
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or otherwise transferred all your shares in Topsearch International (Holdings) Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

(Incorporated in the Bermuda with limited liability)

(Stock Code: 2323)

CONTINUING CONNECTED TRANSACTION

**Independent financial adviser to the
Independent Board Committee and the Independent Shareholders**



FIRST SHANGHAI CAPITAL LIMITED

A letter from the Board is set out on pages 3 to 7 of this circular. A letter from the Independent Board Committee is set out on pages 8 to 9 of this circular.

A letter from First Shanghai Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 10 to 15 of this circular.

A notice convening a special general meeting of Topsearch International (Holdings) Limited to be held at Mont Blanc Room, Pacific Place, Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Friday, 29 September 2006 at 9:30 am is set out on pages 23 to 24 of this circular. A form of proxy for use at the SGM is also enclosed with this circular. Whether you are able or not to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Hong Kong branch share registrar and transfer office of the Company, Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding such meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the meeting or any adjourned meeting should you so desire.

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DEFINITIONS

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

“Annual Cap(s)”	the annual cap(s) for the Transactions under the Raw Materials Supply Agreement for the three years from 1 July 2006 to 30 June 2009;
“associates”	shall have the meaning as prescribed under the Listing Rules;
“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 main board of The Stock Exchange (Stock Code: 2323);
“Directors”	directors of the Company;
“First Shanghai”	First Shanghai Capital Limited, a licensed corporation to carry on type 6 (advising on corporate finance) regulated activities under the SFO and is the independent financial adviser to the Independent Board Committee and Independent Shareholders;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong;
“Independent Board Committee”	the independent board committee established to advise the Independent Shareholders pursuant to the requirements of the Listing Rules;
“Independent Shareholders”	Shareholders other than the Kingboard Group and its associates;
“Kingboard”	Kingboard Chemical Holdings Limited, a company incorporated in the Cayman Islands and whose securities are listed on the main board of the Stock Exchange (Stock Code: 148);
“Kingboard Group”	Kingboard and its subsidiaries;
“Latest Practicable Date”	6 September 2006, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;

DEFINITIONS

“PRC”	the People’s Republic of China;
“Purchaser”	Topsearch Printed Circuits (HK) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company;
“Raw Materials Supply Agreement”	the conditional master raw materials supply agreement dated 18 August 2006 entered into between the Purchaser and the Suppliers pursuant to which the Suppliers were appointed as non-exclusive suppliers of raw materials of the Purchaser;
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong;
“SGM”	the special general meeting of the Company to be held at Mont Blanc Room, Pacific Place, Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Friday, 29 September 2006 at 9:30 am for the purpose of considering and, if thought fit, approving the Raw Materials Supply Agreement and the Transactions;
“Shareholders”	the shareholders of the Company;
“Shares”	share(s) of HK\$0.10 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiaries”	shall have the meaning ascribed to it under section 2 of the Companies Ordinance, Cap 32, of the laws of Hong Kong and “subsidiaries” shall be construed accordingly;
“Suppliers”	Kingboard Copper Foil (Macao Commercial Offshore) Limited (建滔銅箔 (澳門離岸商業服務) 有限公司) and Kingboard Laminates (Macao Commercial Offshore) Limited (建滔積層板 (澳門離岸商業服務) 有限公司), companies incorporated in Macau with limited liability and held as to approximately 62% and 100% by Kingboard, respectively;
“Transactions”	the supply of raw materials including, but not limited to, copper foil, laminates, prepregs and drilling bits to the Purchaser by the Suppliers pursuant to the Raw Materials Supply Agreement;
“%”	per cent.

For the purpose of this circular, certain English translations of Chinese names or words are included for information purpose only and should not be relied upon as the official translation of such Chinese names or words.

LETTER FROM THE BOARD



TOPSEARCH INTERNATIONAL (HOLDINGS) LIMITED

至卓國際(控股)有限公司*

(Incorporated in the Bermuda with limited liability)

(Stock Code: 2323)

Executive Directors:

CHEOK Ho Fung

(Chairman and Chief Executive Officer)

TING Sui Ping

HO Siu Man

Registered Office:

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

Non-executive Directors:

TANG Yok Lam, Andy

NG Kwok Ying, Alvin

Principal Place of Business:

3406, China Merchants Tower

Shun Tak Centre

168-200 Connaught Road

Central

Hong Kong

Independent non-executive Directors:

LEUNG Shu Kin, Alfred

WONG Wing Kee

LOOK Guy

11 September 2006

*To the Shareholders, and, for information only,
the holders of the warrants of the Company*

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION

1. INTRODUCTION

As disclosed in the announcement of the Company dated 18 August 2006, the Board announced that the Company entered into the Raw Materials Supply Agreement in connection with the supply of raw materials by the Kingboard Group to the Group for a period of three years from 1 July 2006 to 30 June 2009.

