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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)**

**I) DISCLOSEABLE TRANSACTION RELATING TO ACQUISITION OF LAND**  
**II) REPAYMENT OF LOAN**  
**III) EXERCISE OF GENERAL MANDATE**  
**IV) RESTORATION OF PUBLIC FLOAT**  
**AND**  
**V) RESUMPTION OF TRADING**

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules. The Board announces that after trading hours on 23 August 2007, the Company entered into the Land Acquisition Agreement with Majestic Wealth, pursuant to which the Company has conditionally agreed to acquire from Majestic Wealth the Land B for a consideration of RMB71 million. The Company will finance RMB52,696,498 (equivalent to HK\$54,172,000) of the Consideration by issuing the Land Consideration Shares with the outstanding balance of RMB18,303,502 (equivalent to HK\$18,816,000) to be settled on or before 31 December 2008.

Wealthstar, a wholly-owned subsidiary of the Company, is indebted to Majestic Wealth of RMB 53,189,963, being the Loan. After trading hours on 23 August 2007, Sure-Get, a creditor of Majestic Wealth, acquired the Loan from Majestic Wealth, the purchase price of which will be settled by way of a set off against the debts due to Sure-Get from Majestic Wealth.

After trading hours on 23 August 2007, the Company and Sure-Get entered into the Debt Settlement Agreement, pursuant to which the Company agreed to issue the Loan Consideration Shares to Sure-Get to repay RMB27,645,914 (equivalent to HK\$28,420,000) of the Loan with the outstanding balance of RMB25,544,049 (equivalent to HK\$26,259,282) to be settled on or before 31 December 2008. The Land Acquisition Agreement and the Debt Settlement Agreement are not inter-conditional.

\* *For identification purpose only*

The Land Acquisition Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The Company will despatch to the Shareholders a circular containing further information on the Land Acquisition Agreement as soon as practicable.

**At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 24 August 2007. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 28 August 2007.**

## **I. THE LAND ACQUISITION AGREEMENT DATED 23 AUGUST 2007**

### **Parties**

The Company and Majestic Wealth. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Majestic Wealth and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

### **Asset to be acquired**

Land B, two parcels of contiguous vacate industrial land located in phase II of Tongliao Economic Development Zone, Inner Mongolia, the PRC with a site area of approximately 279,333.78 square metres.

### **Consideration**

The Consideration of RMB71 million was determined after arm's length negotiation between the parties based on normal commercial terms with reference to the valuation of Land B as at 31 July 2007 performed by DTZ Debenham Tie Leung Limited ("DTZ"), an independent valuer. In valuing Land B, DTZ have valued it by direct comparison approach by making reference to comparable sales evidence as available in the relevant market. The Directors (including the independent non-executive Directors) consider that the Consideration is fair and reasonable so far as the Company and the Shareholders are concerned.

RMB52,696,498 (equivalent to HK\$54,172,000) of the Consideration will be payable by the Company by issuing 93,400,000 new Shares at HK\$0.58 per Share, representing 10.89% of the existing issue capital and 9.82% of issue capital as enlarged by the issue of Land Consideration Shares. The nominal value of the Land Consideration Shares is HK\$9,340,000. The outstanding balance of RMB18,303,502 (equivalent to HK\$18,816,000) will be settled by internal resources or equity issues on or before 31 December 2008. Further announcement will be made by the Company in this regard in accordance with the Listing Rules, if required. The Company will not proceed with any equity issues that would result in a change of control of the Company as defined in the Hong Kong Codes on Takeovers and Mergers for the purpose of financing the outstanding balance. The issue price for the Land Consideration Shares has been determined by the parties with reference to approximately 17.1% discount to the 5-day average trading price of the Shares prior to the date of the Land Acquisition

Agreement after taking into account of the requirements under the Rule 13.36 (5) of the Listing Rules, and represents:

- a discount of approximately 14.70% to the closing price of HK\$0.68 per Share as quoted on the Stock Exchange on the Last Trading Date;
- a discount of approximately 15.94% to the average closing price of HK\$0.69 per Share for the five consecutive trading days up to and including the Last Trading Date;
- a discount of approximately 22.66% to the average closing price of HK\$0.75 per Share for the ten consecutive trading days up to and including the Last Trading Date; and
- a discount of approximately 55.03% over the audited consolidated net asset value per Share as at 31 December 2006 of approximately HK\$1.29.

