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

(Incorporated in Bermuda with limited liability)

(Stock Code: 2323)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

The board of directors (the "Board" or "Directors") of Topsearch International (Holdings) Limited (the "Company") is pleased to announce the audited consolidated results and financial positions of the Company and its subsidiaries (the "Group") for the year ended 31 December 2009 together with comparative figures of 2008 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2009

	Notes	**2009** *HK$'000*	2008 *HK$'000*
Revenue	*5*	**1,189,762**	1,558,810
Cost of sales		**(1,056,167)**	(1,442,597)
Gross profit		**133,595**	116,213
Other income	*5*	**9,639**	9,882
Other gains and losses	*6*	**(40,267)**	(55,961)
Other expenses		**—**	(38,615)
Selling and distribution costs		**(83,921)**	(109,503)
Administrative expenses		**(70,033)**	(64,119)
Finance costs	*7*	**(40,608)**	(27,596)
Loss before tax	*8*	**(91,595)**	(169,699)
Income tax (expense) credit	*9*	**(3,425)**	10,333
Loss for the year		**(95,020)**	(159,366)
Other comprehensive income			
Exchange difference arising on translation		**67**	73,807
Deficit on revaluation of buildings		**—**	(10,000)
Other comprehensive income for the year (net of tax)		**67**	63,807
Total comprehensive income for the year		**(94,953)**	(95,559)
Loss per share			
Basic		**9.5 cents**	15.9 cents
Diluted		**N/A**	15.9 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,219,509**	1,382,820
Prepaid lease payments		**38,770**	39,548
Interest in an associate		**100**	100
Amount due from an associate		**423**	458
Rental and utility deposits		**630**	647
Prepaid rent		**720**	931
Available-for-sale financial assets		**1,961**	2,247
Deposits paid for property, plant and equipment		**10,482**	19,882
Deposit paid for land lease		**—**	59,882
Deferred tax assets		**7,700**	7,700
		1,280,295	1,514,215
CURRENT ASSETS			
Inventories		**195,200**	235,301
Prepaid lease payments		**910**	887
Trade receivables	*12*	**240,656**	322,903
Other receivable		**31,756**	—
Prepayments, deposits and other receivables		**29,823**	38,496
Pledged bank deposits		**43,269**	155,235
Bank balances and cash		**57,547**	40,520
		599,161	793,342
CURRENT LIABILITIES			
Trade payables	*13*	**208,212**	412,446
Other payables and accruals		**113,263**	79,889
Interest-bearing bank loans		**385,092**	500,580
Obligations under finance leases		**10,275**	26,615
Shareholder's loans		**12,944**	—
Tax payable		**12,190**	9,306
		741,976	1,028,836
NET CURRENT LIABILITIES		**(142,815)**	(235,494)
		1,137,480	1,278,721

	Notes	**2009**	2008
		HK$'000	*HK$'000*
CAPITAL AND RESERVES			
Share capital		**100,000**	100,000
Reserves		**978,105**	1,073,058
		1,078,105	1,173,058
NON-CURRENT LIABILITIES			
Other payable		**—**	29,028
Obligations under finance leases		**—**	11,760
Shareholder's loan		**47,545**	47,545
Deferred tax liabilities		**11,830**	17,330
		59,375	105,663
		1,137,480	1,278,721

Notes:

1. GENERAL

The final results have been reviewed by the audit committee of the Company.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as explained in the accounting policies set out below. The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

2. BASIS OF PREPARATION

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group incurred a net loss of HK$95,020,000 during the year ended 31 December 2009 and, as of that date, the Group's total assets exceeded its current liabilities by HK$1,137,480,000 and current liabilities exceeded its current assets by HK$142,815,000.