The purpose of this circular is to provide you with further details of the Raw Materials Supply Agreement, the advice of First Shanghai to the Independent Board Committee and Independent Shareholders, the recommendation of the Independent Board Committee and a notice convening the SGM.

* For identification purposes only

LETTER FROM THE BOARD

2. DETAILS OF THE RAW MATERIALS SUPPLY AGREEMENT

Background and nature of the transaction

The Group is engaged in the business of manufacture and sale of printed circuit boards and the Kingboard Group had been providing raw materials (including, but not limited to, copper foil, laminates, prepregs and drilling bits) to the Group until the Kingboard Group became a substantial Shareholder (as defined in the Listing Rules) pursuant to a placing of the shares of the Company which completed on 10 May 2006. For details of such placing, please refer to the announcement of the Company dated 3 May 2006. The Directors confirmed that from the date when the Kingboard Group became a substantial Shareholder up to the date of the announcement dated 18 August 2006, the Group did not purchase any raw materials from the Kingboard Group. Hence, Rule 14A.41 of the Listing Rules is not applicable.

Date of the Raw Materials Supply Agreement

18 August 2006

Parties

- (i) Suppliers; and
- (ii) Purchaser

Principal terms

Pursuant to the Raw Materials Supply Agreement, the Suppliers agreed to supply various raw materials as may be required by the Purchaser from time to time (including, but not limited to, copper foil, laminates, prepregs and drilling bits).

The types and quantities of the raw materials to be sold to the Group shall be determined by negotiation between the parties based on the prevailing market conditions. Either party is entitled to give the other party one month's prior written notice to terminate the Raw Materials Supply Agreement.

Pricing principles

It was agreed between the Suppliers and the Purchaser that the prices of the raw materials to be sold shall be determined in accordance with the prevailing market prices and terms.

Payment terms

The payment for the raw materials to be sold to the Group shall be settled by cash within the trade credit period to be agreed from time to time.

LETTER FROM THE BOARD

Proposed annual caps and rationales

The annual transaction value in respect of the Group's purchase of raw materials from the Kingboard Group for the three years ended 31 December 2005 and for the period from 1 January 2006 to 10 May 2006, the date of which the Kingboard Group became a substantial Shareholder, were approximately HK\$68,228,000, HK\$84,723,000, HK\$51,798,000 and HK\$42,145,000 respectively. In considering the Annual Caps for the Transactions, the Directors have considered a number of factors including: (i) the historical annual transaction amount in the three years ended 31 December 2005 and the six months ended 30 June 2006; (ii) the existing scale of the Group's operations and the anticipated growth of the Group; (iii) the general printed circuits board market in the next three years; and (iv) the recent increase in the prices of raw materials and the oil prices (which has a direct impact on the prices of raw materials). Having considered these factors, the Directors propose that the Annual Caps shall be approximately as follows:

	Annual Cap for the Transactions	Approximate percentage of increase from the previous period
1 July 2006 to 31 December 2006 (for six months)	HK\$82,000,000	95% (Note 1)
1 January 2007 to 31 December 2007	HK\$190,000,000	53% (Note 2)
1 January 2008 to 31 December 2008	HK\$228,000,000	20% (Note 3)
1 January 2009 to 30 June 2009 (for six months)	HK\$132,500,000	16% (Note 4)

Notes:

1. In addition to the anticipated growth of the Group and the general printed circuits board market, the Directors expect that there will be a sharp increase in the transaction value in respect of the Transactions in the six months ending 31 December 2006 as compared to the first few months of 2006 (up to 10 May 2006, the date on which the Kingboard Group became a substantial Shareholder) due to (a) the recent increase in the prices of raw materials and the oil prices; and (b) there has been no purchase of raw materials by the Group from the Kingboard Group after the Kingboard Group became a substantial Shareholder and large amounts of raw materials are expected to be purchased from the Kingboard Group in the remaining months of year 2006.
2. In addition to the anticipated growth of the Group and the general printed circuits board market, the Directors expect that the prices of raw materials and the oil prices will continue to be at a high level in year 2007. As such, in calculating the cap amount the Directors have taken these factors in account.
3. The Directors expect that the increase in the transaction value in respect of the Transactions in year 2008 will primarily be driven by the anticipated growth of the Group and the general printed circuits board market.

LETTER FROM THE BOARD

4. The Directors expect that the increase in the transaction value in respect of the Transactions in the first six months of 2009 will primarily be driven by the anticipated growth of the Group and the general printed circuits board market.

