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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)**

### **PLACING OF EXISTING SHARES AND SUBSCRIPTION FOR NEW SHARES**

### **RESUMPTION OF TRADING**

**Placing Agent**



**SUN HUNG KAI INTERNATIONAL LIMITED**

On 24 February 2005, Inni and the Placing Agent entered into the Placing Agreement pursuant to which the Placing Agent has agreed to procure purchasers to acquire, on a best efforts basis, and Inni has agreed to sell up to 70,000,000 existing Shares at the Placing Price. The Shares to be placed represent approximately 10.94% of the existing issued share capital of the Company consisting of 640,000,000 Shares and approximately 9.86% of the Company's issued share capital as enlarged by the Subscription.

On the same day, the Company and Inni entered into the Subscription Agreement, pursuant to which Inni has conditionally agreed to subscribe for the Subscription Shares. The Subscription is conditional upon the granting the listing of, and permission to deal in, the Subscription Shares by the Stock Exchange and the completion of the Placing.

The net proceeds receivable by the Company under the Subscription are estimated to be approximately HK\$61,500,000 (after deducting expenses of approximately HK\$1,500,000) in the event that 70,000,000 Shares are successfully placed pursuant to the Placing. It is presently intended that the net proceeds will be used as part of construction cost of the production plant of the Company situate at Shaoguan, the People's Republic of China.

The Placing Price and the Subscription Price both represent a discount of approximately 10% to the closing price of HK\$1.00 per Share as quoted on the Stock Exchange on 24 February 2005, being the last trading day of the Shares prior to the release of this announcement, and a discount of approximately 10.89% to the average closing price of HK\$1.01 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including 24 February 2005.

Trading in the Shares was suspended at 9:30 a.m. on 25 February 2005 at the request by the Company pending the release of this announcement, and application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. 28 February 2005.

## **INTRODUCTION**

On 24 February 2005, Inni and the Placing Agent entered into the Placing Agreement pursuant to which the Placing Agent has agreed to procure purchasers to acquire, on a best efforts basis, and Inni has agreed to sell up to 70,000,000 existing Shares at the Placing Price. On the same day, the Company and Inni entered into the Subscription Agreement whereby the Company has conditionally agreed to issue and allot and Inni has conditionally agreed to subscribe for the Subscription Shares at the Subscription Price.

## **PLACING AGREEMENT DATED 24 FEBRUARY 2005**

### **Vendor**

Inni, a substantial shareholder and a controlling shareholder of the Company, which is interested in 432,000,000 Shares, representing 67.5% of the total issued share capital of the Company as at the date of this announcement.

### **Number of Placing Shares**

Up to 70,000,000 existing Shares beneficially owned by Inni, which represents approximately 10.94% of the Company's existing issued share capital of 640,000,000 Shares and approximately 9.86% of the enlarged issued share capital of 710,000,000 Shares after completion of the Subscription.

### **Independence of placees and Placing Agent**

The placees are expected to be third parties independent from and not connected with the Directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates (as defined in the Listing Rules). It is expected that there will be not less than six placees who will be professional, institutional or other investors which term generally includes brokers, dealers and intermediaries.

The Placing Agent is a third party independent from and not connected with the Directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates (as defined in the Listing Rules).

### **Placing Price**

The Placing Price of HK\$0.90 per Placing Share is negotiated on arm's length basis between Inni and the Placing Agent. This represents a discount of approximately 10% to the closing price of HK\$1.00 per Share as quoted on the Stock Exchange on 24 February 2005, being the last trading day of the Shares prior to the release of this announcement, and a discount of approximately 10.89% to the average closing price of HK\$1.01 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 24 February 2005, being the last trading day of the Shares prior to the release of this announcement. The Directors considered the Placing Price to be fair and reasonable. The aggregate Placing Price for the Placing Shares will be paid to Inni at completion of the Placing.

## **Shares under the Placing**

The Placing Shares will be sold free from all liens, charges, encumbrances, claims, options and all other third party rights and together with all rights attaching thereto as at the date of the Placing Agreement, including the right to all dividends or other distributions which may be declared, paid or made after the date of the Placing Agreement.

## **Completion of the Placing**

The Placing is unconditional. Completion of the Placing is to take place on 2 March 2005, which is the fourth business day after the date of the Placing Agreement, or such other time, date and place as may be agreed by the parties to the Placing Agreement.

