



至卓

T O P S E A R C H

Topsearch International (Holdings) Limited

至卓國際（控股）有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 2323)

INTERIM REPORT
2010

* For identification purposes only

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FINANCIAL PERFORMANCE

Compared to the financial results for the same period in 2009, the business operation of Topsearch International (Holdings) Limited (the "Company") and its subsidiaries (collectively the "Group") for the six months ended 30 June 2010 (the "Period") has remained steady. The Group's loss before tax for the Period was approximately HK\$22.7 million which had been narrowed as compared to loss before tax of approximately HK\$34.5 million in the same period of 2009. Loss per share was 2.46 Hong Kong cents for the Period, as compared to loss per share of 3.89 Hong Kong cents in the same period of 2009.

DIVIDENDS

The board of directors (the "Board" or "Directors") does not recommend the payment of any interim dividend for the six months ended 30 June 2010.

BUSINESS REVIEW

The Group's sales turnover for the Period has been increased by about 3.5% when compared with the same period of last year. Though most of the production costs such as labour cost has been increasing during the Period, the gross profit margin of the Group has maintained at around 10% whilst the total expenses has been reduced by more than 15% due to the substantial saving of bank borrowing costs. As a whole, the Group recorded a net loss of approximately HK\$24.5 million for the Period (2009: HK\$38.9 million) representing a reduction for more than 35% as compared to the same period of 2009.

During the Period, the majority of the production of the Group has continued to be centralized in the Shaoguan plant whereas the production in the Shenzhen plant would be amounted to less than 20% of the total relevant sales turnover. As disclosed in the annual report of the Company for the year ended 31 December 2009, the construction and machinery installation in the Tongliao plant had already been completed. The Group has commenced the mass production in the third quarter of the year whereas the main products of the Tongliao plant would be single layer printed circuits boards ("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.

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

PROSPECTS

Although the Group has forecasted previously that business shall gradually pick up in the first half of 2010, it is quite disappointing to realize that such only happened in the first quarter as the Group has seen business slowed down again during June and July. Because of the insufficient loading during the second quarter of 2010, financial performance of the Group has been affected. Subsequent to the 2010 interim results assessment, the Group again has seen some slight improvement in its order loadings starting August onwards and hopes this will sustain throughout the end of the year.

Meantime, the Management of the Group is still working hard to bring in new business from customers belonging to other industry sectors. With the continuous improvement in our product quality during the last six months, this shall become imminent and the Management is confident that once this is accomplished, the impact on our financial performance should be removed.

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

CHEOK HO FUNG

Chairman and Chief Executive Officer

Hong Kong, 17 August 2010

FINANCIAL REVIEW

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 30 June 2010, the Group had the total equity of HK\$1,054 million (31 December 2009: HK\$1,078 million) and net debt (trade payables, other payables and accruals, interest-bearing bank and other borrowings, shareholder's loans, less cash and cash equivalents) of HK\$662 million (31 December 2009: HK\$720 million), representing a gearing ratio, defined as net debt over total equity plus net debt, of 39% (31 December 2009: 40%).

The Group's net current liabilities of HK\$159 million (31 December 2009: HK\$143 million) consisted of current assets of HK\$585 million (31 December 2009: HK\$599 million) and current liabilities of HK\$744 million (31 December 2009: HK\$742 million), representing a current ratio of 0.79 (31 December 2009: 0.81).

As at 30 June 2010, the Group's current assets consisted of HK\$88 million (31 December 2009: HK\$101 million) of bank deposits, of which 2% was in Hong Kong dollar (the "HKD"), 55% was in United States dollar (the "USD"), 41% was in Renminbi (the "RMB") and 2% in other currencies.

INTEREST-BEARING BORROWINGS

As at 30 June 2010, the Group had the interest-bearing borrowings as follows:

	30 June 2010 (Unaudited) HK\$'000	31 December 2009 (Audited) HK\$'000
Amounts payable:		
Within one year	376,939	395,367
In the second year	—	47,545
In the third to fifth years, inclusive	—	—
	376,939	442,912
Less: Portion classified as current liabilities	376,939	395,367
Long term portion	—	47,545

INTEREST-BEARING BORROWINGS (continued)

The bank loans of the Group are secured by certain buildings and leasehold land held by the Group and the assignment of trade receivables. All bank loans carried floating interest rates and the effective interest rates ranged from 2.77% to 5.84% (2009: 5.00% to 5.84%) per annum. The Board does not recognise a significant seasonality of borrowing requirements.

Of the total interest-bearing borrowings, HKD denominated loans accounted for 12% (31 December 2009: 28%), USD denominated loans accounted for 10% (31 December 2009: nil), and the 78% balance was RMB denominated loans (31 December 2009: 72%) as at 30 June 2010.

One of the banking facilities granted to the Group has stipulated that it would be an event of default if (i) the Borrower is not or ceases to be wholly and beneficially owned by the Company; (ii) Mr. Cheok Ho Fung, being the Chairman, Chief Executive Officer and Executive Director of the Company, ceases to own wholly and beneficially 51% or more of the issued shares in the Company or ceases to have management control over the Borrower and the Company; or (iii) the Group is in breach of financial covenants as stated in the facility agreement including the interest cover of not less than four and net tangible worth of the Group not to be less than HK\$1.2 billion. In addition, Keentop Investment Limited (the "Keentop"), which is beneficially owned by Mr. Cheok Ho Fung, Peter and his spouse, has mortgaged a property to secure the Group's bank loan up to HK\$70,000,000 during the reporting period. The whole outstanding amount of the loan principal under such banking facilities had been repaid by the Group on 18 January 2010, and accordingly all the financial covenants, specific performance on controlling shareholder and pledge of property as mentioned above were released.