In order to improve the Group's financial position, to provide liquidity and cash flows and to sustain the Group as a going concern, the directors of the Company have taken the following measures:

(a) subsequent to the end of the reporting period, the Group signed a strategic cooperative agreement with a bank in the People's Republic of China ("PRC"). The PRC bank agreed, subject to final approval, to grant to the Group total banking and trade facilities of RMB600,000,000 in the next two years wherein not less than RMB150,000,000 would be repayable over one year. The banking and trade facilities will be used to replace the existing banking facility of RMB290,000,000 granted by the same bank, which will expire in September 2010. The directors of the Company believe that the exact terms and conditions of the new facilities arrangement pertaining to the aforementioned strategic cooperative agreement can be agreed with the bank shortly;

(b) the directors of the Company have been taking various cost control measures to tighten the costs of operations and various general and administrative expenses;

(c) the Group has been implementing various sales strategies to reduce the Group's losses; and

(d) the controlling shareholder of the Company has undertaken not to demand for repayment of the shareholder's loans, amounting to HK$60,489,000 as at 31 December 2009, until the Group has cash and liquidity in excess of its funding for daily operations.

The directors of the Company consider that after taking into account the above and the banking facilities available to the Group as at 31 December 2009, the Group will have sufficient working capital to finance its operations and financial obligations as and when they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs"), amendments and interpretations ("HK(IFRIC)-Int") ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"):

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) — Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) — Int 13	Customer Loyalty Programmes
HK(IFRIC) — Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) — Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendments to HKFRS 5 that is effective for annual periods beginnig on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior periods.

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the basis of information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segment as compared with the primary reportable segments determined in accordance with HKAS 14.

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendment also expands and amends the disclosures required in relation to liquidity risk. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[5]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[7]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopers[3]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-Time Adopters[4]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[6]
HK(IFRIC) — Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[5]
HK(IFRIC) — Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments[4]

1 Effective for annual periods beginning on or after 1 July 2009
2 Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 January 2010
4 Effective for annual periods beginning on or after 1 July 2010
5 Effective for annual periods beginning on or after 1 January 2011
6 Effective for annual periods beginning on or after 1 January 2013
7 Effective for annual periods beginning on or after 1 February 2010

The adoption of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combinations for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

HKFRS 9 "*Financial instruments*" introduces new requirements for the classification and measurement of financial assets that will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 "*Financial Instruments: Recognition and Measurement*" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

4. SEGMENT INFORMATION

The Group has adopted HKFRS 8 *Operating Segments* with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor standard (HKAS 14 *Segment Reporting*) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

No segment information is presented as the manufacture and sale of printed circuit boards is the only major operating segment of the Group. The Group's chief operating decision maker (the Chief Executive Officer of the Group) regularly reviews the consolidated result of the Group as a whole for the purposes of resource allocation and assessment of performance. The Group considered that there is only one operating segment with the segment revenue, segment results, segment assets and segment liabilities equal the revenue, loss for the year, total assets and total liabilities respectively as reported in the consolidated financial statements.

(a) Geographical information

The following table provides an analysis of the Group's sales by geographical market based on the location of customers attributed to the group entities:

	2009	2008
	HK$'000	*HK$'000*
Malaysia	**274,589**	233,592
Singapore	**241,553**	372,693
The PRC	**233,242**	238,980
Hong Kong	**151,716**	185,005
Korea	**85,815**	55,674
Germany	**40,729**	56,334
Taiwan	**40,523**	52,463
United States of America	**37,677**	71,576
Others	**83,918**	292,493
	1,189,762	1,558,810

Notes:

(i) Revenues represents the amounts received and receivable for goods sold by the Group to outside customers, less discounts and sales related taxes, and is analysed on the basis of the customer's location.

(ii) Non current assets other than interest in an associate, amount due from an associate, available-for-sale financial assets and deferred tax assets amounting to HK$1,270,111,000 (2008: HK$1,503,710,000) are located in the entities' country of domicile, the PRC.

(b) Information about major customers

Revenue from customers contributing over 10% of the total sales of the Group is as follows:

	2009	2008
	HK$'000	*HK$'000*
Customer A	**209,970**	310,634
Customer B	**183,391**	N/A*

* The corresponding revenue did not contribute over 10% of the total sales of the Group.

5. OTHER INCOME

	2009	2008
	HK$'000	*HK$'000*
Interest income	**671**	1,436
Government grant *(Note)*	**3,027**	—
Others	**1,656**	890
Tooling income	**4,285**	7,556
	9,639	9,882

Note: The government grant represents reimbursement of other taxes and duties under a concession policy in Shaoguan, PRC.

