Fung	Deputy Chairman and member of the executive committee
Mr. Zhou Huorong (appointed on 3 August 2016)	Member of the executive committee
Independent Non-Executive Directors	
Mr. Ng Man Kung	Chairman of nomination committee, and member of audit committee and remuneration committee
Dr. Ngai Wai Fung	Chairman of remuneration committee, and member of audit committee and nomination committee
Mr. Lau Fai Lawrence	Chairman of audit committee, member of nomination committee and remuneration committee

AUDIT COMMITTEE

The Company's audit committee, comprising all the three independent non-executive directors of the Company, has reviewed the Group's unaudited condensed consolidated financial statements for the Period and has discussed with the management of the Company about the accounting principles and accounting standards adopted by the Group and matters relating to the risk management, internal control and financial reporting of the Group. The audit committee has the delegated responsibility from the Board to assure that adequate internal controls are in place and followed.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the HKEXnews website of The Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and on the website of the Company at www.topsearch.com.hk. The 2016 interim report of the Company, which contains all the information required by the Listing Rules, will be despatched to the shareholders of the Company and published on the above websites in due course.

APPRECIATION

On behalf of the Board, I would like to extend my gratitude and sincere appreciation to all management and staff members for their diligence and dedication, and also to our business partners and the Company's shareholders for their continuing support.

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

Hong Kong, 17 August 2016

As at the date of this announcement, the Board 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.