6. REASONS AND BENEFIT OF THE TRANSACTIONS

The Directors are of the view that the terms of the Transactions are made on an arm's length basis in the ordinary and usual course of business of the Company and are normal commercial terms which are no less favourable than the terms available to or from independent third parties and the annual caps thereof are fair and reasonable and the Transactions are in the interest of the Company and the Shareholders as a whole.

Kingboard is an investment holding company. Its principal subsidiaries are engaged in the manufacture of laminates, copper foil, glass fabric, glass yarn, bleached kraft paper, printed circuit boards, chemicals, liquid crystal displays and magnetic products. Most of the copper foil, glass fabric, glass yarn and bleached kraft paper produced are used by the Kingboard Group in its manufacturing of laminates.

The Kingboard Group has been one of the major suppliers of the Company since 1999. The Directors (including the independent non-executive Directors) believe it is in the best interest of the Company and the Shareholders as a whole to continue to engage the Kingboard Group to supply for its raw materials in order to avoid a possible disruption to the Group's business through a change of supplier of raw materials.

Please refer to the Letter from First Shanghai as set out in page 10 to page 15 to this Circular.

7. LISTING RULES IMPLICATIONS

At the Latest Practicable Date, the Kingboard Group is interested in 128,318,000 Shares, representing approximately 15.0% of the existing issued share capital of the Company. As such, the Kingboard Group is a substantial Shareholder (as defined in the Listing Rules) and a connected person of the Company for the purposes of the Listing Rules. Accordingly, the Transactions constitute continuing connected transactions for the Company under the Listing Rules.

Given that each of the applicable percentage ratio (other than the profit ratio) calculated in accordance with Chapter 14A of the Listing Rules in respect of the above annual caps exceeded 2.5% (with certain annual caps exceeding 25%) on an annual basis and the maximum annual value of the transaction is more than HK\$10,000,000, the Transactions are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

8. SGM

A notice convening the SGM to be held at Mont Blanc Room, Pacific Place, Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Friday, 29 September 2006 at 9:30 am is set out on pages 23 to 24 of this circular at which ordinary resolutions will be proposed for the Independent Shareholders to consider and, if thought fit, approve the Transactions and the Annual Caps. Pursuant to the Listing Rules, voting on such resolutions will be conducted by way of a poll. The Kingboard Group, its associates and parties in concert with them will be required to abstain from voting on the resolution to approve the Transactions at the SGM.

9. RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 8 to 9 of this circular which contains its recommendation to the Independent Shareholders as to voting at the SGM.

Your attention is also drawn to the letter from First Shanghai, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, for incorporation into this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Transactions. The text of the letter from First Shanghai to the Independent Board Committee and the Independent Shareholders is set out on pages 10 to 15 of this circular.

The Independent Board Committee, having taken into account the advice and recommendation of First Shanghai, are of the view that the Transactions are in the interests of the Company and the shareholders of the Company as a whole and the terms of the Transactions are fair and reasonable so far as the interests of the Company and the Independent Shareholders are concerned. Accordingly, it recommends that the Independent Shareholders should vote in favour of the resolutions to be proposed to approve the Transactions and the Annual Caps.

10. ADDITIONAL INFORMATION

Your attention is also drawn to the general information set out in appendix to this circular.

Yours faithfully,
For and on behalf of the Board
Cheok Ho Fung
Chairman and Chief Executive Officer



TOPSEARCH INTERNATIONAL (HOLDINGS) LIMITED

至卓國際（控股）有限公司*

(Incorporated in the Bermuda with limited liability)

(Stock Code: 2323)

Independent non-executive Directors:

LEUNG Shu Kin, Alfred

WONG Wing Kee

LOOK Guy

Registered Office:

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

Principal Place of Business:

3406, China Merchants Tower

Shun Tak Centre

168-200 Connaught Road

Central

Hong Kong

11 September 2006

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION

INTRODUCTION

We refer to the circular dated 11 September 2006 (the "Circular") of the Company of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context requires otherwise.

Under the Listing Rules, the Raw Materials Supply Agreement for the Transactions dated 18 August 2006 is conditional and shall only be effective upon the passing of ordinary resolutions by the Independent Shareholders at the SGM approving the terms of the underlying agreement and the relevant Annual Caps for the Transactions. We, being the independent non-executive Directors constituting the Independent Board Committee, are writing to advise you as a shareholder whether in the views of the Independent Board Committee the terms of the Raw Materials Supply Agreement and the Annual Caps are fair and reasonable and in the interests of the Shareholders as a whole.

* For identification purposes only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We wish to draw your attention to the letter from the Board as set out on pages 3 to 7 of the Circular and the letter from First Shanghai as set out on pages 10 to 15 of the Circular which contains, inter alia, its advice and recommendation to us regarding the terms of the Raw Materials Supply Agreement and the Annual Caps with the principal factors and reasons for its advice and recommendation.