6. OTHER GAINS AND LOSSES

	2009	2008
	HK$'000	*HK$'000*
Gain on disposal of an available-for-sale financial asset	**43**	—
Impairment loss of property, plant and equipment	**(6,465)**	(33,400)
Impairment loss of other receivable	**(28,126)**	–
Loss on disposal of property, plant and equipment	**(887)**	(515)
Net exchange (loss) gain	**(5,321)**	1,673
Revaluation deficit of buildings	**—**	(16,600)
Reversal of (allowance) for doubtful debts	**489**	(7,119)
	(40,267)	(55,961)

7. FINANCE COSTS

	2009	2008
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings wholly repayable within five years	**40,132**	21,087
Finance leases	**399**	5,950
Shareholder's loan	**77**	559
	40,608	27,596

8. (LOSS) BEFORE TAX

Loss before tax has been arrived at after charging (crediting):

	2009	2008
	HK'000	*HK'000*
Auditor's remuneration	**1,500**	1,950
Allowance for obsolete inventories (included in cost of sales)	**12,917**	2,010
Cost of inventories recognised as an expense	**1,056,167**	1,442,597
Depreciation of property, plant and equipment	**164,463**	181,918
Minimum lease payments under operating leases on land and buildings	**7,383**	7,547
Release of prepaid lease payments	**755**	691
Staff cost (excluding directors' remuneration)		
Wages and salaries	**159,648**	204,297
Provision for termination pay	**11,280**	30,205
Retirement benefit scheme contributions	**9,649**	9,378
Less: Forfeited contributions	**(146)**	(441)
	180,431	243,439

9. INCOME TAX EXPENSE (CREDIT)

	2009	2008
	HK$'000	*HK$'000*
The income tax expense (credit) comprises:		
PRC Enterprise Income Tax		
Current year	**7,385**	4,117
Under-provision in prior years	**1,540**	—
Deferred taxation	**(5,500)**	(14,450)
	3,425	(10,333)

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits arising in Hong Kong for both years. No Macau profits tax has been provided as the Macau subsidiary of the Company is exempted from Macau Complementary Tax for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Pursuant to the relevant laws and regulations in the People's Republic of China (the PRC), the Group's PRC subsidiaries are exempted from PRC income tax for two years starting from their first profit-making year, followed by a 50% reduction for the next three years, starting from 2008.

The income tax expense (credit) for the year can be reconciled to the loss before tax per the consolidated statement of comprehensive income as follows:

	2009	2008
	HK$'000	*HK$'000*
Loss before tax	**(91,595)**	(169,699)
Tax at the statutory tax rate of 25%	**(22,899)**	(42,425)
Income tax at concessionary rate	**(7,358)**	(5,324)
Tax effect of exemption granted to Macau subsidiary	**(3,057)**	—
Tax effect of income not taxable for tax purpose	**(23,647)**	—
Tax effect of expenses not deductible for tax purpose	**19,735**	8,926
Tax effect of tax losses not recognised	**29,407**	28,490
Under-provision in prior years	**1,540**	—
Effect of different tax rates of subsidiaries operating in other jurisdictions	**2,929**	—
Tax effect of other deductible temporary differences not recognised	**6,521**	—
Others	**254**	—
Income tax expense (credit) for the year	**3,425**	(10,333)

10. DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 December 2009 (2008: Nil).

11. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following:

	2009	2008
	HK$'000	*HK$'000*
Loss:		
Loss for the purpose of basic (2008: basic and diluted) loss per share	**(95,020)**	(159,366)
Number of shares:		
Number of shares for the purpose of basic (2008: basic and diluted) loss per share	**1,000,000,000**	1,000,000,000

Diluted loss per share for the year ended 31 December 2008 did not assume the exercise of the warrants because inclusion of the warrants in the calculation of diluted loss per share would result in a decrease in loss per share. There were no potential ordinary shares in issue during the year and as at 31 December 2009.

