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

(Incorporated in Bermuda with limited liability)

(Stock Code: 2323)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2005

The board of directors (the "Board" or "Directors") of Topsearch International (Holdings) Limited (the "Company") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2005 together with comparative figures for 2004 as follows:—

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
		2005	2004
	Notes	***HK$'000***	*HK$'000*
REVENUE	*2*	**1,631,423**	1,313,000
Cost of sales		**(1,316,487)**	(1,053,395)
Gross profit		**314,936**	259,605
Other income and gains	*2*	**13,185**	20,751
Selling and distribution costs		**(109,166)**	(93,130)
Administrative expenses		**(96,019)**	(89,173)
Other expenses		**(2,384)**	(4,991)
Finance costs	*5*	**(25,765)**	(11,670)
PROFIT BEFORE TAX	*4*	**94,787**	81,392
Tax	*6*	**(1,573)**	7,564
PROFIT FOR THE YEAR		**93,214**	88,956
DIVIDEND	*7*	**—**	19,900
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic		**13.3 cents**	13.9 cents
Diluted		**13.3 cents**	13.9 cents

CONSOLIDATED BALANCE SHEET

	31 December 2005	
	2005	2004
	HK$'000	*HK$'000*
		(Restated)
NON-CURRENT ASSETS		
Property, plant and equipment	**1,284,295**	1,004,665
Prepaid land lease payments	**31,769**	16,123
Interest in an associate	**527**	264
Rental and utility deposits	**3,045**	3,065
Prepaid rental, long term portion	**1,323**	1,473
Other assets	**1,851**	1,701
Deposits for items of property, plant and equipment	**37,185**	20,111
Total non-current assets	**1,359,995**	1,047,402
CURRENT ASSETS		
Inventories	**272,918**	206,137
Trade receivables	**437,665**	396,063
Prepayments, deposits and other receivables	**55,137**	22,261
Cash and cash equivalents	**156,341**	91,147
Total current assets	**922,061**	715,608
CURRENT LIABILITIES		
Trade payables	**416,071**	339,126
Other payables and accruals	**92,761**	71,432
Interest-bearing bank loans	**294,453**	185,088
Current portion of a shareholder's loan	**—**	7,543
Finance lease payables	**69,438**	56,772
Tax payable	**9,868**	4,948
Total current liabilities	**882,591**	664,909
NET CURRENT ASSETS	**39,470**	50,699
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,399,465**	1,098,101
NON-CURRENT LIABILITIES		
Interest-bearing bank loans	**297,361**	179,888
Shareholder's loan	**30,043**	22,500
Finance lease payables	**94,318**	58,059
Deferred tax liabilities	**37,295**	43,365
Total non-current liabilities	**459,017**	303,812
Net assets	**940,448**	794,289
EQUITY		
Issued capital	**71,080**	64,000
Reserves	**869,368**	710,389
Proposed final dividend	**—**	19,900
Total equity	**940,448**	794,289

Notes:

1. **Basis of presentation**

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain buildings which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2005. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

2. **Revenue, other income and gains**

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns, rebates and trade discounts.

An analysis of revenue, other income and gains is as follows:

	2005	2004
	HK$'000	*HK$'000*
Revenue		
Sale of goods	**1,631,423**	1,313,000
Other income		
Tooling income	**8,915**	6,496
Tax refund for reinvestment of profits in a PRC subsidiary*	**1,237**	13,062
Subcontracting income	**—**	743
Bank interest income	**1,066**	320
Others	**605**	130
	11,823	20,751
Gains		
Foreign exchange differences, net	**1,362**	—
	13,185	20,751

* The PRC corporate income tax refund was received by the Group during the year for the reinvestment of profits earned by a PRC subsidiary as capital contribution during the prior years.

3. **Segment Information**

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary segment reporting format because this is more relevant to the Group's internal financial reporting.

(a) Business segment

No further business segment information is presented as the manufacture and sale of printed circuit boards is the only major business segment of the Group.