RECOMMENDATION

Having taken into account the advice and recommendation of First Shanghai, we are of the view that the Transactions are in the interests of the Company and the shareholders of the Company as a whole and the terms of the Raw Materials Supply Agreement and the Annual Caps are fair and reasonable so far as the interests of the Company and the Independent Shareholders are concerned. Accordingly, we recommend that the Independent Shareholders should vote in favour of the resolutions to be proposed to approve the Raw Materials Supply Agreement and the Annual Caps for the Transactions.

Yours faithfully,

For and on behalf of

**the Independent Board Committee of
TOPSEARCH INTERNATIONAL (HOLDINGS) LIMITED**

至卓國際(控股)有限公司*

Leung Shu Kin, Alfred, Wong Wing Kee, Look Guy

Independent non-executive Directors

* For identification purposes only

LETTER FROM FIRST SHANGHAI

The following is the text of a letter received from First Shanghai setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions for inclusion in this circular.



第一上海

FIRST SHANGHAI GROUP

FIRST SHANGHAI CAPITAL LIMITED

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

11 September 2006

To the Independent Board Committee and Independent Shareholders
Topsearch International (Holdings) Limited
3406 China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in respect of the Transactions, details of which are set out in the circular of the Company dated 11 September 2006 (the “Circular”) to the Shareholders of which this letter forms a part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Circular.

As disclosed in the announcement of the Company dated 18 August 2006, the Purchaser and the Suppliers entered into the Raw Materials Supply Agreement on 18 August 2006 in connection with the supply of raw materials by the Kingboard Group to the Group for a period of three years from 1 July 2006 to 30 June 2009, subject to Independent Shareholders’ approval. As at the Latest Practicable Date, the Kingboard Group is interested in 128,318,000 Shares, representing approximately 15% of the existing issued share capital of the Company. As such, the Kingboard Group is a substantial Shareholder (as defined in the Listing Rules) and a connected person of the Company for the purposes of the Listing Rules. Accordingly, the Transactions constitute continuing connected transactions for the Company under the Listing Rules. Given that each of the applicable percentage ratio (other than the profit ratio) calculated in accordance with Chapter 14A of the Listing Rules in respect of the annual caps of the

LETTER FROM FIRST SHANGHAI

Transactions exceeded 2.5% (with certain annual caps exceeding 25%) on an annual basis and the maximum annual value of the transaction is more than HK\$10,000,000, the Transactions are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Kingboard Group, its associates and parties acting in concert with them will abstain from voting at the SGM.

The Independent Board Committee, comprising the independent non-executive Directors namely Mr. Leung Shu Kin, Alfred, Mr. Wong Wing Lee and Mr. Look Guy, has been appointed to advise the Independent Shareholders in relation to the terms of the Raw Materials Supply Agreement and the Annual Caps. Our role, as the independent financial adviser to the Independent Board Committee and the Independent Shareholders, is to give an independent opinion as to whether the terms of the Raw Materials Supply Agreement and the Annual Caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Apart from normal professional fees for our services to the Company in connection with the engagement described above, no arrangement exists whereby First Shanghai will receive any benefits from the Group.

In putting forth our opinion and recommendations, we have relied on the accuracy of the information and representations included in the Circular and provided to us by the Directors and the Company, and have assumed that all such information and representations made or referred to in the Circular and provided to us by the Directors and the Company were true at the time they were made and continued to be true as at the date hereof. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and have been advised by the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular. We consider that we have reviewed sufficient information to reach an informed view and to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Directors nor have we conducted any form of investigation into the business, affairs or future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendations as to the fairness and reasonableness of the terms of the Raw Materials Supply Agreement, we have taken into account the following principal factors and reasons:

1. Background

The Group is engaged in the business of manufacture and sale of printed circuit boards. Kingboard is an investment holding company. Its principal subsidiaries are engaged in the manufacture of laminates, copper foil, glass fabric, glass yarn, bleached kraft paper, printed circuit boards, chemicals, liquid crystal displays and magnetic products. Most

LETTER FROM FIRST SHANGHAI

of the copper foil, glass fabric, glass yarn and bleached kraft paper produced are used by the Kingboard Group in its manufacturing of laminates. The Kingboard Group had been providing raw materials (including but not limited to, copper foil, laminates, prepregs and drilling bits) to the Group until the Kingboard Group became a substantial Shareholder pursuant to a placing of the shares of the Company which was completed on 10 May 2006 (the “Placing”). On 18 August 2006, the Purchaser and the Suppliers entered into the Raw Materials Supply Agreement in connection with the supply of raw materials by the Kingboard Group to the Group for a period of three years from 1 July 2006 to 30 June 2009.