12. TRADE RECEIVABLES

	2009	2008
	HK$'000	*HK$'000*
Trade receivables	**247,286**	330,022
Less: Allowance for doubtful debts	**(6,630)**	(7,119)
	240,656	322,903

The Group's trade receivables are denominated in the following currencies other than the functional currencies of the relevant group entities are set out below:

	2009	2008
	HK$'000	*HK$'000*
Denominated in United States dollars	**240,656**	322,360
Denominated in Euro dollars	—	543

Credit is offered to customers following a financial assessment by the Group. Periodic reviews of credit limits are performed with regard to the customers' established payment records. The Group's credit period varies and depends on individual trade customers, ranging from 30 to 120 days. The Group closely monitors its outstanding trade receivables. Overdue balances are reviewed regularly by senior management. The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period:

	2009	2008
	HK$'000	*HK$'000*
0 — 30 days	**89,401**	83,769
31 — 60 days	**89,413**	108,864
61 — 90 days	**47,430**	76,091
Over 90 days	**14,412**	54,179
	240,656	322,903

72% (2008: 66%) of the trade receivables that are neither past due nor impaired have good settlement repayment history.

Included in the Company's trade receivable balance are debtors with a carrying amount of HK$66,309,000 (2008: HK$110,107,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

Aging of trade receivables which are past due but not impaired

	2009	2008
	HK$'000	*HK$'000*
0 — 30 days	**49,494**	74,763
31 — 90 days	**9,931**	34,769
Over 90 days	**6,884**	575
	66,309	110,107

Trade receivables that are past due but not impaired relate to a number of independent customers that did not have default payment history with the Group. Based on past experience, the directors of the Company are of the opinion that no impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Movement in allowance for doubtful debts

	2009	2008
	HK$'000	*HK$'000*
At beginning of the year	**7,119**	—
(Reversal of) impairment losses recognised	**(489)**	7,119
At end of the year	**6,630**	7,119

The Group has assigned its trade receivables of HK$247,286,000 (2008: HK$330,022,000) to secure the bank loans granted to the Group.

13. TRADE PAYABLES

The following is an aged analysis of trade payables based on the invoice date at the end of the reporting period.

	2009	2008
	HK$'000	*HK$'000*
0 — 30 days	**68,228**	60,380
31 — 60 days	**59,426**	104,157
61 — 90 days	**34,235**	60,056
Over 90 days	**46,323**	187,853
	208,212	412,446

The Group's trade payable that are denominated in a currency other than the functional currencies of the relevant group entities are set out below:

	2009	2008
	HK$'000	*HK$'000*
Denominated in United States dollars	**101,656**	198,993

The trade payables are non-interest bearing and are normally settled on terms of 60 to 120 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

MODIFIED AUDITORS' OPINION

The auditors' report on the Group's financial statements for the year ended 31 December 2009 contains a modified auditor's opinion:

Without qualifying our opinion, we draw attention to Note 2 to the consolidated financial statements which indicates that the Group incurred a net loss of HK$95,020,000 during the year ended 31 December 2009 and, as of that date, the Group's current liabilities exceeded its current assets by HK$142,815,000. The directors of the Company have taken several measures as disclosed in Note

2 to the consolidated financial statements to improve the financial position of the Group and after taking into account these steps, the directors of the Company consider that the Group will have sufficient working capital to finance its operations and to pay its financial obligations as and when they fall due. However, these conditions, along with the other matters as set forth in Note 2 to the consolidated financial statements, indicate the existence of a material uncertainty in relation to the going concern of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

For the year ended 31 December 2009, the Group achieved sales of HK$1,190 million, representing a decrease of 23.7% over that of last year. Operating loss before interest and tax was HK$51 million, as compared to operating loss before interest and tax of HK$142 million in 2008. Loss attributable to shareholders amounted to HK$95 million, as compared to loss of HK$159 million in 2008. Basic loss per share was 9.5 Hong Kong cents, as compared to a loss per share of 15.9 Hong Kong cent in 2008.

Business Review

As disclosed in the annual report of the Company for the year ended 31 December 2008, the business performance of the Group continues to be adversely affected by the reduced demand of printed circuits boards ("PCBs") in the hard disk drive industry and overall production under-capacity.

Revenue dropped 23.7% from HK$1,559 million in 2008 to HK$1,190 million in 2009. However, the gross profit increased 15% over that of 2008. Thank to the drop of materials cost and the Group's internal stringent cost control measures, gross profit margin improved from 7.5% in 2008 to 11.2% in 2009.