The Land Consideration Shares will be issued within three days upon satisfaction of all condition precedent to the Land Acquisition Agreement. There is no restriction on the subsequent sale of the Land Consideration Shares.

There was no transaction between the Group and Majestic Wealth that was completed within a 12 month period from the date of the Land Acquisition Agreement that would require aggregation under Rule 14.22 of the Listing Rules.

### **Condition precedent**

Completion of the Land Acquisition Agreement is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the Land Consideration Shares on or before 31 December 2007, or such other date as the parties to the Land Acquisition Agreement may agree.

### **Reasons for the entering into the Land Acquisition Agreement**

The Group is principally engaged in the manufacture and sale of a broad range of printed circuit boards. Taking into account the substantial increase in production and labour costs in the Guangdong area of the PRC in recent years, the Directors consider it is beneficial for the Group to shift part of its production to Tongliao Economic Development Zone, Inner Mongolia, the PRC, which has a lower cost base. It is expected that the Tongliao manufacturing plant located on Land A will commence operation in the fourth quarter of 2007. The Directors consider that it is beneficially to the Group to acquire Land B, which is adjacent to Land A, for future expansion of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Land Acquisition Agreement are on normal commercial terms and fair and reasonable so far as the Company and the Shareholders are concerned and the Land Acquisition Agreement are beneficial to and is in the interest of the Company and the Shareholders as a whole.

## II. THE DEBT SETTLEMENT AGREEMENT DATED 23 AUGUST 2007

### Parties

The Company and Sure-Get

### Repayment of the Loan

Pursuant to the Building Agency Agreement dated 28 June 2005 entered into between Wealthstar, a wholly-owned subsidiary of the Company and Majestic Wealth, Majestic Wealth agreed to acquire, on behalf of Wealthstar, Land A (a piece of industrial land located in phase II of Tongliao Economic Development Zone, Inner Mongolia, the PRC with a site area of approximately 230,667 square metres) for the development of a manufacturing plant for printed circuit boards. The land premium for Land A and the building cost of the plant amounted to approximately USD2,100,190 (equivalent to HK\$16,321,000) and RMB101,298,325 (equivalent to HK\$104,134,678) respectively. Wealthstar has paid for the entire amount of the land premium. Pursuant to the Building Agency Agreement, Majestic Wealth had agreed to manage the building process for the manufacturing plant and paid for the construction cost in advance, whereby such cost would be reimbursed by Wealthstar. Pursuant to the Building Agency Agreement, the construction cost should be settled according to the following schedule:

	<b>Due date</b>	<b>RMB (million)</b>
1st stage	31 December 2005	20
2nd stage	31 March 2006	20
3rd stage	30 June 2006	20
4th stage	30 September 2006	20
5th stage	31 December 2006	22 (Note)

*Note:* To be adjusted based on actual payment amount.

Majestic Wealth has paid for the construction cost of the plant of RMB101,298,325 in advance. Of RMB101,298,325, RMB51,000,000 had been repaid by Wealthstar to Majestic Wealth, with the remaining RMB50,298,325 outstanding due to delay in the relocation progress of the Group's manufacturing base from Guangdong Province to Inner Mongolia. As at the date of this announcement, construction of the manufacturing plant was substantially completed. The amount together with interest due from Wealthstar to Majestic Wealth, being the Loan, amounts to approximately RMB53,189,963. Save for the Land Acquisition Agreement, the Building Agency Agreement, its supplemental agreements and the transactions contemplate thereunder, there was no other relationship between the Company and Majestic Wealth.

After trading hours on 23 August 2007, Sure-Get, a creditor of Majestic Wealth, acquired the Loan from Majestic Wealth, the purchase price of which will be settled by way of a set off against the debts due to Sure-Get from Majestic Wealth. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Sure-Get and its ultimate beneficial owner are third

parties independent of the Company and connected persons of the Company. Save for entering into the Debt Settlement Agreement, there was no other prior transaction or relationship between the Company and Sure-Get. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, save for being a business partner and creditor of Majestic Wealth, there was no other relationship between Sure-Get and Majestic Wealth and their ultimate beneficial owners.