As stated in the annual report of the Company for the year ended 31 December 2005, the revenue of the Group, which was generated from manufacture and sale of printed circuit boards, for the year ended 31 December 2005 has increased by approximately 24.2% to approximately HK\$1,631 million, as compared with that of the previous year. The improvement in revenue was mainly attributable to the increase in total shipment volume in terms of square footage by about 15% and increase in average sales price by about 7% as compared with that of the previous year.

2. Reasons for entering into the Raw Materials Supply Agreement

As mentioned in the “Letter from the Board” in the Circular, we understand that Kingboard has been one of the major suppliers of the Company since 1999. The Kingboard Group became a substantial Shareholder (as defined in the Listing Rules) pursuant to the Placing. As discussed with the management of the Company, we understand that this is always the intention of the Group to maintain the business relationship with the Kingboard Group after the Placing. However, to comply with the reporting, announcement and independent shareholders’ approval requirement under the Listing Rules, prior to obtaining the approval from the Independent Shareholders, the Group did not purchase any raw materials from the Kingboard Group since completion of the Placing.

To resume the business relationship with the Kingboard Group, the Group has entered into the Raw Materials Supply Agreement, subject to the Independent Shareholders’ approval. Given that the Group and the Kingboard Group have such a profound business relationship before the Placing, we consider that it is not in the best interest of the Company and the Shareholders as a whole to disrupt such business relationship due to the aforesaid shareholding change as a result of the Placing, so long as the terms of the Transactions are made on an arm’s length basis in the ordinary and usual course of business of the Company and are normal commercial terms which are no less favourable than the terms available to or from independent third parties, which will be discussed in the paragraph below. Therefore, we are of the view that it is a reasonable decision of the Group to enter into the Raw Materials Supply Agreement.

LETTER FROM FIRST SHANGHAI

3. Key terms of the Raw Materials Supply Agreement and basis of determining the Annual Caps

The Directors (excluding the independent non-executive Directors) are of the view that the terms of the Transactions are made on an arm's length basis in the ordinary and usual course of business of the Company and are normal commercial terms which are no less favourable than the terms available to or from independent third parties. We have reviewed the Raw Materials Supply Agreement, pursuant to which, the Suppliers agreed to supply various raw materials as may be required by the Purchaser from time to time (including, but not limited to, copper foil, laminates, prepregs and drilling bits). We note from the Raw Materials Supply Agreement that the prices of the raw materials to be sold shall be determined in accordance with the prevailing market prices and terms. The types and quantities of the raw materials to be sold to the Group shall be determined by negotiation between the parties based on the prevailing market conditions. Either party is entitled to give the other party one month's prior written notice to terminate the Raw Materials Supply Agreement. Having considered the above, we are of the view that the Transactions will be conducted on normal commercial terms which are no less favourable than the terms available to or from independent third parties.

As stated in the "Letter from the Board" in the Circular, the annual transaction value in respect of the Group's purchase of raw materials from the Kingboard Group for the three years ended 31 December 2005 and for the period from 1 January 2006 to 10 May 2006, the date of which the Kingboard Group became a substantial Shareholder, were approximately HK\$68,228,000, HK\$84,723,000, HK\$51,798,000 and HK\$42,145,000 respectively. In considering the Annual Caps, we understand that the Directors have considered a number of factors including: (i) the historical annual transaction amount in the three years ended 31 December 2005 and the period from 1 January 2006 to 10 May 2006; (ii) the existing scale of the Group's operations and the anticipated growth of the Group; (iii) the general printed circuits board market in the next three years; and (iv) the recent increase in the prices of raw materials and the oil prices (which has a direct impact on the prices of raw materials). Having considered the aforesaid factors, the Directors propose that the Annual Caps for the three years from 1 July 2006 to 30 June 2009 shall be approximately as follows:

	Annual Caps	Approximate percentage of increase from the previous period
1 July 2006 to 31 December 2006 (for six months)	HK\$82,000,000	95% (Note 1)
1 January 2007 to 31 December 2007	HK\$190,000,000	53% (Note 2)
1 January 2008 to 31 December 2008	HK\$228,000,000	20% (Note 3)
1 January 2009 to 30 June 2009 (for six months)	HK\$132,500,000	16% (Note 4)

LETTER FROM FIRST SHANGHAI

Notes:

