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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)

**(1) TERMINATION OF ACQUISITION;
(2) OFF-MARKET REPURCHASE OF SHARES
AND
(3) RESUMPTION OF TRADING**

Financial Adviser



**WALLBANCK BROTHERS
Securities (Hong Kong) Limited**

TERMINATION OF ACQUISITION

Reference is made to the announcements of the Company dated 27 August 2007, 20 October 2009, 19 November 2009, 18 December 2009 and 20 January 2010.

On 23 August 2007, the Company entered into the Acquisition Agreement with Majestic Wealth for the purchase of the Property at RMB71 million. Among the RMB71 million consideration, of which RMB52,696,498 was satisfied by issue and allotment of 93,400,000 new Shares at HK\$0.58 each to Majestic Wealth. The remaining balance of RMB18,303,502 is to be settled in cash pursuant to the Acquisition Agreement. The Company has not paid the remaining balance of RMB18,303,502 to Majestic Wealth as at the date of this announcement.

* *For identification purpose only*

Based on commercial considerations as stated below in this announcement, after trading hours on 17 February 2010, the Company, Majestic Wealth and Topsearch Tongliao entered into the Termination Agreements to unwind the Acquisition by:

- (i) terminating the transfer of the Property to the Group;
- (ii) extinguishing the Group's payment obligation in respect of the remaining balance of RMB18,303,502; and
- (iii) repurchasing and canceling the Repurchased Shares by the Company for no consideration.

Pursuant to the Termination Agreements, the Company will pay Majestic Wealth for RMB350,000 as the consideration.

Pursuant to the Termination Agreements, the provision in the Acquisition Agreement relating to the settlement of debt between the Group and Majestic Wealth will not be terminated.

OFF-MARKET REPURCHASE OF SHARES

On Completion, the Repurchased Shares that are repurchased by the Company will be cancelled. As a result, the number of Shares in issue following the Securities Repurchase will be reduced from 1,000,000,000 (being the number of Shares currently in issue) to 906,600,000. Majestic Wealth has no securities of the Company other than the Repurchased Shares and it will hold no more Shares after Completion.

It is envisaged that immediately upon completion of the Termination Agreements, the public float of the Company will fall below the minimum public float requirement under Rule 8.08(1) of the Listing Rules.

IMPLICATIONS OF THE REPURCHASE CODE

The transactions contemplated under the Termination Agreements constitute an off-market repurchase of shares by the Company under the Repurchase Code. The Termination Agreements are conditional as described below. In particular, the Securities Repurchase is subject to approval by at least three-fourths of the vote cast on a poll by Disinterested Shareholders present in person or by proxy at the SGM and approval by the Executive. There is no assurance that such approvals will be granted or that all conditions precedent of the Termination Agreements will be fulfilled. The SGM will be convened and held to consider and, if thought fit, approve the Termination Agreements and the transactions contemplated therein.

The Independent Board Committee has been established to give recommendation to the Disinterested Shareholders regarding the Termination Agreements, and an independent financial adviser will be appointed to advise the Independent Board Committee in this regard. An announcement will be made as soon as the independent financial adviser is appointed.

A circular containing, among other things, further details of the Termination Agreements, the respective letters of advice from the Independent Board Committee and the independent financial adviser, the notice of the SGM and other information as required under the Repurchase Code, will be despatched to the Shareholders as soon as practicable.

RESUMPTION OF TRADING

Trading in the shares of the Company was suspended at the request of the Company with effect from 9:30 a.m. on 18 February 2010 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 2:30 p.m. on 18 February 2010.

THE TERMINATION AGREEMENTS

The principal terms of the Termination Agreements are as follows:

Date : 17 February 2010

Parties : The Company;
Topsearch Tongliao; and
Majestic Wealth

Principal Terms : (i) terminating the transfer of the Property to the Group;
(ii) extinguishing the Group's payment obligation in respect of the remaining balance of RMB18,303,502; and
(iii) repurchasing the Repurchased Shares by the Company for no consideration.