On 22 April 2010, the Group entered into a strategic cooperative agreement with China Construction Bank Shenzhen Branch (the "Bank"). 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 statement of financial position.

MATERIAL ACQUISITIONS OR DISPOSALS

The Group neither held any significant non-consolidated investments nor underwent any material acquisitions or disposals of subsidiaries and associates during the first half year of 2010.

FOREIGN EXCHANGE EXPOSURE

Sales of the Group's products are principally denominated in USD and the purchases of materials and payments of operational expenses are mainly denominated in USD, HKD and RMB. Approximately 43% of the Group's purchases and 81% of the Group's expenses are denominated in RMB. As the Group imported a substantial portion of its major 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 30 June 2010, excluding the associate, the Group had approximately 5,445 employees (31 December 2009: 5,570). For the six months ended 30 June 2010, total staff costs amounted to HK\$96 million (30 June 2009: HK\$89 million).

There have been no material changes to the information disclosed in the 2009 Annual Report in respect of the share option scheme, remuneration policies and staff training and development.

CAPITAL COMMITMENTS

As at 30 June 2010, the Group's capital commitments contracted but not provided for amounted to HK\$6 million (31 December 2009: HK\$12 million). All of these capital commitments were related to construction of factory buildings and acquisition of land and plant and machinery.

DIVIDENDS

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2010 (30 June 2009: Nil).

DIRECTORS' INTEREST IN CONTRACTS

Save as disclosed under the section headed "Events After the Reporting Period", no contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted any time during the period or up to the date of the interim financial statements.

DIRECTORS' INTEREST IN SHARES AND UNDERLYING SHARES

1. Directors' interests in Shares

As at 30 June 2010, the interests and short positions of the directors in the shares, underlying share capital and underlying shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

(a) The Company

Name of director	Nature of interest		Number of ordinary shares held	Percentage of issued capital
Mr. Cheok Ho Fung	Direct	Long position	78,250,000	7.83%
	Note	Deemed	Long position	432,000,000
Total			510,250,000	51.03%

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

(b) Associated Corporation — Inni International Inc.

Name of director	Nature of interest		Number of ordinary shares held	Percentage of issued capital
Mr. Cheok Ho Fung	Direct		12,250	49.00%
	Note	Deemed	12,750	51.00%
Total			25,000	100.00%

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

DIRECTORS' INTEREST IN SHARES AND UNDERLYING SHARES (continued)

1. Directors' interests in Shares (continued)

(c) Subsidiary — Topsearch Industries (Holdings) Limited

Name of director	Nature of interest	Number of deferred shares held	Percentage of total deferred shares issued
Mr. Cheok Ho Fung	Direct	2,000,100	10.00%
	<i>Note</i> Deemed	17,999,900	90.00%
Total		20,000,000	100.00%

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

2. Directors' Interests in Share Options of the Company

As at 30 June 2010, none of the Company's directors held share options of the Company.

Saved as disclosed above, as at 30 June 2010, none of the directors or chief executives had registered an interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

Long positions in Shares:

As at 30 June 2010, the interests or short positions of every person in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of shareholders	Notes		Number of ordinary shares held	Percentage of issued capital
Inni International Inc.	Direct	Long position	432,000,000	43.20%
Mr. Cheok Ho Fung	Direct	Long position	78,250,000	7.83%
	(i) Deemed	Long position	432,000,000	43.20%
		Total	510,250,000	51.03%
Mrs. Cheok Chu Wai Min	(ii) Deemed	Long position	510,250,000	51.03%
Hallgain Management Limited	(iii) Deemed	Long position	206,992,000	20.69%
Kingboard Chemical Holdings Limited	Direct	Long position	2,766,000	0.27%
	(iii) Deemed	Long position	204,226,000	20.42%
		Total	206,992,000	20.69%
Jamplan (BVI) Limited	(iii) Deemed	Long position	204,226,000	20.42%
Kingboard Investments Limited	Direct	Long position	204,024,000	20.40%
Majestic Wealth Limited	Direct	Long position	93,400,000	9.34%

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES (continued)

Long positions in Shares: (continued)

Notes:

- (i) The above interest in the name of Inni International Inc. was also disclosed as interest of Mr. Cheok Ho Fung in the above section headed "Directors' Interests in Shares and Underlying Shares".
- (ii) Mrs. Cheok Chu Wai Min is the spouse of Mr. Cheok Ho Fung. The shares of Inni International Inc. are owned as to 49% by Mr. Cheok Ho Fung and as to 51% jointly by Mr. Cheok Ho Fung and Mrs. Cheok Chu Wai Min. The shareholdings stated against Mr. Cheok Ho Fung and Mrs. Cheok Chu Wai Min above represented the same block of shares, which were also included as interests of Mr. Cheok Ho Fung in the above section headed "Directors' Interests in Shares and Underlying Shares".
- (iii) Kingboard Investments Limited and Kingboard Laminates Limited, holder of 204,024,000 and 202,000 shares in the Company respectively, are wholly-owned subsidiary and a non wholly-owned subsidiary of Jamplan (BVI) Limited respectively which in turn is a wholly-owned subsidiary of Kingboard Chemical Holdings Limited. Hallgain Management Limited owns 30.97% equity shares in Kingboard Chemical Holdings Limited.