## **SUBSCRIPTION AGREEMENT DATED 24 FEBRUARY 2005**

### **Issuer**

The Company

### **Subscriber**

Inni

### **Number of new Shares subscribed for**

Equal to the number of Shares to be successfully placed under the Placing which shall not exceed 70,000,000 new Shares, representing approximately 10.94% of the Company's existing issued share capital, and approximately 9.86% of its issued share capital as enlarged by the issue of the Subscription Shares.

### **Subscription price**

The Subscription Price of HK\$0.90 per Subscription Share, which is the same as the Placing Price, is negotiated on arm's length basis between Inni and the Company. This represents a discount of approximately 10% to the closing price of HK\$1.00 per Share as quoted on the Stock Exchange on 24 February 2005, being the last trading day of the Shares prior to the release of this announcement, and a discount of approximately 10.89% to the average closing price of HK\$1.01 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 24 February 2005, being the last trading day of the Shares prior to the release of this announcement. The Directors considered that the Subscription Price to be fair and reasonable.

### **Conditions and Completion of the Subscription**

Completion of the Subscription, which shall take place at 11:00 a.m. within 14 days after the date of the Subscription Agreement (expected to be 10 March 2005) or such other time, date and place as may be agreed by the parties to the Subscription Agreement, is conditional on:

- (a) the Stock Exchange granting the listing of, and permission to deal in, all of the Subscription Shares; and
- (b) completion of the Placing.

In the event that the above conditions are not fulfilled within 14 days commencing from the date of the Subscription Agreement or such later date as permitted by the Stock Exchange and agreed by the Company and Inni, then the Subscription and all rights, obligations and liabilities of the parties to the Subscription Agreement in relation to the Subscription will cease and terminate and no party shall have any claim against the other in respect thereof save and except any antecedent breach.

### **Mandate to issue the Subscription Shares**

The Subscription Shares will be allotted and issued under the general mandate granted to the Directors at the annual general meeting held on 25 May 2004 which is sufficient for the issue of the Subscription Shares. As at the date of this announcement, no Shares have been issued by the Company pursuant to the above general mandate.

### **Ranking**

The Subscription Shares, when fully paid, will rank equally with the existing issued Shares of the Company.

## **GENERAL**

### **Shareholding of Inni**

At the date of this announcement, Inni holds 432,000,000 Shares, representing 67.5% of the entire issued share capital of the Company. Immediately after completion of the Placing and on the basis that 70,000,000 Shares are successfully placed pursuant to the Placing, the shareholding of Inni will be reduced to 362,000,000 Shares, representing approximately 56.56% of the existing issued share capital of the Company. Immediately after completion of the Subscription and on the basis that 70,000,000 Shares are successfully placed pursuant to the Placing, the shareholding of Inni will return to 432,000,000 Shares, representing approximately 60.85% of the enlarged issued share capital of the Company.

### **Effects on Shareholding Structure**

To the best knowledge and belief of the Directors, on the basis that 70,000,000 Shares are successfully placed pursuant to the Placing, the shareholding structure of the Company immediately before completion of the Placing and the Subscription, after completion of the Placing but before completion of the Subscription, and after completion of both the Placing and the Subscription are as follows:

	<b>Before Placing and Subscription</b>		<b>After Placing but before Subscription</b>		<b>After Placing and Subscription</b>	
	<i>No. of shares held</i>	<i>Approx. %</i>	<i>No. of shares held</i>	<i>Approx. %</i>	<i>No. of shares held</i>	<i>Approx. %</i>
Inni ( <i>Note</i> )	432,000,000	67.50%	362,000,000	56.56%	432,000,000	60.85%
Mr. Cheok	48,000,000	7.50%	48,000,000	7.50%	48,000,000	6.76%
Placees	—	—	70,000,000	10.94%	70,000,000	9.86%
Public shareholders of the Company	160,000,000	25.00%	160,000,000	25.00%	160,000,000	22.53%
<b>Total:</b>	<b>640,000,000</b>	<b>100.00%</b>	<b>640,000,000</b>	<b>100.00%</b>	<b>710,000,000</b>	<b>100.00%</b>

*Note:* Inni is a company incorporated in the Republic of Liberia and is held as to 49% by Mr. Cheok and as to 51% jointly by Mr. Cheok and his spouse Mrs. Cheok Chu Wai Min.