(b) Geographical segment

In determining the Group's geographical segments, revenue and results are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

The segment revenue of the Group by geographical area is analysed as follows:

	2005	2004
	HK$'000	*HK$'000*
Asia, excluding the People's Republic of China (the "PRC") and Taiwan	**712,611**	478,762
PRC, including Hong Kong	**410,360**	307,298
Taiwan	**238,746**	217,271
North America	**136,796**	199,368
Europe	**132,910**	110,301
	1,631,423	1,313,000

As the Group's production facilities are all located in the Guangdong Province, the PRC, no further geographical segment information on assets and capital expenditure is provided.

4. Profit before tax

The Group's profit before tax is arrived at after charging/(crediting):

	2005	2004
	HK$'000	*HK$'000*
		(Restated)
Cost of inventories sold	**1,310,429**	1,049,795
Depreciation	**155,840**	139,995
Minimum lease payments under operating lease rentals on land and buildings	**11,339**	10,510
Auditors' remuneration	**1,712**	1,428
Employee benefits expense (excluding directors' remuneration):		
Wages and salaries	**174,459**	142,052
Equity-settled share option expense	**120**	—
Retirement scheme contributions	**13,481**	7,870
Less: Forfeited contributions	**(82)**	(510)
Net retirement scheme contributions*	**13,399**	7,360
	187,978	149,412
Foreign exchange differences, net	**(1,362)**	1,873
Loss on disposal of items of property, plant and equipment	**1,676**	683
Provision for obsolete inventories	**6,058**	3,600

* At 31 December 2005, there was no forfeited contribution available to reduce contributions to the retirement scheme in future years (2004: Nil).

5. Finance costs

	Group	
	2005	2004
	HK$'000	*HK$'000*
Interest on:		
Bank loans and overdrafts wholly repayable within five years	**22,589**	10,613
Shareholder's loan	**912**	177
Finance leases	**5,521**	3,508
Total interest	**29,022**	14,298
Less: Interest capitalised	**(3,257)**	(2,628)
	25,765	11,670

6. Tax

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2004: Nil). No Macau profits tax has been provided as the Macau subsidiary of the Company is exempted from Macau Complementary Tax (2004: Nil). No corporate income tax was provided for a subsidiary of the Group in the PRC, 至卓飛高線路板(曲江)有限公司, which is under the "exempt for two years and 50% reduction for the following three years" (兩免三減半) PRC tax holiday. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2005 HK$'000	2004 HK$'000
Group:		
Current — Hong Kong		
Overprovision in prior years	**(185)**	(4,550)
Current — Elsewhere	**8,300**	6,110
Refund of 5% PRC corporate income tax*	**(472)**	(6,474)
Deferred	**(6,070)**	(2,650)
Total tax charge/(credit) for the year	**1,573**	(7,564)

* PRC corporate income tax is provided at the rate of 15% on the profits generated by a subsidiary of the Company in the PRC, Topsearch Printed Circuits (Shenzhen) Limited. The applicable corporate income tax rate will be reduced to 10% from the standard rate of 15% according to "Detailed Rules for the Implementation of the Income Tax Law of the People's Republic of China for Foreign Investment Enterprises and Foreign Enterprises" if the company is granted Export Enterprise status by the Shenzhen Economic Development Bureau. The status has to be certified every year based on a criterion that the export sales made by the company exceeded 70% of total sales in any particular year.

A reconciliation of the tax expense applicable to profit before tax using the statutory rates for the countries in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	Group			
	2005		2004	
	HK$'000	***%***	*HK$'000*	*%*
Profit before tax	**94,787**		81,392	
Tax at the statutory tax rate of 15%	**14,218**	**15.0**	12,209	15.0
Lower tax rates for other jurisdiction	**(2,300)**	**(2.4)**	(4,452)	(5.5)
Adjustments in respect of current tax of previous periods	**(185)**	**(0.2)**	(4,550)	(5.6)
Refund of 5% of profits earned in 2004 (2004: earned in 2001 — 2003)	**(472)**	**(0.5)**	(6,474)	(7.9)
Net profit not subject to tax	**(10,451)**	**(11.0)**	(6,096)	(7.5)
Expenses not deductible for tax	**763**	**0.8**	1,799	2.2
Tax charge/(credit) at the Group's effective rate	**1,573**	**1.7**	(7,564)	(9.3)