Consideration

The Company agrees to pay Majestic Wealth RMB350,000 as the consideration for the Termination Agreements.

The consideration of RMB350,000 was determined between the Company, Majestic Wealth and Topsearch Tongliao after arm's length negotiations.

Upon the Securities Repurchase by the Company at Completion, the Repurchased Shares will be cancelled in accordance with the Companies Act of Bermuda.

Pursuant to the Termination Agreements, the provision in the Acquisition Agreement relating to the settlement of debt between the Group and Majestic Wealth will not be terminated.

The Repurchased Shares

The Repurchased Shares amount to 93,400,000 Shares and represent approximately 9.34% of the issued share capital of the Company as at the date of this announcement. The Repurchased Shares will be transferred to the Company at the price of HK\$0.58 per Share and then cancelled.

The price of HK\$0.58 per Share agreed by the parties for the cancellation of the Repurchased Shares represents:

- (i) the issue price of HK\$0.58 per Share as part of the consideration for the Acquisition as recorded by the Company and disclosed in note 30 to the financial statements set out in the annual report of the Company for the year ended 31 December 2007;
- (ii) a premium of approximately 41.46% over the closing price of HK\$0.41 per Share as quoted on the Stock Exchange on 17 February 2010, being the date of the Termination Agreements;
- (iii) a premium of approximately 38.09% over the average of the closing price of approximately HK\$0.42 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 17 February 2010;
- (iv) a premium of approximately 31.82% over the average of the closing price of approximately HK\$0.44 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 17 February 2010; and
- (v) a discount of approximately 48.67% to the unaudited net assets value per Share attributable to equity Shareholders of the Company as at 30 June 2009 of approximately HK\$1.13.

Conditions precedent of the Termination Agreements

Completion shall be conditional upon the conditions precedent set out below having been satisfied:

- (i) the necessary approval by the Executive for any off-market share repurchase to be made by the Company pursuant to the Termination Agreements; and
- (ii) the Shareholders having passed the necessary special resolution at general meeting of the Company to approve the Termination Agreements and the transactions (including the Share Repurchase) contemplated thereunder. Only Disinterested Shareholders have the voting rights at that general meeting.

The Securities Repurchase by the Company constitutes an off-market share repurchase of the Company. Under Rule 2 of the Repurchase Code, an off-market share repurchase must be approved by the Executive. The Executive's approval, if granted, will normally be conditional upon, among other things, approval of the proposed repurchase by at least three-fourths of the votes cast on a poll by Disinterested Shareholders present in person or by proxy at a general meeting to be held for such purposes. Due compliance with the aforesaid voting requirement on the Termination Agreements will be made by the Company in this regard.

Completion

Completion shall take place on the second business day after the fulfillment of the conditions precedent to the Termination Agreements.

Completion of the Termination Agreements will have the effect of completely unwinding the Acquisition, the result of which will be that Majestic Wealth will cease to have any interest in the share capital of the Company.

REASONS FOR ENTERING INTO THE TERMINATION AGREEMENTS

The Group initially expected to acquire the Property as part of the Group's plan to shift part of its production facilities to Tongliao Economic Development Zone, Inner Mongolia, the PRC, which has a lower cost base. Nonetheless, the Company considers that it is no longer in the interest of the Company and its shareholders as a whole to proceed with the development of the Property for the following reasons:

- (i) As disclosed in the annual report of the Group for the year ended 31 December 2007, as a result of the economic recession at the beginning of 2008, the demand for printed circuit boards, the manufacture and sale of which the Group is principally engaged in, has decreased substantially. The Company is of the opinion that the demand for printed circuit boards is unlikely to be restored in the near future to the level prior to 2008.

- (ii) In view of the above, the Company considers that it would not be in the interests of the Group to proceed with the development of the Property.
- (iii) However, pursuant to the Rules of Idle Land (Land Resources Department of PRC reference no.5), any delay in the development would attract a land idle fee under PRC law and the Property would be subject to the resumption by the PRC government. As the Property has been idle for a significant period of time, the PRC government has resumed the Property on 10 October 2009.