Saved as disclosed above, as at 30 June 2010, no person, other than the directors and chief executive of the Company, whose interests are set out in the section headed "Directors' Interest in Shares and Underlying Shares" above had registered any interests or short position in the shares or underlying shares of the Company that are required to be recorded pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who have contributed to the success of the Group's operations. Eligible participants of the Scheme include:

- (i) any employee (whether full-time or part-time) of the Company, any of its subsidiaries or any entity ("Invested Entity") in which the Group holds an equity interest, including any executive director of the Company, any of such subsidiaries or any Invested Entity;
- (ii) any non-executive director (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;
- (iii) any supplier of goods or services to any member of the Group or any Invested Entity;
- (iv) any customer of the Group or any Invested Entity;

SHARE OPTION SCHEME (continued)

- (v) any person or entity that provide research, development or other technological support to the Group or any Invested Entity;
- (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; and
- (vii) for the purposes of the Scheme, the share options may be granted to any company wholly-owned by one or more persons belonging to any of the above classes of participants. For the avoidance of doubt, the grant of any share options by the Company for the subscription of Shares or other securities of the Group to any person who fall within any of the above classes of participants shall not, by itself, unless the Directors otherwise determined, be construed as a grant of share options under the Scheme.

The basis of eligibility of any of the above class of participants to the grant of any share options shall be determined by the Directors from time to time on the basis of their contribution to the development and growth of the Group. The Scheme was conditionally adopted and approved by the shareholders of the Company on 30 May 2002 and unless otherwise cancelled or amended, will remain in force for 10 years from that date.

There were no shares options granted during the six months ended 30 June 2010. As at the end of the reporting period of 30 June 2010, no share options were outstanding under the Scheme.

MATERIAL CHANGES

Except for as disclosed under the section headed "Events After the Reporting Period", there has been no material change in respect of any other matters since the publication of the latest 2009 Annual Report.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2010.

DISCLOSURES PURSUANT TO RULE 13.21 OF THE LISTING RULE

In accordance with the disclosure requirements of Rule 13.21 of the Listing Rules, the following disclosures are included in respect of the Company's loan agreements, which contain covenants requiring performance obligations of the controlling shareholder of the Company.

Disclosure of Additional Information

DISCLOSURES PURSUANT TO RULE 13.21 OF THE LISTING RULE (continued)

Keentop Investment Limited (the “Keentop”), which is beneficially owned by Mr. Cheok Ho Fung, Peter, a director of the Company, and his spouse, has mortgaged one of its properties to secure the Group’s bank loan up to HK\$70,000,000 during the Period.

On 23 October 2008, a wholly-owned subsidiary of the Company as borrower (the “Borrower”) and the Company and Mr. Cheok Ho Fung as guarantors entered into a facility agreement (the “Facility Agreement”) with two local banks (one of which was also the arranger, agent and security agent) as lenders regarding a 12-month revolving loan facility of HK\$187.5 million (the “Facility”) subject to certain terms and conditions contained therein.

Pursuant to the Facility Agreement, upon the happening of either of the following conditions will constitute an event of default which the Facility will, among others, become immediately due and payable:

- (i) the Borrower is not or ceases to be wholly and beneficially owned by the Company;
- (ii) Mr. Cheok Ho Fung ceases to own wholly and beneficially 51% or more of the issued shares in the Company or ceases to have management control over the Borrower and the Company; and
- (iii) the Group is in breach of financial covenants as stated in the Facility Agreement.

On 4 November 2009, parties to the Facility Agreement entered into a supplemental agreement (the “Supplemental Facility Agreement”) to amend certain terms and conditions of the Facility Agreement, including (i) extending the maturity date of the Facility (the “Repayment Date”) to 18 January 2010; and (ii) adjusting the amount of the Facility from HK\$187.5 million to the respective amounts for the relevant periods as detailed below:

Period	Amounts (HK\$)
Up to 4 November 2009	131,250,000
From 5 November 2009 to 6 December 2009 (both dates inclusive)	90,000,000
From 7 December 2009 to the Repayment Date (both dates inclusive)	70,000,000

DISCLOSURES PURSUANT TO RULE 13.21 OF THE LISTING RULE (continued)

As extended by the Supplemental Facility Agreement, it would continue to be an event of default under the Facility Agreement if (i) the Borrower is not or ceases to be wholly and beneficially owned by the Company; (ii) Mr. Cheok Ho Fung, being the Chairman, Chief Executive Officer and Executive Director of the Company, ceases to own wholly and beneficially 51% or more of the issued shares in the Company or ceases to have management control over the Borrower and the Company; or (iii) the Group is in breach of financial covenants as stated in the Facility Agreement including the interest cover of not less than four and net tangible worth of the Group not to be less than HK\$1.2 billion.

The whole outstanding amount of the loan principal under the Supplemental Facility Agreement had been repaid by the Group on 18 January 2010, and accordingly all the financial covenants, specific performance on controlling shareholder and pledge of property as mentioned above were released.

CORPORATE GOVERNANCE REPORT

Code on Corporate Governance Practices

The Board and the senior management of the Company are of the opinion that during the first half year of 2010, the Company has complied with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") except for the deviation as stated in the section headed "Compliance with CG Code" below.