1. In addition to the anticipated growth of the Group and the general printed circuits board market, the Directors expect that there will be a sharp increase in the transaction value in respect of the Transactions in the six months ending 31 December 2006 as compared to the first few months of 2006 (up to 10 May 2006, the date on which the Kingboard Group became a substantial Shareholder) due to (a) the recent increase in the prices of raw materials and the oil prices; and (b) there has been no purchase of raw materials by the Group from the Kingboard Group after the Kingboard Group became a substantial Shareholder and large amounts of raw materials are expected to be purchased from the Kingboard Group in the remaining months of year 2006.
2. In addition to the anticipated growth of the Group and the general printed circuits board market, the Directors expect that the prices of raw materials and the oil prices will continue to be at a high level in year 2007. As such, in calculating the cap amount the Directors have taken these factors in account.
3. The Directors expect that the increase in the transaction value in respect of the Transactions in year 2008 will primarily be driven by the anticipated growth of the Group and the general printed circuits board market.
4. The Directors expect that the increase in the transaction value in respect of the Transactions in the first six months of 2009 will primarily be driven by the anticipated growth of the Group and the general printed circuits board market.

To assess the basis of determining the Annual Caps, we have reviewed the internal projections provided by the Company on purchases to be made from the Kingboard Group and noticed that the Company has taken in consideration (i) the historical amount of transactions between the Group and the Kingboard Group; (ii) the internal projection on the Group's turnover; (iii) the recent increase in prices of oil and certain raw materials such as copper; and (iv) the outlook of the general printed circuits board market. We have also reviewed certain market news dated 11 July 2006 published in the website of Hong Kong Printed Circuit Association and noted that the export of general printed circuits board market from the PRC had increased by approximately 51.2% to 64.9% on year-to-year basis from January to May 2006 and prices of the related raw materials such as prepregs and copper foil are generally in an increasing trend, which support the increasing trend of the Group's internal projection. Having considered the above, we consider that the basis of determining the Annual Caps is fair and reasonable so far as the Independent Shareholders are concerned.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the opinion that the Transactions are in the interests of the Company and the Shareholders as a whole and that the terms of the Raw Materials Supply Agreement are fair and reasonable in so far as the Independent Shareholders are concerned. In particular: -

- (i) the terms of the Transactions are made on an arm's length basis in the ordinary and usual course of business of the Company and are normal commercial terms which are no less favourable than the terms available to or from independent third parties;

LETTER FROM FIRST SHANGHAI

- (ii) it is in the best interest of the Company and the Shareholders as a whole to continue to engage the Kingboard Group to supply for its raw materials in order to avoid a possible disruption to the Group's business through a change of supplier of raw materials; and
- (iii) the basis of determining the Annual Caps, which has taken into consideration (i) the historical annual transaction amount in the three years ended 31 December 2005 and the period from 1 January 2006 to 10 May 2006; (ii) the existing scale of the Group's operations and the anticipated growth of the Group; (iii) the general printed circuits board market in the next three years; and (iv) the recent increase in the prices of raw materials and the oil prices, is fair and reasonable;

accordingly, we advise the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Raw Materials Supply Agreement, the Transactions and the Annual Caps.

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

Helen Zee
Managing Director

Fanny Lee
Director

1. RESPONSIBILITY STATEMENTS

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2005, the date to which the latest published audited consolidated financial statements of the Group were made up.

3. DISCLOSURE OF INTERESTS

(a) Interests and short positions of the Directors in the Company and its associated corporations.

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company or the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

Long positions in the Shares:

(i) *The Company*

Name of director	Nature of interest		Number of ordinary shares held	Approximate percentage of issued capital
Mr. Cheok Ho Fung	Direct	Long position	48,000,000	5.6%
	<i>Note</i>	Deemed	432,000,000	50.6%
Total			480,000,000	56.2%

Note: These shares are owned by Inni International Inc., a company incorporated in the Republic of Liberia. The shares of Inni International Inc. are owned as to 49% by Mr. Cheok Ho Fung and as to 51% jointly by Mr. Cheok Ho Fung and his wife.

(ii) *Associated Corporation — Inni International Inc.*

Name of director		Nature of interest	Number of ordinary shares held	Approximate percentage of issued capital
Mr. Cheok Ho Fung		Direct	12,250	49.0%
	<i>Note</i>	Deemed	12,750	51.0%
			25,000	100.0%

Note: These shares are jointly owned by Mr. Cheok Ho Fung and his wife.

(iii) *Subsidiary — Topsearch Industries (Holdings) Limited*

Name of director		Nature of interest	Number of non-voting deferred shares held	Approximate percentage of issued capital
Mr. Cheok Ho Fung		Direct	2,000,100	10.0%
	<i>Note</i>	Deemed	17,999,900	90.0%
Total			20,000,000	100.0%

Note: These shares are owned by Inni International Inc., a company incorporated in the Republic of Liberia. The shares of Inni International Inc. are owned as to 49% by Mr. Cheok Ho Fung and as to 51% jointly by Mr. Cheok Ho Fung and his wife.