In these circumstances, the Company therefore entered into the Termination Agreements with Majestic Wealth and Topsearch Tongliao to unwind the Acquisition by:

- (i) terminating the transfer of the Property to the Group;
- (ii) extinguishing the Group's payment obligation in respect of the remaining balance of the consideration of RMB18,303,502; and
- (iii) repurchasing and canceling the Repurchased Shares by the Company for no consideration.

FINANCIAL EFFECTS OF UNWINDING THE LAND ACQUISITION

As disclosed in the annual report of the Group for the year ended 31 December 2008, the Company issued and allotted 93,400,000 Shares at HK\$0.58 each, totaling HK\$54,172,000 (equivalent to approximately RMB52,696,498), to Majestic Wealth as part of the consideration for the Acquisition. The Company has not yet obtained the land use right certificate of the Property, and such amount of HK\$54,172,000 (equivalent to approximately RMB52,696,498) was treated as "deposit paid for land lease" in the financial statements of the Group for the year ended 31 December 2008.

Subject to the review by the Company's auditors, it is estimated that as a result of completion of the Termination Agreements and the transactions contemplated thereunder, including the repurchase and cancellation of the Repurchased Shares, the consolidated net assets of the Group would decrease principally due to the reduction in share capital and reserve resulted from the cancellation of Repurchased Shares of approximately HK\$54,172,000.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the Completion assuming there is no change in the issued share capital and shareholding structure of the Company from the date of this announcement.

| | | As at the date of this announcement | | Immediately after Completion | |
|-------------------------------------|-----|-------------------------------------|----------------|------------------------------|----------------|
| | | Shares | % | Shares | % |
| Controlling shareholder | | | | | |
| Inni International Inc. | (a) | 432,000,000 | 43.20% | 432,000,000 | 47.65% |
| Mr. Cheok Ho Fung | | 78,250,000 | 7.83% | 78,250,000 | 8.63% |
| Subtotal | | 510,250,000 | 51.03% | 510,250,000 | 56.28% |
| Kingboard Group | | | | | |
| Kingboard Investments Limited | | 208,538,000 | 20.85% | 208,538,000 | 23.00% |
| Kingboard Laminates Limited | | 202,000 | 0.02% | 202,000 | 0.02% |
| Kingboard Chemical Holdings Limited | (b) | 2,766,000 | 0.28% | 2,766,000 | 0.31% |
| Subtotal | | 211,506,000 | 21.15% | 211,506,000 | 23.33% |
| Public shareholders | | | | | |
| Majestic Wealth | | 93,400,000 | 9.34% | — | — |
| Other Public Shareholders | | 184,844,000 | 18.48% | 184,844,000 | 20.39% |
| Subtotal | | 278,244,000 | 27.82% | 184,844,000 | 20.39% |
| Total | | 1,000,000,000 | 100.00% | 906,600,000 | 100.00% |

Notes:

- (a) Inni International Inc. is a company incorporated in the Republic of Liberia. The shares of Inni are owned as to 49% by Mr. Cheok Ho Fung and as to 51% jointly by Mr. Cheok Ho Fung and his spouse.
- (b) Kingboard Investments Limited and Kingboard Laminates Limited are wholly-owned subsidiaries of Jamplan (BVI) Limited which in turn is a wholly-owned subsidiary of Kingboard Chemical Holdings Limited.
- (c) As at the date of this announcement, there is no outstanding derivative in respect of securities of the Company entered into by the Company under Rule 3.5(d) of the Takeovers Code, no arrangement (whether by way of option, indemnity or otherwise) in relation to shares of the Company which might be material to the Securities Repurchase under Rule 3.5(f) of the Takeovers Code. There are no agreements or arrangements to which Majestic Wealth or the Company is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or condition to the

Securities Repurchase under Rule 3.5(g) of the Takeovers Code, and there are no relevant securities in the Company which Majestic Wealth has borrowed or lent, save for any borrowed shares which have been either on-lent or sold, under Rule 3.5(h) of the Takeovers Code.