Pursuant to the Debt Settlement Agreement, the Company will issue the Loan Consideration Shares (being 49,000,000 new Shares) at HK\$0.58 per Share, representing 5.71% of the existing issue capital and 5.40% of the issue capital as enlarged by the issue of Loan Consideration Shares, for the repayment of approximately RMB27,645,914 (equivalent to HK\$28,420,000) of the Loan. The nominal value of the Loan Consideration Shares is HK\$4,900,000. The outstanding balance of RMB25,544,049 (equivalent to HK\$26,259,282) will be settled by internal resources or equity issues on or before 31 December 2008. Further announcement will be made by the Company in this regard in accordance with the Listing Rules, if required. The Company will not proceed with any equity issues that would result in a change of control of the Company as defined in the Codes on Takeovers and Mergers for the purpose of financing the outstanding balance. The issue price for the Loan Consideration Shares has been determined by the parties with reference to the 17.1% discount to the 5-day average trading price of the Shares prior to the date of the Loan Settlement Agreement after taking into account of the requirements under the Rule 13.36(5) of the Listing Rules, and represents:

- a discount of approximately 14.70% to the closing price of HK\$0.68 per Share as quoted on the Stock Exchange on the Last Trading Date;
- a discount of approximately 15.94% to the average closing price of HK\$0.69 per Share for the five consecutive trading days up to and including the Last Trading Date;
- a discount of approximately 22.66% to the average closing price of HK\$0.75 per Share for the ten consecutive trading days up to and including the Last Trading Date; and
- a discount of approximately 55.03% over the audited consolidated net asset value per Share as at 31 December 2006 of approximately HK\$1.29.

The Loan Consideration Share will be issued within three days upon satisfaction of all condition precedent to the Debt Settlement Agreement. There is no restriction on the subsequent sale of the Loan Consideration Shares.

### **Condition precedent**

Completion of the Debt Settlement Agreement is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the Loan Consideration Shares on or before 31 December 2007, or such other date as the parties to the Debt Settlement Agreement may agree.

## Reasons for the entering into the Debt Settlement Agreement

After considering the existing cashflow and gearing position of the Group, the Company considers the repayment of part of the Loan by issuance of the Loan Consideration Shares would enable the Group to preserve its working capital for business operation and development. The Directors (including the independent non-executive Directors) consider that the terms of the Debt Settlement Agreement are fair and reasonable so far as the Company and the Shareholders are concerned and the Debt Settlement Agreement are beneficial to and is in the interest of the Company and the Shareholders as a whole.

The Land Acquisition Agreement and the Debt Settlement Agreement are not inter-conditional.

## Information of Majestic Wealth and Sure-Get

Majestic Wealth is a company incorporated in Samoa and is an investment company which invests in various projects in the PRC including, but not limited to, natural resources, energy, securities and manufacturing. Sure-Get is a company incorporated in the British Virgin Islands and is an investment company which invests in various projects in the PRC including, but not limited to, natural resources and securities. To the best knowledge and belief of the Directors having made all reasonable enquiry, the Directors confirm that each of Majestic Wealth and Sure-Get and their ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

## III. SHAREHOLDING STRUCTURE AND RESTORATION OF PUBLIC FLOAT

The shareholding structure of the Company upon completion of the Land Acquisition Agreement and Debt Settlement Agreement is as follows:

Shareholders	As at the date of this announcement		Upon the issuance of the Land Consideration Shares and the Loan Consideration Shares	
	No. of Shares held	%	No. of Shares held	%
Mr. Peter Cheok, Chairman and chief executive officer of the Company and Inni International Inc. (note)	510,250,000	59.50%	510,250,000	51.03%
Kingboard Investments Limited	208,538,000	24.32%	208,538,000	20.85%
Kingboard Laminates Limited	202,000	0.02%	202,000	0.02%
Kindboard Chemical Holdings Limited, a company listed on the Stock Exchange	2,766,000	0.32%	2,766,000	0.28%
<b>Sub-total of Kingboard group</b>	<b>211,506,000</b>	<b>24.66%</b>	<b>211,506,000</b>	<b>21.15%</b>
<b>Public:</b>				
Majestic Wealth	0	0.00%	93,400,000	9.34%
Sure-Get	0	0.00%	49,000,000	4.90%
the Public Shareholders	<u>135,844,000</u>	<u>15.84%</u>	<u>135,844,000</u>	<u>13.58%</u>
<b>Total</b>	<u><u>857,600,000</u></u>	<u><u>100.00%</u></u>	<u><u>1,000,000,000</u></u>	<u><u>100.00%</u></u>

*Note:* 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.