Long positions in underlying shares of equity derivatives of the Company — shares options outstanding under the Share Option Scheme adopted by the Company on 30 May 2002 and became effective on 21 June 2002:

Name of Directors	Date of grant of share options	Exercise period of share options	Exercise price of share options	Number of options outstanding	Number of total underlying shares	Approximate percentage of total shareholding
Mr. Ting Sui Ping	1 September 2004	6 July 2004 to 31 December 2006	0.694	800,000	800,000	0.1%
Mr. Tang Yok Lam, Andy	1 September 2004	6 July 2004 to 31 December 2006	0.694	640,000	640,000	0.1%
	12 January 2005	20 December 2004 to 31 December 2006	0.792	1,860,000	1,860,000	0.2%

Long positions in underlying shares of equity derivatives of the Company — bonus issue of warrants on the basis of one warrant for every ten existing Shares held by the Shareholders on 5 June 2006:

Name of Directors	Date of grant of share warrants	Exercise period of share warrants	Subscription price of share warrants	Number of share warrants outstanding	Number of total underlying shares	Approximate percentage of total shareholding
Mr. Cheok Ho Fung	5 June 2006	26 June 2006 to 31 October 2008	1.200	4,800,000	4,800,000	0.6%

(b) Interest or short position of entities (other than a Director or chief executive of the Company) in the Shares which is discloseable under Divisions 2 and 3 of the SFO

Save as disclosed below, as at the Latest Practicable Date, the Directors and chief executive of the Company were not aware of any persons who has an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or is otherwise recorded in the register required to be kept under section 336 of the SFO:

Long positions in the Shares:

Name of shareholders	Notes			Number of ordinary shares held	Approximate percentage of issued capital
Inni International Inc.		Direct	Long position	432,000,000	50.6%
Mrs. Cheok Chu Wai Min	(i)	Deemed	Long position	480,000,000	56.2%
Hallgain Management Limited	(ii)	Deemed	Long position	128,318,000	15.0%
Kingboard		Direct	Long position	2,766,000	0.3%
	(ii)	Deemed	Long position	125,552,000	14.7%
Total				128,318,000	15.0%
Jamplan (BVI) Limited	(ii)	Deemed	Long position	125,552,000	14.7%
Kingboard Investments Limited		Direct	Long position	125,350,000	14.7%
Mr. Cheah Cheng Hye	(iii)	Deemed	Long position	73,358,000	8.6%
Value Partners Limited	(iii)	Deemed	Long position	73,358,000	8.6%

Notes:

- (i) Mrs. Cheok Chu Wai Min is the spouse of Mr. Cheok Ho Fung. The shares of Inni International Inc. are owned as to 49% by Mr. Cheok Ho Fung and as to 51% jointly by Mr. Cheok Ho Fung and Mrs. Cheok Chu Wai Min. The shareholdings stated against Mr. Cheok Ho Fung and Mrs. Cheok Chu Wai Min above represented the same block of shares, which were also included as interests of Mr. Cheok Ho Fung in the above section headed “Interests and short positions of the Directors in the Company and its associated corporations”.
- (ii) Kingboard Investments Limited and Kingboard Laminates Limited, holders of 125,350,000 and 202,000 shares in the Company respectively, are wholly-owned subsidiaries of Jamplan (BVI) Limited which in turn is a wholly-owned subsidiary of Kingboard. Hallgain Management Limited owns 36.18% equity shares in Kingboard Chemical Holdings Limited.
- (iii) Value Partners Limited is an investment manager and is held as to 32.77% by Mr. Cheah Cheng Hye.

Long positions in underlying shares of equity derivatives of the Company - bonus issue of warrants on the basis of one warrant for every ten existing Shares held by the Shareholders on 5 June 2006:

Name of substantial Shareholders	Date of grant of share warrants	Exercise period of share warrants	Subscription price of share warrants	Number of share warrants outstanding	Number of total underlying shares	Approximate percentage of total shareholding
Inni International Inc.	5 June 2006	26 June 2006 to 31 October 2008	1.200	43,200,000	43,200,000	5.1%

4. COMPETING INTEREST

As at the Latest Practicable Date, none of the directors of the Group and their associates are considered by the Company to have interests in business which compete with, or might compete with, either directly or indirectly, with the business of the Group, other than those business in which such directors have been appointed to represent the interests of the Company and/or other members of the Group.

5. DIRECTORS' INTEREST IN SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service contract with any member of the Group which will not expire and is not terminable by the relevant member of the Group within one year without payment of any compensation, other than statutory compensation.

6. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF SIGNIFICANCE

As at the Latest Practicable Date, none of the Directors has any direct or indirect interests in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries since 31 December 2005, the date of which the latest published audited consolidated financial statements of the Group were made up.

