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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)

ANNOUNCEMENT

The public float of the Company has fallen below 25% of the entire issued share capital of the Company. The Company is now taking various steps to restore the public float of the Company as soon as possible.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

The Board wishes to announce that as at the date of this announcement, the public float of the Company is 19.02% which has fallen below 25% of the entire issued share capital of the Company, the Minimum Prescribed Percentage.

BACKGROUND

The Company was made aware by the DI Forms given by Kingboard Investments Limited, currently a substantial shareholder of the Company, under the SFO on or about 30 November 2006 showing that Kingboard Investments Limited had acquired 37,450,000 Shares and 31,490,000 Shares on 28 November 2006 and 29 November 2006 respectively. After the Acquisitions, the aggregate interests of Kingboard, Kingboard Investments Limited and Kingboard Laminates Limited (where Kingboard Investments Limited and Kingboard Laminates Limited were both subsidiaries of Kingboard) increased from 16.99% to 21.36% (after the acquisition on 28 November 2006) and 25.04% (after the acquisition on 29 November 2006) of the then issued share capital of the Company respectively. According to the DI Form filed by Hallgain Management Limited dated 30 November 2006, as at the date thereof, the entire issued share capital of Kingboard Investments Limited and Kingboard Laminates Limited was beneficially owned by Jamplan (BVI) Limited which in turn was wholly and beneficially owned by Kingboard. According to the said

DI Form, as at the date of the said DI Form, Hallgain Management Limited was interested in approximately 30.46% of the issued share capital of Kingboard. According to Rule 8.24 of the Listing Rules, Kingboard Investments Limited, being a substantial shareholder and a connected person of the Company, would not be regarded as a member of “the public” and the Shares held by it would not be regarded as “in public hands”.

As at 1 December 2006, Inni and Mr. Cheok (where 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), the controlling Shareholders, held in aggregate 56.04% of the then issued share capital of the Company. Inni, Mr. Cheok and the Kingboard Group in aggregate therefore were interested in approximately 81.08% of the entire issued share capital of the Company as at 1 December 2006 and the public float of the Company were 18.92%.

As a result of the Acquisitions and based on the records kept by the Company, the percentage of Shares that remains in the public hands has fallen below the Minimum Prescribed Percentage from approximately 26.97% (prior to the Acquisitions) to 18.92% (immediately after the Acquisitions). As at the date hereof, approximately 19.02% of the entire issued share capital of the Company is in the public hands. The number of Shares in the public hands has increased since the Acquisitions because some of the options of the Shares were exercised by the employees of the Group since November 2006. As at the date hereof, there are no outstanding options of the Shares which have not yet been exercised.

The shareholding structure of the Company as at the date of this announcement is set out as follow:

Shareholders	As at the date of this announcement	
	No. of Shares held	Approx. %
Kingboard Investments Limited (<i>Note 1</i>)	211,554,000	24.67
Kingboard Laminates Limited (<i>Note 1</i>)	202,000	0.02
Kingboard (<i>Note 1</i>)	2,766,000	0.32
Subtotal of Kingboard Group	214,522,000	25.01
Inni (<i>Note 2</i>)	432,000,000	50.37
Mr. Cheok (<i>Note 2</i>)	48,000,000	5.60
Subtotal of Controlling Shareholders	480,000,000	55.97
Public Shareholders	163,078,000	19.02
Total	857,600,000	100.00

Note 1: As at 29 November 2006, the entire issued share capital of Kingboard Investments Limited and Kingboard Laminates Limited was beneficially owned by Jamplan (BVI) Limited which in turn was wholly and beneficially owned by Kingboard. Hallgain Management Limited was interested in approximately 30.46% of the issued share capital of Kingboard. Kingboard Group has nominated one representative, Mr. Mok Cham Hung, Chadwick, on the Board.

Note 2: 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.

STEPS TAKEN TO RESTORE THE PUBLIC FLOAT

The Directors became aware of the shortfall in the public float upon receipt of the provision of the DI Form given by the Kingboard Group in relation to its acquisition of the Shares on or about 30 November 2006. Having noticed the Acquisitions which decreased the public float, the chairman and the chief executive officer of the Company had immediately discussed with the member of the board of Kingboard Group and see whether they could reduce their shareholdings in the Company so as to restore the public float as it was considered reasonable for Kingboard Group to take action also to restore the public float of the Company. However, after the lapse of few months, the Board has not received any further response from the Kingboard Group and realised that Kingboard Group did not take any action to reduce its shareholdings in the Company. While the Board was waiting for the response from the Kingboard Group with a view that it would also take action to restore the public float of the Company within a short period of time, it inadvertently failed to inform the Stock Exchange the insufficiency of the public float in a timely manner and only informed the Stock Exchange on 17 May 2007.