Source: the records from the Tricor Abacus Ltd. and the Company reflecting the shareholding structure of the Company on 17 February 2010. In the event that the figures in the shareholding structure are different from those as disclosed in the above table, the Company would issue an announcement regarding the difference(s).

Following Completion, the Repurchased Shares will be cancelled. As a result, the number of Shares in issue following the Securities Repurchase will be reduced from 1,000,000,000 (being the number of Shares currently in issue) to 906,600,000. Majestic Wealth will hold no more securities or Shares of the Company. The percentage shareholdings of all other Shareholders in the Company will be proportionately increased by approximately 10.3%. Based on the SFO Register maintained by the Company as at the date hereof, the Directors are not aware of any person or group of persons acting in concert who, as a result of the Completion, will become obliged to make a general offer for all the issued Shares of the Company following Completion.

It is envisaged that immediately upon completion of the Termination Agreements, the public float of the Company will fall from 27.82% to 20.39% which is below the minimum public float requirement of 25% under Rule 8.08(1) of the Listing Rules. An announcement in relation to the insufficient public float of the Company will be issued upon Completion of the Termination Agreements. The Company will continue to pay close attention to the level of public float of the Company's shares and will strive to restore the public float of the Company to at least 25% of the total issued share capital of the Company as soon as possible. Further announcement(s) will be made on the restoration of the public float as and when appropriate.

IMPLICATIONS OF THE REPURCHASE CODE

The transactions contemplated under the Termination Agreements constitute an off-market share repurchase by the Company under the Repurchase Code. The Company has made an application to the Executive for approval of the Securities Repurchase pursuant to Rule 2 of the Repurchase Code. The Executive's approval, if granted, will normally be conditional upon, among other things, approval of the Securities Repurchase by at least three-fourths of the votes cast on a poll by the Disinterested Shareholders present in person or by proxy at a meeting to be held for such purposes.

As approval of the Executive of the Securities Repurchase is a condition of the Termination Agreements, the Company will not proceed to Completion unless the Executive approves the Securities Repurchase pursuant to Rule 2 of the Repurchase Code. However, there is no assurance that such approval will be granted or that all the conditions precedent to the Termination Agreements will be fulfilled (or where applicable, waived).

By reason of the requirements of the Repurchase Code described above, Majestic Wealth, its Associates and parties acting in concert with it who together hold 93,400,000 Shares (representing approximately 9.34% of the existing issued share capital of the Company) as at the date of this

announcement, and those who are interested in the Termination Agreements, will abstain from voting in respect of the resolution to be proposed at the SGM to approve the Termination Agreements and the transactions contemplated thereunder.

A circular containing further details of the Termination Agreements, the letter from the Independent Board Committee giving its recommendation to the Disinterested Shareholders on the Termination Agreements, the letter from the independent financial adviser containing its advice to the Independent Board Committee relating to the Termination Agreements, the notice of the SGM and other information as required under the Repurchase Code will be dispatched to the Shareholders as soon as practicable.

GENERAL

The Group is principally engaged in manufacture and sale of a broad range of double-sided and multilayer printed circuit boards. The Company has not repurchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding this announcement.

Majestic Wealth is a company incorporated in Samoa and wholly and beneficially owned by Ms. Ma Li Rong. It is an investment company which invests in various projects in the PRC including, but not limited to, natural resources, energy, securities and manufacturing. Majestic Wealth and parties acting in concert with it have not dealt for value in any of the Shares in the six months preceding this announcement.

To the best knowledge and belief of the Directors who have made all reasonable enquiries, the Directors confirm that Majestic Wealth and its ultimate beneficial owner are independent of the connected persons of the Company, save and except Majestic Wealth holds 93,400,000 Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended with effect from 9:30 a.m. on 18 February 2010 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 2:30 p.m. on 18 February 2010.