7. Dividend

	2005 HK$'000	2004 HK$'000
Proposed final-Nil (2004: 2.80 cents) per ordinary share	**—**	19,900

8. Earnings per share attributable to ordinary equity holders of the parent

The calculation of basic earnings per share amount is based on the net profit for the year attributable to ordinary equity holders of the parent of HK$93,214,000 (2004: HK$88,956,000) and the weighted average number of 700,220,000 (2004: 640,000,000) ordinary shares in issue during the year.

The calculation of diluted earnings per share amount is based on the net profit for the year attributable to ordinary equity holders of the parent of HK$93,214,000 (2004: HK$88,956,000). The weighted average number of ordinary shares used in the calculation is the 700,220,000 (2004: 640,000,000) weight average number of ordinary shares in issue during the year, as used in the basic earnings per share calculation and the weighted average number of 3,208,000 (2004: 121,133) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the year under review, the Group posted a record turnover of HK$1,631 million, up from HK$1,313 million, representing an increase of HK$318 million or approximately 24%, in last year. Total shipment volumes in terms of square footage had gone up by 15% as compared with that of last year. The shipment of multi-layered boards (6-layered and above) also increased by 33% over that of last year. These multi-layered boards had contributed about 40% to the Group's annual sales. Production facilities were operated at nearly full capacity.

Despite the various pressure from Renminbi appreciation since July 2005, recent increase in material costs, electricity and labour cost, the Group's effort in changing our sales mix in favour of multi-layered boards and our improvements in production efficiency allowed us to achieve a gross profit margin of 19.3%, marginally lower than 19.8% last year. Cost savings were achieved through economy of scale in expanding our production capabilities with the new production plant in Shaoguan, which had commenced operation in the second quarter of 2005. We continue to maintain stringent cost control to enhance cost efficiency across the Group.

Gross profit of HK$315 million had increased 21% over that of 2004. The increase was attributed to the change of its product mix in 2005 to higher layered and special material products which had better margins. Operating profit before interest and tax margin increased from 7.1% in 2004 to 7.4% this year. Despite significant improvement in gross profit, the net profit only rose from HK$89 million to HK$93 million in 2005, up by 4.8% and net profit margin decreased from 6.8% in 2004 to 5.7% in 2005. The flat improvement in net profit was mainly due to an increase in interest expenses of HK$14 million during 2005 and the lack of a non-recurrent tax refund of HK$13 million for reinvestment of profits in a PRC subsidiary in last year.

The Shaoguan plant commenced operations in April 2005. It had produced over 500,000 square feet per month by the end of 2005. The Group will continue to increase the production capacity in the Shaoguan plant by new investment in machineries and also reallocation of machineries from the existing plant in Shekou, Shenzhen so as to achieve a better profit margin on the one hand and to enhance the Group's competitiveness in the market on the other. Total production capacity of the Group increased to over 1.9 million square feet per month by the end of 2005.

In order to mitigate impact of rising manufacturing costs including labour, electricity and water, all of which have been rapidly increasing lately in Shekou, Shenzhen, the Group had planned to further expand additional capacity to the new plant in Tongliao, Inner Mongolia of China. Tongliao is about one hour by plane from Beijing or 4-hours by car from Shenyang. A highway between Shenyang and Tongliao is being built and upon completion the transport between the two cities will be around 2 hours. The construction of the Tongliao plant commenced in mid 2005 and targeted to be completed by late 2006 with trial run production in 2007.

Financial Review

The Group's turnover increased by 24% to HK$1,631 million from HK$1,313 million in 2004. Operating profit before interest and tax reached HK$121 million, representing an increase of 30% over last year of HK$93 million. Profits attributable to shareholders amounted to HK$93 million, as compared to HK$89 million in 2004. Basic earnings per share were 13.3 Hong Kong cents, as compared to 13.9 Hong Kong cents in 2004.