Reference is made to the announcements of the Company dated 22 May 2007, 26 June 2007 and 30 July 2007 in relation to the insufficient public float of the Company. Upon completion of the Land Acquisition Agreement and Debt Settlement Agreement, the public float of the Company will be 27.82%, which is above the minimum public float requirements required by Rule 8.08 of the Listing Rules. Application will be made to the Stock Exchange for the listing of and permission to deal in the Land Consideration Shares and the Loan Consideration Shares.

#### **IV. GENERAL MANDATE**

The Land Consideration Shares and the Loan Consideration Shares will be issued under the General Mandate granted to the Company at the annual general meeting of the Company dated 8 June 2007. Under the General Mandate, the Directors are allowed to allot and issue up to 171,520,000 Shares. As at the date of this announcement, no part of the General Mandate has been utilized.

#### **V. FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT**

The Company has not conducted any equity fund raising exercise in the past 12 months preceding the date of this announcement.

#### **VI. GENERAL**

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

The Land Acquisition Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The Company will despatch to the Shareholders a circular containing further information on the Land Acquisition Agreement as soon as practicable.

**At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 24 August 2007. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 28 August 2007.**

## DEFINITIONS

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Building Agency Agreement”	the agreement dated 28 June 2005 entered into between Wealthstar and Majestic Wealth in relation to the acquisition of Land A and building of a production plant
“Company”	Topsearch International (Holdings) Limited, a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	RMB71 million, being the consideration of Land B
“Debt Settlement Agreement”	the agreement dated 23 August 2007 entered into between the Company and Sure-Get in relation to the settlement of the Loan as more particularly set out under the section headed “THE DEBT SETTLEMENT AGREEMENT DATED 23 August 2007” of this announcement
“Directors”	the directors of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting held on 8 June 2007, among other things, to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the annual general meeting
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Land A”	a piece of industrial land located in phase II of Tongliao Economic Development Zone, Inner Mongolia, the PRC with a site area of approximately 230,667 square metres
“Land Acquisition Agreement”	the agreement dated 23 August 2007 entered into between the Company and Majestic Wealth in relation to the purchase of Land B as more particularly set out under the section headed “THE LAND ACQUISITION AGREEMENT DATED 23 August 2007” of this announcement
“Land B”	two parcels of contiguous vacate industrial land located in phase II of Tongliao Economic Development Zone, Inner Mongolia, the PRC with a site area of approximately 279,333.78 square metres



“Land Consideration Shares”	93,400,000 new Shares at par value of HK\$0.1 per Share to be issued by the Company to Majestic Wealth as part payment of the consideration for the acquisition of Land B
“Last Trading Day”	23 August 2007, being the last trading date of the Shares prior to the release of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	RMB53,189,963, being the aggregated amount of RMB 50,298,325 and accrued interest of RMB2,891,638 due from Wealthstar to Majestic Wealth and assigned to Sure-Get
“Loan Consideration Shares”	49,000,000 new Shares at par value of HK\$0.1 per Share to be issued by the Company to Sure-Get for part repayment of the Loan
“Majestic Wealth”	Majestic Wealth Limited, a company incorporated in Samoa and a third party independent of the Company and connected persons of the Company
“PRC”	the People’s Republic of China, which, for the purposes of this announcement does not include Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.1 each in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sure-Get”	Sure-Get Securities Limited, a company incorporated in the British Virgin Islands and a third party independent of the Company and connected persons of the Company
“USD”	U.S. dollar(s), the lawful currency of the United States of America
“Wealthstar”	Wealthstar International Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company

*Unless otherwise specified in this announcement, amounts denominated in RMB and USD have been converted, for the purpose of illustration only, into HK\$ as follows:*

*RMB 1 = HK\$1.028*

*USD 1 = HK\$7.7712*

*No representation is made that any amount in HK\$ could have been or could be converted at the above rate or at any other rates or at all.*

By Order of the Board  
**Topsearch International (Holdings) Limited**  
**Cheok Ho Fung**  
*Chairman and Chief Executive Officer*

Hong Kong, 27 August 2007

*As at the date of this announcement, the Board comprises Mr. Cheok Ho Fung, Mr. Ting Sui Ping, Mr. Liu Wai On, Mr. Tong Nelson Chi Wing and Mr. Kwok Chi Kwong, Danny 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, Mr. Ng Kee Sin and Mr. Xiang Dong being the independent non-executive directors.*