The Board is committed to the principles of transparency, accountability and independence highlighted by the CG Code to better enhance shareholders' value and proper management of corporate assets in the following ways:

1. ensuring the decision-making process, risk management process, internal audit and controls, disclosure of information and the communication with stakeholders are carried out in accordance with good management practices and compliance with the respective regulatory standards;
2. cultivating a culture of integrity, transparency and accountability for the Company, its staff and Directors and emphasizing the importance of their roles in such an environment; and
3. adopting quality standards widely recognised to foster quality management in every aspect of daily operations to enhance the performance and value of the Company as a whole.

COMPLIANCE WITH CG CODE

The Directors confirm that, for the six months ended 30 June 2010, 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 code provision 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 for managing the Group and will 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 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 of the Model Code.

The Company, having made specific enquiries, confirms that members of the Board have complied with the Own Code throughout the six months ended 30 June 2010. 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.

THE BOARD OF DIRECTORS

As at the date of this interim report, the Board consists of eight Directors with a variety and a balance of skills and experience in accounting, manufacturing, marketing, finance, investment and legal professions. Their brief biographical particulars are set out in the 2009 Annual Report. The detailed composition of the Board as at the date of this interim report is as follows:

Name of Directors	Position
<i>Executive Directors</i>	
Mr. Cheok Ho Fung	Chairman of the Board and the Executive Committee and Chief Executive Officer
Mr. Liu Wai On	Director & Executive Committee Member
<i>Non-Executive Directors</i>	
Mr. Tang Yok Lam, Andy	Member of remuneration committee and nomination committee
Mr. Ng Kwok Ying, Alvin	Member of audit committee
Mr. Xiang Dong	Member of audit committee
<i>Independent Non-Executive Directors</i>	
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 and remuneration committee
Mr. Ng Kee Sin	Chairman of audit committee

THE BOARD OF DIRECTORS (continued)

Reference was made to the announcement dated 12 July 2010 published at the websites of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and of the Company, the Board had approved the following changes in the Board and announced that:

- (1) Mr. Xiang Dong, formerly an independent non-executive Director, has been re-designated as a Non-executive Director with effect from 12 July 2010;
- (2) Mr. Xiang Dong ceased to be a member of Remuneration Committee and Nomination Committee of the Company all effective on 12 July 2010; and
- (3) Mr. Wong Wing Kee, an existing independent non-executive Director, the chairman of the Nomination Committee and a member of the Audit Committee of the Company, has been appointed as a member of the Remuneration Committee of the Company with effect from 12 July 2010.

EVENTS AFTER THE REPORTING PERIOD

Reference was made to the notice of Special General Meeting of the Company (the "SGM") and the circular of the Company dated 29 June 2010.

On 17 February 2010, the Company, Topsearch Tongliao Investment (BVI) Limited and Majestic Wealth Limited entered into two termination agreements to formally unwind the acquisition of two parcels of individual land located in Tongliao Economic Development Zone, Inner Mongolia, the PRC (the "Land"), by:

- (i) terminating the transfer of the Land to the Group;
- (ii) extinguishing the Group's payment obligation in respect of the remaining balance of RMB18,303,502 (equivalent to approximately HK\$20,799,000); and
- (iii) repurchasing the 93,400,000 shares (the "Repurchased Shares") in the capital of the Company which are denominated in HK\$0.10 each at the reference price of HK\$0.58 per Repurchased Share from Majestic Wealth Limited and all transactions contemplated thereby, including but not limited to the capital reduction incidental to the cancellation of the Repurchased Shares from the share capital of the Company.

Pursuant to the termination agreements, the Company agreed to pay Majestic Wealth Limited an amount of RMB350,000 as the consideration for the termination agreements.

EVENTS AFTER THE REPORTING PERIOD (continued)

The special resolution as contained in the SGM notice had been unanimously approved by the disinterested shareholders of the Company who had attended the SGM held on 2 August 2010.

Upon the passing of the abovesaid special resolution, the Repurchased Shares had been cancelled on 2 August 2010 and the issued share capital of the Company had been reduced from 1,000,000,000 shares to 906,600,000 shares on 2 August 2010.

Subsequent to the reduction of the issued share capital of the Company from 1,000,000,000 shares to 906,600,000 shares on 2 August 2010, the percentage of shareholdings as shown in the Directors' Interest in Shares and Underlying Shares and the Substantial Shareholders and Other Persons' Interests in Shares and Underlying Shares as at 2 August 2010 had been changed as follows:

DIRECTORS' INTEREST IN SHARES AND UNDERLYING SHARES

(a) The Company

Name of director	Nature of interest		Number of ordinary shares held	Percentage of issued capital
Mr. Cheok Ho Fung	Direct	Long position	78,250,000	8.63%
	Deemed	Long position	432,000,000	47.65%
Total			510,250,000	56.28%

Disclosure of Additional Information

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

Name of shareholders			Number of ordinary shares held	Percentage of issued capital
Inni International Inc.	Direct	Long position	432,000,000	47.65%
Mr. Cheok Ho Fung	Direct	Long position	78,250,000	8.63%
	Deemed	Long position	432,000,000	47.65%
		Total	510,250,000	56.28%
Mrs. Cheok Chu Wai Min	Deemed	Long position	510,250,000	56.28%
Hallgain Management Limited	Deemed	Long position	206,992,000	22.83%
Kingboard Chemical Holdings Limited	Direct	Long position	2,766,000	0.30%
	Deemed	Long position	204,226,000	22.53%
		Total	206,992,000	22.83%
Jamplan (BVI) Limited	Deemed	Long position	204,226,000	22.53%
Kingboard Investments Limited	Direct	Long position	204,024,000	22.50%

REVIEW OF INTERIM FINANCIAL STATEMENTS

The accounting information given in this interim report has not been audited by the external auditors of the Company. The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2010 has been reviewed by the Company's Audit Committee.