The Group's shipment volume increased by 15% and average sales prices increased by 7%. Material costs increased by high single digit in the second half of 2005 as a result of higher oil prices, surge in metal prices and the appreciation of RMB. The decrease of production overheads by 2% per sq. ft. was mainly attributed to the improvement in production efficiencies and the implementation of a stringent cost reduction program. Overall gross profit margin decreased slightly from 19.8% in last year to 19.3% in this year.

Liquidity and financial resources

The Group finances operations through a combination of internally generated cash flows, shareholders' equity and borrowings from banks.

As at 31 December 2005, the Group had total assets of HK$2,282 million (31 December 2004: HK$1,763 million) and interest-bearing borrowings of HK$786 million (31 December 2004: HK$510 million), representing a gearing ratio, defined as interest-bearing borrowings over total assets, of 34% (31 December 2004: 29%).

The Group's net current asset of HK$39 million (31 December 2004: HK$51 million) consisted of current assets of HK$922 million (31 December 2004: HK$716 million) and current liabilities of HK$883 million (31 December 2004: HK$665 million), representing a current ratio of 1.04 (31 December 2004: 1.08).

As at 31 December 2005, the Group's current assets consisted of HK$156 million (31 December 2004: HK$91 million) held as cash and cash equivalents, of which 28% was in HKD, 27% was in USD, 42% was in RMB and 3% in other currencies.

The Group's current assets also consisted of HK$438 million (31 December 2004: HK$396 million) trade receivables from customers. Debtors' turnover days decreased to 93 days (31 December 2004: 100 days) as a result of effective credit control management.

As at 31 December 2005, the Group's inventories increased to HK$273 million (31 December 2004 :HK$206 million). Inventory turnover days was 66 days (31 December 2004: 59 days). The increase was partly due to the purchase of more raw materials at the end of 2005 for the increasing to end of the rising material prices and partly due to an increase in Just-In-Time requirements from major customers. Trade payables also increased to HK$416 million from HK$339 million in 2004 which was in line with the corresponding increase in production volume. Creditor's turnover days was approximately 105 days (31 December 2004: 108 days).

Interest-bearing Borrowings

As at 31 December 2005, the Group had the interest-bearing borrowings as follows:

	2005	2004
	HK$'000	*HK$'000*
Amounts payable:		
Within one year	**363,891**	249,403
In the second year	**239,816**	141,831
In the third to fifth year, inclusive	**181,906**	118,616
	785,613	509,850
Less: Portion classified as current liabilities	**(363,891)**	(249,403)
Long term portion	**421,722**	260,447

Of the total interest-bearing borrowings, USD denominated loans accounted for 16% (2004: 14%) and the 83% balance were HKD denominated loans (2004: 86%). All interest-bearing borrowings are charged with floating rates. The Group had maintained Hong Kong Dollar unexpired interest rate swap contract of HK$178 million (2004: HK$179 million) to hedge the HIBOR based loans.

On 19 December 2005, the Group arranged a syndicated loan facility of HK$210 million with several financial institutions. The facility was a term loan facility with a tenor of 36 months from 19 December 2005. The facility was mainly used to finance the capital expenditure of our Shaoguan plant, the refinancing of existing short term loans and for other general working capital requirements.

Foreign Exchange Exposure

The People's Bank of China announced an appreciation of 2% of RMB on 21 July 2005. Approximately 35% of the Group's purchases and expenses are denominated in RMB. As the Group imported a substantial proportion of its critical raw materials and machineries from overseas which were non-RMB denominated, this would help to mitigate the full effects arising from RMB revaluation. The Group has not entered into any financial instrument for hedging purposes in RMB. With the exception of RMB that the market has rather limited offer of hedging instrument, the Board will continue to monitor foreign exchange exposure in the future and will consider hedging such exposure to minimize exchange risk should the need arise.