Having realised the insufficiency of the public float of the Company, the controlling Shareholders have also considered whether it is possible for them to reduce their shareholdings so as to restore the public float of the Company. However, as it was one of the obligations of the Company under the existing bank borrowings that Mr. Cheok has to maintain not less than 51% of the shareholdings in the Company, Mr. Cheok or Inni were not be able to restore the minimum public float by reducing their respective shareholdings in the Company.

PROPOSED ACTIONS TO RESTORE THE PUBLIC FLOAT OF THE COMPANY

Further to the great efforts in the discussions between the Company, the substantial Shareholders and the controlling Shareholders as to the possibility of disposing of the Shares, the Directors will continue to use their best endeavours to explore other possible ways to restore the public float of the Company. It is now seeking advice from reputable corporate finance houses and legal advisors as to the options available for the purpose of restoring the Company's public float in light of the current market environment, e.g. placing of existing Shares or issue of new Shares. A meeting will also be held between the controlling Shareholders and the Kingboard Group to discuss the possibility of disposing of the Shares. In order to fit the schedules of the controlling Shareholders and the management of the Kingboard Group, it is targeted that the said meeting to be held within one month from the date of this announcement.

The fact that the public float of the Company has fallen below the Minimum Prescribed Percentage has constituted a breach of Rule 8.08(1)(a) of the Listing Rules since November 2006. The Board is attempting to resolve the issue of maintaining the minimum 25% public float within three months from the date of this announcement in a manner which is in the interests of all its Shareholders. The Board considers that a three-month period is required for resolving this issue because it is expected that more than one meeting between the controlling Shareholders and Kingboard Group are required and if new Shares are issued, it will also take times for the Company to identify the places for the new Shares. A further announcement may be made in this respect in due course to keep the Shareholders informed of the progress of this matter.

The Stock Exchange has stated that it will monitor closely all trading in the Shares to ensure that a false market does not develop and may suspend the trading in the Share if there is any unusual price movement. Shareholders and potential investors are advised to exercise caution when dealing the Shares.

DEFINITION

Unless the context otherwise requires, the terms used herein shall have the meaning as follows:

“Acquisitions”	the acquisitions of the Shares by Kingboard Group on 28 November 2006 and 29 November 2006
“Board”	the board of Directors
“Company”	Topsearch International (Holdings) Limited
“Directors”	the directors of the Company
“DI Form”	the prescribed form of disclosure of interest for the purpose of the disclosing the interest of substantial shareholders or directors of a company under the SFO
“Group”	the Company and its subsidiaries
“Inni”	Inni International Inc, one of the controlling Shareholders
“Kingboard”	Kingboard Chemical Holdings Limited, a company the shares of which are listed on the main board of the Stock Exchange
“Kingboard Group”	Kingboard, together with its subsidiaries
“Listing Rules”	the Rules Governing the Listing of the Securities on the Stock Exchange

“Minimum Prescribed Percentage”	the minimum prescribed percentage as required by Rule 8.08 of the Listing Rules
“Mr. Cheok”	Mr. Cheok Ho Fung, the chairman and chief executive officer of the Board and one of the controlling Shareholders
“SFO”	the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
“Shares”	the shares of HK\$0.10 each in the Company
“Shareholders”	the holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

On behalf of the Board
Cheok Ho Fung
Chairman and Chief Executive Officer

22 May 2007

As at the date of this announcement, the Board comprise Mr. Cheok Ho Fung and Mr. Ting Sui Ping, being the Executive Directors, Mr. Tang Yok Lam, Andy, Mr. Ng Kwok Ying, Alvin and Mr. Mok Cham Hung, Chadwick, being the Non-Executive Directors and Mr. Leung Shu Kin, Alfred, Mr. Wong Wing Kee and Mr. Ng Kee Sin being the Independent Non-Executive Directors.

* *For identification purpose only*

Please also refer to the published version of this announcement in The Standard.