PUBLICATION OF INTERIM REPORT ON THE WEBSITE OF THE STOCK EXCHANGE

The 2010 Interim Report of the Company containing all the information required by the Listing Rules has been published on the websites of the Company (www.topsearch.com.hk) and the Stock Exchange (www.hkex.com.hk).

	Notes	Six months ended 30 June	
		2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
REVENUE	4	597,434	577,520
Cost of sales		(537,282)	(516,360)
Gross profit		60,152	61,160
Other income	4	2,973	5,222
Other gains and losses		(3,183)	(3,519)
Selling and distribution costs		(40,622)	(40,774)
Administrative expenses		(32,710)	(42,634)
Finance costs	6	(9,310)	(13,981)
LOSS BEFORE TAX	5	(22,700)	(34,526)
Income tax expense	7	(1,878)	(4,353)
LOSS FOR THE PERIOD		(24,578)	(38,879)
Other comprehensive income			
Exchange difference arising on translation		46	13
Other comprehensive income for the period (net of tax)		46	13
Total comprehensive expense for the period		(24,532)	(38,866)
Loss for the period attributable to equity holders of the Company		(24,578)	(38,879)
Total comprehensive expense for the period attributable to equity holders of the Company		(24,532)	(38,866)
LOSS PER SHARE			
— Basic	8	2.46 cents	3.89 cents
— Diluted		N/A	N/A
DIVIDEND	9	Nil	Nil

Unaudited Condensed Consolidated Statement of Financial Position

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Topsearch International (Holdings) Limited

	Notes	30 June 2010 (Unaudited) HK\$'000	31 December 2009 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		1,170,676	1,219,509
Prepaid lease payments		38,315	38,770
Interest in an associate		100	100
Amount due from an associate		353	423
Rental and utility deposits		635	630
Prepaid rent		615	720
Available-for-sale financial assets		1,925	1,961
Deposits paid for property, plant and equipment		4,120	10,482
Deferred tax assets		7,700	7,700
		1,224,439	1,280,295
CURRENT ASSETS			
Inventories		206,556	195,200
Prepaid lease payments		910	910
Trade receivables	10	222,951	240,656
Other receivable	11	31,756	31,756
Prepayments, deposits and other receivables		34,321	29,823
Pledged bank deposits	12	15,130	43,269
Bank balances and cash	12	73,105	57,547
		584,729	599,161
CURRENT LIABILITIES			
Trade payables	13	220,464	208,212
Other payables and accruals		125,254	113,263
Interest-bearing bank loans	14	327,033	385,092
Obligations under finance leases	16	2,361	10,275
Shareholder's loans	15	60,470	12,944
Tax payable		8,183	12,190
		743,765	741,976
NET CURRENT LIABILITIES		(159,036)	(142,815)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,065,403	1,137,480

Unaudited Condensed Consolidated Statement of Financial Position

	<i>Notes</i>	30 June 2010 (Unaudited) HK\$'000	31 December 2009 (Audited) HK\$'000
CAPITAL AND RESERVES			
Share capital	17	100,000	100,000
Reserves		953,573	978,105
		1,053,573	1,078,105
NON-CURRENT LIABILITIES			
Shareholder's loan	15	—	47,545
Deferred tax liabilities		11,830	11,830
		11,830	59,375
		1,065,403	1,137,480

Unaudited Condensed Consolidated Statement of Changes in Equity

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Topsearch International (Holdings) Limited

	Share capital (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Property revaluation reserve (Unaudited) HK\$'000	Translation reserve (Unaudited) HK\$'000	Statutory reserve fund (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 1 January 2010	100,000	360,056	19,000	18,351	182,302	30,008	368,388	1,078,105
Loss for the period	—	—	—	—	—	—	(24,578)	(24,578)
Other comprehensive income for the period	—	—	—	—	46	—	—	46
Total comprehensive (expense) income for the period	—	—	—	—	46	—	(24,578)	(24,532)
Transfer to the statutory reserve fund	—	—	—	—	—	—	—	—
At 30 June 2010	100,000	360,056*	19,000*	18,351*	182,348*	30,008*	343,810*	1,053,573

	Share capital (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Property revaluation reserve (Unaudited) HK\$'000	Translation reserve (Unaudited) HK\$'000	Statutory reserve fund (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 1 January 2009	100,000	360,056	19,000	18,351	182,235	30,008	463,408	1,173,058
Loss for the period	—	—	—	—	—	—	(38,879)	(38,879)
Other comprehensive income for the period	—	—	—	—	13	—	—	13
Total comprehensive (expense) income for the period	—	—	—	—	13	—	(38,879)	(38,866)
Transfer to the statutory reserve fund	—	—	—	—	—	—	—	—
At 30 June 2009	100,000	360,056*	19,000*	18,351*	182,248*	30,008*	424,529*	1,134,192

* These reserve accounts comprise the reserves of HK\$953,573,000 (2009: HK\$1,034,192,000) in the statement of financial position.