### **Application for listing**

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

### **Public float**

The Company is able to meet the public float requirements after completion of the Subscription.

### **Costs and expenses**

Each party to the Placing Agreement and Subscription Agreement shall pay its own costs, expenses of its own legal and other professional advisers and out-of-pocket expenses incurred in connection with the Placing and the Subscription. Nevertheless, the Company shall fully reimburse all of Inni's reasonable costs, fees and expenses relating to the Placing, including the expenses, all seller's Hong Kong stamp duty on the relevant sold notes and instruments of transfer, SFC transaction levy and Stock Exchange trading fee.

### **Reasons for the Placing and the Subscription and use of proceeds**

The principal business activities of the Company and its subsidiaries are the manufacture and sale of a broad range of double-sided and multilayer printed circuit boards.

The Directors consider that the Placing and the Subscription will increase the shareholders base of the Company and the liquidity of the Shares. The net proceeds receivable by the Company under the Subscription is estimated to be approximately HK\$61,500,000 (after deducting expenses of approximately HK\$1,500,000) in the event that 70,000,000 Shares are successfully placed pursuant to the Placing. It is presently intended that the net proceeds will be used as part of construction cost for the production plant of the Company situate at Shaoguan, the People's Republic of China. The floor area of the said production plant upon completion (which is expected to be before the end of 2005) is approximately 56,000 square metres. The total construction cost for the said production plant is estimated to amount to approximately HK\$100,000,000. The remaining balance of the construction costs (after deducting the net proceeds derived from the Subscription) would be financed by internal resources of the Group.

The Board confirms that the terms of the Placing Agreement and the Subscription Agreement have been negotiated on an arm's length basis and are normal commercial terms based on the prevailing market conditions. The Board has considered the terms of the Placing Agreement and Subscription Agreement and are of the view that they are fair and reasonable and in the best interests of the Company and its shareholders as a whole.

### **Funds raised by the Company during the 12 months immediately before the date of this announcement**

The Company has not engaged in any fund-raising activities through the issue of equity securities in the 12 months immediately preceding the date of this announcement.

## Resumption of Trading

Trading in the Shares was suspended at 9:30 a.m. on 25 February 2005 at the request by the Company pending the release of this announcement, and application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 28 February 2005.

## Terms and Definitions

“%”	per cent.
“Board”	the board of Directors
“Company”	Topsearch International (Holdings) Limited, an exempted company incorporated in Bermuda and the shares of which are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“Inni”	Inni International Inc., a company incorporated in the Republic of Liberia and which is owned as to 49% by Mr. Cheok and as to 51% jointly by Mr. Cheok and his spouse Mrs. Cheok Chu Wai Min
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Cheok”	Mr. Cheok Ho Fung, the Chairman, Chief Executive Officer and a controlling shareholder of the Company
“Placing Agent”	Sun Hung Kai International Limited, a deemed licensed corporation registered under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement between Inni and the Placing Agent dated 24 February 2005 for the Placing
“Placing Price”	the placing price of HK\$0.90 per Placing Share
“Placing Shares”	up to 70,000,000 existing Shares beneficially owned by Inni and to be placed to the placees pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares beneficially owned by Inni to the placees pursuant to the Placing Agreement
“SFC”	the Securities and Futures Commission of Hong Kong

“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement between the Company and Inni dated 24 February 2005 for the Subscription
“Subscription Price”	the subscription price of HK\$0.90 per Subscription Share
“Subscription Shares”	such number of new Shares equal to the number of Placing Shares successfully placed under the Placing and which are to be subscribed by Inni pursuant to the Subscription Agreement
“Subscription”	the subscription for the Subscription Shares at the Subscription Price

On behalf of the Board  
**Cheok Ho Fung**  
*Chairman and chief executive officer*

Hong Kong, 25 February 2005

*As at the date of this announcement, the Board comprises Mr. Cheok Ho Fung, Mr. Ng Chi Shing, Mr. Wong Shui Hing and Mr. Ting Sui Ping being the Executive Directors, Mr. Kwok Chi Kwong, Danny, Mr. Tang Yok Lam, Andy and Mr. Ng Kwok Ying, Alvin being the Non-Executive Directors and Mr. Leung Shu Kin, Alfred and Mr. Wong Wing Kee being the Independent Non-executive Directors.*

\* *For identification purposes only*

Please also refer to the published version of this announcement in the South China Morning Post.