To improve the Group's financial position and cashflow, a controlling shareholder advanced another HK$13 million, in addition to the advance of HK$43 million and RMB4 million (approximately HK$4.5 million) to the Company such made in 2008, during the year 2009 for financing its general working capital requirements.

On 22 April 2010, the Group entered into a strategic cooperative agreement with China Construction Bank, Shenzhen Branch. Pursuant to the agreement, the bank will offer to provide a total banking facility of amounting to RMB600 million during the next two years wherein not less than RMB150 million of such facility should be term loans with repayment period of over 12 months. Upon the execution of the new bank facility arrangement under such strategic cooperative agreement, the Group should become able to attain substantial improvement in the current ratio in the consolidated balance sheet.

The Group shall continue to allocate resources to upgrade its technical capabilities and enhance its marketing efforts to expand market coverage and further improve product mix.

As disclosed in the annual report of the Company for the year ended 31 December 2008, the construction and machinery installation in Tongliao plant was already completed. The Company has planned that the mass production of the Tongliao plant will commence in the third quarter in the current year of 2010. The main products would be single layer PCBs, aluminum based PCBs and silver plugged PCBs. With the relatively small scale of production of this new plant, it is not expected that significant profit contribution and working capital requirement will be made by the Group to the Tongliao plant in the year of 2010.

On 17 February 2010, the Company entered into a Termination Agreements (as defined in the announcement dated 18 February 2010) to unwind the acquisition of two parcels of industrial land located in Tongliao Economic Development Zone, Inner Mongolia of PRC. Pursuant to the Termination Agreements, the Group will pay RMB350,000 to Majestic Wealth Limited as consideration to extinguish the Group's payment obligation in respect of the remaining balance of RMB18,303,502 where the Company will repurchase and cancel the Repurchased Shares (as defined in the announcement dated 18 February 2010) for no consideration, subject to both the majority consent of the Disinterested Shareholders (as defined in the announcement dated 18 February 2010) in the special general meeting of the Company to be held and the approval by the Executive of the Securities and Futures Commission.

Prospects

Although businesses have returned to a much normal situation comparing to the first quarter of 2009, it is with regret the Group still suffered from some losses during the second half of 2009 and does not expect such to turn around quickly during the first half of 2010.

The major challenges the Group reckons today are as follows:

1. Most major material prices, particularly copper, has re-bounced to their previous price level before the global financial crisis. Although customers in general share this view, the passing on of such material price increase to them would not be instant and may last for a while. This results in erosion of our gross profit margin during the first few months of 2010.

2. The general shortage of labour nationwide has resulted in the under-utilization of production capacity even though orders are in general sufficient. Comparing to the difficulty in hiring good quality and skilled laborers, the recent increase in the minimum wage in China nationwide becomes a less significant issue.

3. The potential appreciation of the RMB in the near term future definitely post an uncertainty to the profit turn around situation of the Group.

Having said, although we are being faced with all these challenges, we will strive to work harder and are confident that given time all these should be overcome through our continuous and daily efforts to recruit and re-train our staff and operators so that we can offer world-class products and quality, meantime finding all ways for further cost down as well.

Financial Review

During the year under review, the Group's turnover decreased by 23.7%. Material costs dropped due to the price decrease of major raw materials. With the stringent cost control measures taken by the Group, production overheads was maintained at similar level as that of last year. Overall, the gross margin improved from 7.5% in 2008 to 11.2% in 2009.

Liquidity and Financial Resources

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

As at 31 December 2009, the Group had total equity of HK$1,078 million (31 December 2008: HK$1,173 million) and net debt (trade payables, other payables and accruals, interest-bearing borrowings, less cash and cash equivalents) of HK$720 million (31 December 2008: HK$1,067 million), representing a gearing ratio, defined as net debt over total equity plus net debt, of 40% (31 December 2008: 48%).

The Group's net current liabilities of HK$143 million (31 December 2008: HK$235 million) consisted of current assets of HK$599 million (31 December 2008: HK$793 million) and current liabilities of HK$742 million (31 December 2008: HK$1,029 million), representing a current ratio of 0.81 (31 December 2008: 0.77).

As at 31 December 2009, the Group's current assets consisted of HK$101 million (31 December 2008: HK$196 million) held as cash and cash equivalents, of which 4% was in HKD, 37% was in USD, 56% was in RMB and 3% in other currencies.