Unaudited Condensed Consolidated Statement of Cash Flows

Topsearch International (Holdings) Limited

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	Six months ended 30 June	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
OPERATING ACTIVITIES		
Loss before tax	(22,700)	(34,526)
Adjustments for:		
Depreciation of property, plant and equipment	70,705	84,539
Interest income	(94)	(506)
Finance costs	9,310	13,981
Loss on disposal of property, plant and equipment	91	811
Release of prepaid lease payments	455	379
Allowance for obsolete inventories	3,205	5,965
Allowance of doubtful debts	349	—
Operating cash flows before movements in working capital	61,321	70,643
(Increase)/decrease in rental and utility deposits	(4)	47
Decrease in prepaid rental	105	105
(Increase)/decrease in inventories	(14,140)	16,897
Decrease in trade receivable	17,357	88,696
(Increase)/decrease in prepayments, deposits and other receivables	(4,499)	5,083
Decrease in amount due from an associate	70	70
Increase/(decrease) in trade payables	12,252	(145,420)
Increase/(decrease) in other payables and accruals	7,870	(8,623)
Cash generated from operations	80,332	27,498
Income tax paid	(5,885)	(2,689)
NET CASH FROM OPERATING ACTIVITIES	74,447	24,809
INVESTING ACTIVITIES		
Interest received	94	506
Proceeds from disposal of property, plant and equipment	944	—
Purchase of property, plant and equipment	(8,680)	(387)
Additions to prepaid lease payments	—	(1,258)
Deposits paid for property, plant and equipment	(4,120)	(578)
Decrease in pledged bank deposits	28,139	112,168
Proceed from disposal of available-for-sale financial assets	36	13
NET CASH FROM INVESTING ACTIVITIES	16,413	110,464
FINANCING ACTIVITIES		
New bank loans	293,179	304,970
Repayment of bank loans	(340,616)	(433,415)
New shareholder's loan (repayment)	(19)	12,939
(Decrease)/increase in trust receipt loans	(10,622)	12,655
Interest paid	(9,310)	(13,656)
Interest paid for obligations under finance leases	—	(325)
Repayment of obligations under finance leases	(7,914)	(17,620)
NET CASH USED IN FINANCING ACTIVITIES	(75,302)	(134,452)
NET INCREASE IN CASH AND CASH EQUIVALENTS	15,558	821
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	57,547	40,520
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	73,105	41,341

1. GENERAL

The Company is a public limited company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The directors of the Company consider that the holding company and its ultimate holding company is Inni International Inc, which is incorporated in Liberia. Its ultimate controlling party is Mr. Cheok Ho Fung and Mrs Cheok Chu Wai Min.

The principal place of business of the Company in Hong Kong is located at Room 3406, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

During the six months ended 30 June 2010 (the "Period"), the Group was involved in the manufacture and sale of printed circuit boards.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and in compliance with the applicable disclosure requirements of Appendix 16 to the Listing Rules.

The condensed consolidated interim financial statements does not include all the information and disclosures required in the financial statements, and should be read in conjunction with the annual financial statements for the year ended 31 December 2009.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (continued)

The condensed consolidated interim financial statements have been prepared under the historical cost convention. The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009 except as described below. In the current period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new HKFRSs") issued by HKICPA which are effective for the Group's financial year beginning on 1 January 2010.

HKFRS 1 (Revised)	First-time adoption of Hong Kong Financial Reporting Standards
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions
HKFRS 3 (Revised)	Business combinations
HKAS 27 (Revised)	Consolidated and separate financial statements
HKAS 39 (Amendment)	Eligible hedged items
HK(IFRIC)-Int 17	Distributions of non-cash assets to owners
HK-Int 4 (Revised in December 2009)	Leases — Determination of the length of lease term in respect of Hong Kong land leases
HKFRSs (Amendments)	Amendment to HKFRS 5 as part of improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009

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.

3. SEGMENT INFORMATION

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 to the revenue, loss for the period, total assets and total liabilities respectively as reported in the consolidated financial statements.

3. SEGMENT INFORMATION (continued)

(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:

	For the six months ended	
	30 June 2010 (Unaudited) HK\$'000	30 June 2009 (Unaudited) HK\$'000
Malaysia	162,870	135,785
The PRC	127,974	102,835
Singapore	103,393	117,294
Hong Kong	66,016	69,283
Korea	38,139	39,320
Thailand	26,457	15,254
Germany	24,162	22,869
United States of America	16,250	19,706
Others	32,173	55,174
	597,434	577,520

Notes:

- (i) Revenue 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\$1,214,361,000 (2009: HK\$1,270,111,000) are located in the entities' country of domicile, the PRC.

(b) Information about major customers

Revenues from customers contributing over 10% of the total sales of the Group are as follows:

	For the six months ended	
	30 June 2010 (Unaudited) HK\$'000	30 June 2009 (Unaudited) HK\$'000
Customer A	130,035	90,774
Customer B	88,751	102,602

4. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents the amounts received and receivable for goods sold by the Group to outside customers, less discounts and sales related taxes.