Number and Remuneration of Employees

As at 31 December 2005, excluding the associate, the Group had approximately 7,500 employees. For the financial year ended 31 December 2005, total staff costs amounted to HK$188 million. Under the Group's remuneration policy, employees are rewarded in line with market rate and in compliance with statutory requirements of all jurisdictions where it operates.

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants including any employees of the Group. In January 2005, a total of 1,860,000 share options were granted to a Non-executive Director of the Company. During the year under review, a total of 800,000 share options were exercised. As at 31 December 2005, the Company had 9,800,000 share options outstanding under the scheme.

Subsequent to the balance sheet date, a total of 1,050,000 share options were exercised. As a result, the Company had 8,750,000 share options outstanding under the scheme, representing 1.23% of the Company's shares in issue as at the date of this report.

The Group follows a policy of encouraging its subsidiaries to send their staff to attend training classes or seminars that are related directly or indirectly to the Group's businesses.

Contingent Liabilities

At the balance sheet date, contingent liabilities not provided for in the financial statements included trade debtors factored with recourse amounted to HK$Nil (2004: HK$35 million).

At 31 December 2005, banking facilities of HK$761 million (2004: HK$707 million) granted to and finance lease agreements of HK$200 million (2004: HK$146 million) entered into by subsidiaries were subject to the guarantees given by the Company were utilised to the extent of approximately HK$312 million (2004: HK$288 million) and HK$163 million (2004: HK$114 million) respectively.

Capital Commitments

As at 31 December 2005, the Group's capital commitments contracted but not provided for amounted to HK$146 million. (2004: HK$57 million). All of these capital commitments were related to construction of factory building or acquisition of fixed assets.

Other Commitments

At 31 December 2005, the Group's contribution payable for the registered capital of two wholly-foreign-owned subsidiaries incorporated in the PRC totally amounted to HK$599 million (2004: HK$133 million). Of which HK$278 million represented investment in a subsidiary in Tongliao, Inner Mongolia of China to be payable within 18 months up to June 2007 and HK$321 million represented investment in a subsidiary in Shaoguan, Guangdong Province of China to be payable within five years up to December 2010.

Prospects

In view of the continuous rise in manufacturing costs in Shenzhen, the Group will continue to downsize its Shekou plant, previously producing an average of 1.4 million square feet per month during year 2005, to a targeted output of 900,000 square feet per month by end of 2006. Products in this reduced output target will consist mainly of 8 layers and up, HDI and special materials. Accordingly, production will continue to shift from the Shekou Plant to Shaoguan Plant, and by the second quarter of 2006, the relocation will allow Shaoguan Plant to have a monthly capacity of 1 million square feet outer layers and eventually to expand to 1.2 million square feet outer layers per month by end of 2006, making a total production capacity of both plants to 2.1 million square feet outer layers per month.

Although the shifting of production has been conducted in a planned and orderly manner, such move has not been achieve without short-term costs. For Shaoguan plant, it is having a learning curve situation due to the continuous expansion whereas for Shekou plant there has been down-sizing pain. Such costs should however be short-termed, though inevitable in any circumstance, and the management has taken proper action plans to mitigate such impacts insofar as financial terms are concerned. The Management is of the opinion when the relocation is completed and both plants are running smoothly in accordance with the original plan, the performance of the Group will be improved tremendously.

In order to continue to ramp up the production capability of the Shoaguan plant and to obtain a better performance of both plants, the Management considered it is necessary to restructure its organisations in both plants in order to achieve its financial targets. This restructure has been carried out recently and management expects that it will take a few months for operating efficiencies to normalize. However, the management viewed this is necessary under the very demanding requirement of its customers and the forever fierce competition in the market. Meanwhile, the Group will continue to identify and enlist talented engineers and experienced managers in the PCB market in order to strengthen its foothold as a world-class PCB manufacturer.

From marketing perspective, the Group remains optimistic for the year of 2006. Such optimistic view is substantiated by the successful engagement of targeted new and major customers for high-end products in the last few months and envisaged in the near future as well.