DEFINITIONS

Unless the context otherwise requires, capitalized terms used in this announcement shall have the following meanings:

“Acquisition” the acquisition of the Property pursuant to the terms of the Acquisition Agreement

“Acquisition Agreement” the Main Acquisition Agreement and the Supplemental Acquisition Agreement

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| “Associate” | has the meaning ascribed to it under the Listing Rules |
| “Board” | the Board of Directors |
| “Company” | Topsearch International (Holdings) Limited, a company incorporated under the laws of Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange |
| “Completion” | completion of the Securities Repurchase in accordance with the Termination Agreements |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Director(s)” | the directors of the Company |
| “Disinterested Shareholders” | Shareholders other than Majestic Wealth and its Associates and parties acting in concert with it and those who are interested in the Termination Agreements and Securities Repurchase |
| “Executive” | the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any of his delegates |
| “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 committee of the Board comprising the independent non-executive Directors, namely Mr. Leung Shu Kin, Alfred, Mr. Wong Wing Kee, Mr. Ng Kee Sin and Mr. Xiang Dong, and non-executive Directors, namely, Mr. Tang Yok Lam and Mr. Ng Kwok Ying, Alvin, to advise the Disinterested Shareholders regarding the Termination Agreements and the transactions contemplated thereunder |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Main Acquisition Agreement” | the main agreement dated 23 August 2007 entered into between the Company and Majestic Wealth in relation to the acquisition of the Property and the settlement of debt between the Group and Majestic Wealth governed by Hong Kong law |

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| “Majestic Wealth” | Majestic Wealth Limited, a company incorporated in Samoa and independent of the connected persons of the Company, save and except Majestic Wealth holds 93,400,000 Shares |
| “PRC” | the People’s Republic of China |
| “Property” | two parcels of contiguous vacant 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 |
| “Repurchase Code” | the Hong Kong Code on Share Repurchases |
| “Repurchased Shares” | 93,400,000 Shares beneficially held by Majestic Wealth to be repurchased by the Company at Completion for cancellation pursuant to the terms of the Termination Agreements |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Securities Repurchase” | the proposed repurchase of the Repurchased Shares by the Company from Majestic Wealth under the Termination Agreements, which will constitute an off-market share repurchase by the Company pursuant to Rule 2 of the Repurchase Code |
| “SFO” | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “SFO Register” | the register of substantial shareholders required to be maintained by the Company pursuant to section 336 of the SFO |
| “SGM” | a special general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the Termination Agreements and the transactions contemplated thereunder |
| “Share(s)” | ordinary share(s) of HK\$0.10 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of the Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Supplemental Acquisition Agreement” | the supplemental agreement dated 23 August 2007 entered into between Topsearch Tongliao and Majestic Wealth in relation to the acquisition of the Property governed by the PRC law |

| | |
|--------------------------|--|
| “Takeovers Code” | the Hong Kong Code on Takeovers and Mergers |
| “Termination Agreements” | the agreement (governed by the laws of Hong Kong) dated 17 February 2010 entered into between the Company, Topsearch Tongliao and Majestic Wealth in relation to the partial termination of the Main Acquisition Agreement; and the agreement (governed by the PRC Laws) dated 17 February 2010 entered into between the Company, Topsearch Tongliao and Majestic Wealth in relation to the termination of the Supplemental Acquisition Agreement |
| “Topsearch Tongliao” | Topsearch Tongliao Investment (BVI) Limited (formerly known as Wealthstar International Limited), a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company |
| “%” | per cent. |

On behalf of the Board
Topsearch International (Holdings) Limited
Cheok Ho Fung
Chairman and Chief Executive Officer

Hong Kong, 18 February 2010

As at the date of this announcement, the Board comprises Mr. Cheok Ho Fung and Mr. Liu Wai On 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, Mr. Ng Kee Sin and Mr. Xiang Dong being the independent non-executive directors.

The Directors of the Company jointly and severally accept responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinion expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement herein misleading.