An analysis of revenue and other income is as follows:

	For the six months ended	
	30 June 2010 (Unaudited) HK\$'000	30 June 2009 (Unaudited) HK\$'000
Revenue		
Sales of goods	597,434	577,520
Other income		
Tooling income	847	1,084
Sample income	1,543	1,529
Interest income	94	506
Others	489	2,103
	2,973	5,222

5. LOSS BEFORE TAX

The Group's loss before tax has been arrived at after charging/(crediting):

	For the six months ended	
	30 June 2010 (Unaudited) HK\$'000	30 June 2009 (Unaudited) HK\$'000
Cost of inventories sold	537,282	516,360
Depreciation	70,705	84,539
Recognition of prepaid lease payments	455	379
Foreign exchange differences, net	2,743	2,708
Bank interest income	(94)	(506)

6. FINANCE COSTS

	For the six months ended	
	30 June 2010 (Unaudited) HK\$'000	30 June 2009 (Unaudited) HK\$'000
Interest expenses on:		
Bank borrowings wholly repayable within five years	9,285	13,600
Shareholder's loan	25	56
Finance leases	—	325
	9,310	13,981

7. INCOME TAX EXPENSE

	For the six months ended	
	30 June 2010 (Unaudited) HK\$'000	30 June 2009 (Unaudited) HK\$'000
The income tax expense comprises:		
PRC Enterprise Income Tax		
Current period	278	2,685
Under-provision in prior years	1,600	1,668
	1,878	4,353

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

7. INCOME TAX EXPENSE (continued)

Under the Law of the People's Republic of China (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 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 in tax rate for the next three years. The 50% tax relief started from 2008.

8. LOSS PER SHARE

The calculation of the basic loss per share is based on the Group's loss attributable to the ordinary equity holders of the Company of HK\$24,578,000 for the period (2009: loss of HK\$38,879,000) and the weighted average of 1,000,000,000 (2009: 1,000,000,000) ordinary shares in issue during the period.

9. DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2010 (2009: Nil).

10. TRADE RECEIVABLES

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:

	30 June 2010 (Unaudited) HK\$'000	31 December 2009 (Audited) HK\$'000
0 — 30 days	82,631	89,401
31 — 60 days	94,607	89,413
61 — 90 days	45,526	47,430
Over 90 days	187	14,412
	222,951	240,656

11. OTHER RECEIVABLE

On 23 August 2007, the Company entered into an agreement (the "Land Acquisition Agreement") with Majestic Wealth Limited, a company incorporated in Samoa and an independent third party which is not a connected person of the Group, in relation to the purchase of two parcels of contiguous vacate industrial land located in phrase II of Tongliao Economic Development Zone, Inner Mongolia, the PRC with a site area of approximately 279,933 square meters (the "Land"). Pursuant to the Land Acquisition Agreement, the Group has conditionally agreed to acquire the Land from Majestic Wealth Limited for a consideration of RMB71,000,000 (equivalent to approximately HK\$73,644,000). The Company has made an initial payment of RMB52,696,498 (equivalent to HK\$54,172,000) by issuing 93,400,000 new ordinary shares of the Company ("Consideration Shares") at HK\$0.58 per share with the outstanding balance of RMB18,303,502 (equivalent to approximately HK\$19,472,000) to be settled on or before 31 December 2008 (subsequently revised to 31 December 2010 pursuant to a supplementary agreement).

As the Group has not yet obtained the land use right certificate for the Land, the amount of RMB52,696,498 (equivalent to approximately HK\$59,882,000 due to appreciation of RMB as at 31 December 2008) was recorded as a deposit paid for land lease in the consolidated statement of financial position for the Group.

On 10 October 2009, the PRC government, pursuant to the Rules of Idle Land, resumed the Land as the Land has been idle for a significant period of time. Accordingly, the deposit paid for land lease as mentioned above was reclassified to other receivable. During the year ended 31 December 2009, the Group recognized an impairment loss of HK\$28,126,000 in relation to the other receivable by reference to the fair value of the underlying shares of the Company which the Group expected to receive as return of the deposit.

On 17 February 2010, the Group and Majestic Wealth Limited entered into a termination agreement to formally unwind the Land Acquisition Agreement with off-market repurchase and cancellation of such Consideration Shares as mentioned under the section headed "Events After the Reporting Period" in this report.

12. CASH AND CASH EQUIVALENTS

	30 June 2010 (Unaudited) HK\$'000	31 December 2009 (Audited) HK\$'000
Cash and bank balances	88,235	100,816
	88,235	100,816
Less: Pledged bank balances for bank loans	(15,130)	(43,269)
Cash and cash equivalents	73,105	57,547

13. TRADE PAYABLES

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

	30 June 2010 (Unaudited) HK\$'000	31 December 2009 (Audited) HK\$'000
0 — 30 days	89,162	68,228
31 — 60 days	61,689	59,426
61 — 90 days	42,125	34,235
Over 90 days	27,488	46,323
	220,464	208,212

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 time frame.

14. INTEREST-BEARING BANK LOANS

	30 June 2010 (Unaudited) HK\$'000	31 December 2009 (Audited) HK\$'000
Current		
Bank loans, secured	327,033	385,092
	327,033	385,092
Non-current	—	—
	—	—

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

- (i) cross-corporate guarantees by the Company and certain subsidiaries;
- (ii) certain buildings and leasehold land held by the Group; and
- (iii) the assignment of trade receivables of a subsidiary.

Of the total interest-bearing borrowings, HKD denominated loans accounted for 12% (31 December 2009: 28%), USD denominated loans accounted for 10% (31 December 2009: nil), and the 78% balance was RMB denominated loans (31 December 2009: 72%) as at 30 June 2010.