Placing of Existing Shares and Subscription for New Shares

Pursuant to the placing and subscription agreement both dated 24 February 2005, Inni International Inc., a substantial shareholder and controlling shareholder of the Company, placed 70,000,000 ordinary shares of HK$0.10 each in the capital of the Company in total at HK$0.90 per share to some third-party independent investors and, on the same day, subscribed for 70,000,000 new shares in total at HK$0.90 per share.

The net proceeds from subscription of approximately HK$61.5 million (after deducting expenses of approximately HK$1.5 million) was used as part of construction cost for the production plant of the Group situated in Shaoguan.

DIVIDEND

The Directors do not recommend the payments of a final dividend for the year ended 31 December 2005 (31 December 2004: 2.8 HK cents)

PROPOSED BONUS ISSUE OF WARRANTS

The Board propose a bonus issue of warrants (“Bonus Issue of Warrants”) to shareholders of the Company (“Shareholders”) whose registered addresses appear on the register of members of the Company on 5 June 2006 (“Record Date”) on the basis of one (1) warrant (“2008 Warrant”) for every ten (10) shares of HK$0.10 each (“Shares”) in the share capital of the Company held on the Record Date.

Each 2008 Warrant, with subscription rights of HK$1.20, will entitle the holder thereof to subscribe for new Shares at an initial subscription price of HK$1.20 per Share in cash (the “Subscription Price”), subject to adjustment, at any time between the date when dealings in the 2008 Warrants on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) commence (which is expected to be on or about 26 June 2006 and 31 October 2008 (both days inclusive) (the “Subscription Period”). Fractional entitlements to the 2008 Warrants will not be granted to the Shareholders but will be aggregated and sold for the benefit of the Company.

For details of the proposed Bonus Issue of Warrants, please refer to our separate announcement on “Proposed Bonus Issue of Warrants”.

CLOSURE OF REGISTER

The register of members of the Company will be closed from 30 May 2006 (Tuesday) to 5 June 2006 (Monday) (both days inclusive) in order to establish entitlements of Shareholders to the Bonus Issue of Warrants, during which period no transfer of Shares will be registered. In order to qualify for the 2008 Warrants under the Bonus Issue of Warrants, Shareholders are reminded to ensure that all Share transfers, accompanied by the relevant certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tengis Limited, situate at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 29 May 2006 (Monday).

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 year.

AUDIT COMMITTEE

The Company established an Audit Committee on 30 May 2002 with written terms of reference in compliance with the Code of Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls of the Group. Meetings were held to review the interim financial statements of the Company for the financial period ended 30 June 2005, and financial statements of the Company for the year ended 31 December 2005.

As at the date of this report, the Committee comprised three independent non-executive directors, namely Mr. Leung Shu Kin, Alfred, Mr. Wong Wing Kee and Mr. Look Guy and one non-executive director namely Mr. Ng Kwok Ying, Alvin.

COMPLIANCE WITH THE CODE

The Directors confirm that, for the accounting year ended 31 December 2005, the Company has complied with the CG Code with the deviation mentioned below:

1. Mr. Cheok Ho Fung is the Chairman as well as the Chief Executive Officer of the Company. Under the Code Provisions A.2.1, 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 this arrangement does not have a material adverse impact on the corporate governance of the Company.

The Board of Directors will carry out a review in the following year and propose any amendment, if necessary, to ensure compliance with the Code provisions on Corporate Governance as set out in the Listing Rules.

BOARD OF DIRECTORS

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

PUBLICATION OF THE RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE

The consolidated financial statements of the Company for the year ended 31 December 2005, together with the information required under paragraph 45 of Appendix 16 to the Listing Rules, will be published on the Company's website (www.topsearch.com.hk) and the Stock Exchange's website (www.hkex.com.hk) 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
CHEOK HO FUNG
Chairman and Chief Executive Officer

Hong Kong, 6 April 2006

* *For identification purpose only*

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