The Group's current assets also consisted of HK$241 million (31 December 2008: HK$323 million) trade receivables from customers. Debtors turnover days slightly decreased to 86 days (31 December 2008: 87 days).

As at 31 December 2009, the Group's inventories decreased to HK$195 million (31 December 2008: HK$235 million). Inventory turnover days was 74 days (31 December 2008: 65 days). Trade payables decreased to HK$208 million from HK$412 million in 2008. Creditor turnover days was approximately 107 days (31 December 2008: 106 days).

Interest-bearing Borrowings

As at 31 December 2009, the Group had the interest-bearing borrowings as follows:

	31 December 2009	31 December 2008
	HK$'000	*HK$'000*
Amounts payable:		
Within one year	**395,367**	527,195
In the second year	**47,545**	57,509
In the third to fifth years, inclusive	**—**	1,796
	442,912	586,500
Less: Portion classified as current liabilities	**442,912**	(527,195)
Long term portion	**—**	59,305

Of the total interest-bearing borrowings, HKD denominated loans accounted for 28% (31 December 2008: 60%) and the 72% balance was RMB denominated loans (31 December 2008: 40%) as at 31 December 2009. Almost all of the interest-bearing borrowings are charged with floating rates. The Board does not recognize a significant seasonality of borrowing requirements.

Certain of the banking facilities granted to the Group have stipulated financial covenant of net tangible worth of not less than HK$1,200,000,000. As at 31 December 2009, such covenant was breached by the Group but no actions had been taken by the borrowing banks since the whole amount of loan principal had been repaid on 18 January 2010.

The bank loans and other banking facilities of the Group are secured by:

(i) cross-corporate guarantees by the Company and certain subsidiairies;

(ii) certain buildings and leasehold land held by the Group; and

(iii) the assignment of trade receivables of a subsidiary.

Foreign Exchange Exposure

Sales of the Group's products are principally denominated in US dollars ("USD") and the purchases of materials and payments of operational expenses are mainly denominated in USD, HK dollars ("HKD") and Renminbi ("RMB"). Approximately 47% and 75% of the Group's purchases and expenses, respectively, are denominated in RMB. As the Group imported a substantial portion of its critical raw materials and machines from overseas which were non-RMB denominated, this would help to mitigate the full effects arising from RMB appreciation.

Currently, the Group has not entered into any financial instrument for hedging purpose. Nevertheless, the Board will continue to monitor foreign exchange exposure in the future and will consider hedging such exposure to minimize exchange risk should the need arise.

Number and Remuneration of Employees

As at 31 December 2009, excluding the associate, the Group had approximately 5,570 employees (31 December 2008: 5,881). For the year ended 31 December 2009, total staff costs amounted to HK$184 million. Under the Group's remuneration policy, employees are rewarded in line with market rate and in compliance with statutory requirements of all jurisdictions where it operates.

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants including any employees of the Group. As at 31 December 2009, no share options were outstanding under the scheme.

The Company has not paid bonus to employees for the year ended 31 December 2009.

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

Capital Commitments

As at 31 December 2009, the Group's capital commitments contracted but not provided for amounted to HK$12 million (31 December 2008: HK$38 million). All of these capital commitments were related to construction of factory buildings and acquisition of land and plant and machinery.

Other Commitments

As at 31 December 2009, the Group's capital contribution committed to the wholly-owned subsidiary established in the PRC amounted to HK$121 million (31 December 2008: HK$228 million).

Closure of Register of Members

The register of Members of the Company will be closed from 31 May 2010 (Monday) to 2 June 2010 (Wednesday), both days inclusive. In order to qualify for the attendance of the forthcoming annual general meeting, transfer forms accompanied by relevant share certificates, must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 28 May 2010 (Friday).

Purchase, Sales or Redemption of Listed Securities of the Company

Neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year.

Code on Corporate Governance Practices (the "CG Code")

The Directors confirm that, for the financial year ended 31 December 2009, the Company has complied with the CG Code save for the deviation mentioned below:

Mr. Cheok Ho Fung is the Chairman as well as the Chief Executive Officer of the Company. This arrangement deviates from the provision of A.2.1 of the CG Code, which provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

The Directors are of the opinion that the current arrangement will provide stronger leadership of the management for the Group and enable effective business planning. The Directors believe that it does not have a material adverse impact on the corporate governance of the Company.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

The Company has adopted a code of conduct (the "Own Code") regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code.