No contract or arrangement in which a Director of the Company is materially interested and which is significant in relation to the business of the Group subsisted as at the Latest Practicable Date.

7. EXPERT'S QUALIFICATION AND CONSENT

- (a) The following is the qualification of the expert who has given its opinion or advice which is contained in this circular:

Name	Qualifications
First Shanghai	a licensed corporation to carry on type 6 (advising on corporate finance) regulated activities under the SFO

- (b) As at the Latest Practicable Date, the expert mentioned in paragraph (a) above did not have any shareholding in the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Group.
- (c) The expert has on 11 September 2006 given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and opinion dated 11 September 2006 and reference to its name in the form and context in which they appear.
- (d) The letter and recommendation given by First Shanghai are given as of the date of this circular for incorporation herein.
- (e) The expert has no direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries since 31 December 2005, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS

The bye-laws of the Company provide that at any general meeting, a resolution put to the vote of a meeting shall be decided on a show of hands unless voting by way of poll is required by the Listing Rules or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

- (a) the chairman of such meeting; or
- (b) at least three Shareholders present in person or by a duly authorised corporate representative or by proxy for the time being entitled to vote at the meeting; or
- (c) any Shareholder or Shareholders present in person or by a duly authorised corporate representative or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (d) any Shareholder or Shareholders present in person or by a duly authorised corporate representative or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

9. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claim of material importance and, so far as the Directors were aware, no litigation or claims of material importance are pending or threatened by or against any member of the Group.

10. GENERAL

- (a) The registered office of the Company is situated at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.
- (b) The principal place of business of the Company in Hong Kong is 3406, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.
- (c) The Company's branch share registrar and transfer office in Hong Kong is Tengis Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (d) Mr. Chan Tak Sun, Sammy is the company secretary and the qualified accountant of the Company. He is also a financial controller of the Group. He is a fellow member of Association of Chartered & Certified Accountants and an associate member of Hong Kong Institute of Certified Public Accountants.

- (e) The English text of this circular shall prevail over the Chinese text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection at the Company's principal place of business in Hong Kong at 3406, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong during normal business hours on any weekday (except for public holidays) up to and including the date of the SGM:

- (a) the Raw Materials Supply Agreement;
- (b) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 8 to 9 of this circular;
- (c) the letter issued by First Shanghai to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 10 to 15 of this circular;
- (d) the written consent of First Shanghai referred to in paragraph 7(c) above.

NOTICE OF SGM



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

(Incorporated in the Bermuda with limited liability)

(Stock Code: 2323)

NOTICE IS HEREBY GIVEN that a Special General Meeting of Topsearch International (Holdings) Limited (the “**Company**”) will be held at Mont Blanc Room, Pacific Place, Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Friday, 29 September 2006 at 9:30 am for the purpose of considering and, if thought fit, passing the following resolution as an Ordinary Resolution:

“THAT:

- (a) the raw materials supply agreement (the “**Raw Materials Supply Agreement**”) (a copy of which is tabled at the meeting and marked “A” and initialed by the chairman of the meeting for identification purpose) dated 18 August 2006 and entered into between (i) Kingboard Copper Foil (Macao Commercial Offshore) Limited (建滔銅箔（澳門離岸商業服務）有限公司) and Kingboard Laminates (Macao Commercial Offshore) Limited (建滔積層板（澳門離岸商業服務）有限公司); and (ii) Topsearch Printed Circuits (HK) Limited and the non-exempt continuing connected transactions (as defined in the Listing Rules) contemplated thereunder be and are hereby approved;
- (b) the Annual Caps (as defined in the Circular) for each of the three financial years ending 31 December 2008 and the six months ended 30 June 2009 be and are hereby approved; and
- (c) any one Director, or any two Directors or one Director and the Company Secretary if the affixation of the common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to take all steps necessary or expedient to implement and/or give effect to the Raw Materials Supply Agreement.”

By order of the Board

Topsearch International (Holdings) Limited

Cheok Ho Fung

Chairman and Chief Executive Officer

Hong Kong, 11 September 2006

* *For identification purposes only*

NOTICE OF SGM

*Hong Kong Head Office and
Principal Place of Business:*
3406, China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Notes:

1. A shareholder entitled to attend and vote at the above meeting may appoint one or more than one proxies to attend and to vote in his stead. A proxy need not be a shareholder of the Company.
2. Where there are joint registered holders of any Share in the issued share capital of the Company (“**Share**”), any one of such persons may vote at the meeting, either personally or by proxy, in respect of such Share as if he/she/it were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Share shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be delivered to the office of the branch share registrars of the Company in Hong Kong, Tengis Limited, situate at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

As at the date of this notice, the Board comprises Mr. Cheok Ho Fung, 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.