The Company, having made specific enquiries, confirms that members of the Board have complied with the Own Code throughout the year ended 31 December 2009. Members of the senior management, who, due to their positions in the Company, are likely to be in possession of unpublished price sensitive information, have also complied with the provisions of the Own Code.

AUDIT COMMITTEE

The Company's Audit Committee is composed of four Independent Non-Executive Directors and one Non-Executive Director, with the Chairman having appropriate professional qualifications and experience in financial matters as required by the Listing Rules. The Audit Committee discharges its responsibilities as follows:

1. reviewing the interim and annual results of the Company;

2. reviewing and monitoring the reporting, accounting, financial, risk management and internal control aspects of the Company;

3. reviewing the appointment, re-appointment, retirement, resignation or removal of the Company's external auditors and reviewing their remuneration and terms of engagement, and discussing their audit plan and scope, and also reports and issues raised by them, including but not limited to those in the management letter;

4. reporting directly to the Board of Directors; and

5. ensuring full access by the Corporate Governance Department of any concerns that may have arisen during the course of the department's work.

6. conducting annual review of the effectiveness of the Group's internal control and risk management systems as delegated by the Board; and

7. ensuring the management has discharged its duty to have an effective internal control system including the adequacy of resources, qualifications and experience of staff from the Group.

As at the date hereof, the members of the audit committee are Mr. Ng Kee Sin *(Chairman)*, Mr. Ng Kwok Ying, Alvin, Mr. Leung Shu Kin, Alfred, Mr. Wong Wing Kee and Mr. Xiang Dong.

During the year ended 31 December 2009, three Audit Committee meetings were held to review the financial results and reports for the year ended 31 December 2008 and for the six months ended 30 June 2009, risk management and internal control processes, related party transactions, roles and responsibilities as well as works performed by the Corporate Governance Department, and the re-election and change of the external auditors.

THE BOARD OF DIRECTORS

As at the date of the publication of this final results announcement, the Board consists of eight Directors (one has left the Group during the year), with a variety and a balance of skills and experience in accounting, manufacturing, marketing, finance, investment and legal professions. The detailed composition of the Board of Directors is as follows:

Name of Directors	**Position**
Executive Directors	
Mr. Cheok Ho Fung	Chairman of the Board and executive committee and Chief Executive Officer
Mr. Liu Wai On	Director and executive committee member
Mr. Kwok Chi Kwong, Danny *(Resigned on 16 June 2009)*	Director and executive committee member

Non-Executive Directors

Mr. Tang Yok Lam, Andy	Member of remuneration committee and nomination committee
Mr. Ng Kwok Ying, Alvin	Member of audit committee

Independent Non-Executive Directors

Mr. Leung Shu Kin, Alfred	Chairman of remuneration committee, member of audit committee and nomination committee
Mr. Wong Wing Kee	Chairman of nomination committee and member of audit committee
Mr. Ng Kee Sin	Chairman of audit committee
Mr. Xiang Dong	Member of audit committee, nomination committee and remuneration committee

Publication of Annual Report on the website of the Stock Exchange

The 2009 annual report of the Company containing all the information required by the Listing Rules will be published on the websites of the Company (www.topsearch.com.hk) and the Stock Exchange (www.hkex.com.hk) in due course.

Appreciation

On behalf of the Board, I would like to extend our gratitude and sincere appreciation to all management and staff members for their diligence and dedication, and also to our business partners and the Company's shareholders for their continuing support.

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

Hong Kong, 28 April, 2010

As at the date of this announcement, the Board comprises Mr. Cheok Ho Fung, and Mr. Liu Wai On being executive directors, Mr. Tang Yok Lam, Andy, Mr. Ng Kwok Ying, Alvin being non-executive directors, and Mr. Leung Shu Kin, Alfred, Mr. Wong Wing Kee, Mr. Ng Kee Sin and Mr. Xiang Dong as independent non-executive directors.

* *for identification purposes only*