One of the banking facilities granted to the Group has stipulated that it would be an event of default if (i) the Borrower is not or ceases to be wholly and beneficially owned by the Company; (ii) Mr. Cheok Ho Fung, being the Chairman, Chief Executive Officer and Executive Director of the Company, ceases to own wholly and beneficially 51% or more of the issued shares in the Company or ceases to have management control over the Borrower and the Company; or (iii) the Group is in breach of financial covenants as stated in the facility agreement including the interest cover of not less than four and net tangible worth of the Group not to be less than HK\$1.2 billion. In addition, Keentop Investment Limited (the "Keentop"), which is beneficially owned by Mr. Cheok Ho Fung, Peter and his spouse, has mortgaged a property to secure the Group's bank loan up to HK\$70,000,000 during the reporting period. The whole outstanding amount of the loan principal under such banking facilities had been repaid by the Group on 18 January 2010, and accordingly all the financial covenants, specific performance on controlling shareholder and pledge of property as mentioned above were released.

15. SHAREHOLDER'S LOANS

	30 June 2010 (Unaudited) HK\$'000	31 December 2009 (Audited) HK\$'000
Unsecured loan from a controlling shareholder:		
— interest free and repayable on demand	12,925	12,944
— interest bearing at HIBOR and repayable on 2 January 2011	47,545	47,545
	60,470	60,489

The shareholder's loans were advanced by Mr. Cheok Ho Fung, Peter, a director and controlling shareholder of the Company, pursuant to the loan agreement dated 1 June 2008 and a supplementary loan agreement dated 31 December 2009.

16. OBLIGATIONS UNDER FINANCE LEASES

	30 June 2010 (Unaudited) HK\$'000	31 December 2009 (Audited) HK\$'000
Amounts payable:		
Within one year	2,370	10,340
In more than one year but not more than two years	—	—
In more than two years but not more than five years	—	—
	2,370	10,340
Less: Future finance charges	(9)	(65)
Present value of lease obligations	2,361	10,275

16. OBLIGATIONS UNDER FINANCE LEASES (continued)

The finance lease payables have an effective interest rate of HIBOR plus 1.25% to 2.25% per annum, with maturity in 2010 and bear interest at floating rates.

The net carrying amount of the Group's property, plant and machinery held under finance leases as at 30 June 2010 amounted to HK\$15,089,000 (31 December 2009: HK\$35,951,000). These items of plant and machinery were pledged to the respective banks as security for the finance leases facilities granted to the Group.

17. SHARE CAPITAL

	30 June 2010 (Unaudited) HK\$'000	31 December 2009 (Audited) HK\$'000
Authorised:		
2,000,000,000 ordinary shares of HK\$0.1 each	200,000	200,000
Issued and fully paid:		
1,000,000,000 ordinary shares of HK\$0.1 each	100,000	100,000

18. OPERATING LEASE COMMITMENTS

As at 30 June 2010, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due during the period as follows:

	30 June 2010 (Unaudited) HK\$'000	31 December 2009 (Audited) HK\$'000
Within one year	5,011	4,678
In the second to fifth years, inclusive	608	1,122
	5,619	5,800

Operating lease payments represent rentals payable by the Group for its office properties and staff quarters. Leases were negotiated for terms ranging from one to three years with fixed rentals over the terms of the leases.

19. CAPITAL AND OTHER COMMITMENTS

In addition to the operating lease commitments detailed in note 18 above, the Group had the following commitments at the end of the reporting period:

(a) Capital commitments

	30 June 2010 (Unaudited) HK\$'000	31 December 2009 (Audited) HK\$'000
Capital and other expenditure, authorised and contracted for, but not provided in the consolidated financial statements, in respect of:		
the construction of factory buildings	3,799	6,838
the acquisition of plant and machinery	2,099	4,948
	5,898	11,786

(b) Other commitments

As at 30 June 2010, the Group's capital contribution committed to the wholly-owned subsidiary established in the PRC amounted to HK\$121 million (31 December 2009: HK\$121 million).

20. RELATED PARTY TRANSACTIONS

(a) In addition to the related party transactions set out in other notes to the consolidated financial statements, during the period, the Group entered into the following transactions with related parties:

Related party	Notes	Nature of transaction	For the six months ended	
			30 June 2010 (Unaudited) HK\$'000	30 June 2009 (Unaudited) HK\$'000
Keentop Investment Limited ("Keentop")	(i)	Rental expenses	978	978
Mr Cheok Ho Fung, Peter	(ii)	Interest on shareholder's loan	25	56
Topsearch PCB Marketing (Thailand) Co. Ltd.	(iii)	Marketing service fee paid to an associate	83	463

20. RELATED PARTY TRANSACTIONS (continued)

(a) (continued)

Notes:

- (i) The rental expenses paid to Keentop, which is beneficially owned by Mr. Cheok Ho Fung, Peter, a director of the Company, and his spouse, related to a property leased as their residence. The monthly rental of HK\$120,000 for the period from 22 May 2005 to 21 May 2008 was based on the tenancy agreement entered into between both parties. Pursuant to a further tenancy agreement entered into on 10 June 2008, the monthly rental was HK\$163,000 for the period from 1 June 2008 to 31 May 2011 (with an option to renew for a further term of three years), which was based on a market rental valuation provided by an independent professionally qualified valuer in June 2008.
- (ii) The interest expense was charged at HIBOR for the shareholder's loan granted by Mr. Cheok Ho Fung, Peter.
- (iii) The marketing service fee was paid at prices mutually agreed between the parties for marketing services provided by an associate.

(b) Outstanding balances with related parties:

The amount due from the Group's associate of HK\$353,000 (31 December 2009: HK\$423,000) is unsecured, interest-free and has no fixed term of repayment.

(c) Details of the compensation of key management personnel of the Group were as follows:

	For the six months ended	
	30 June 2010 (Unaudited) HK\$'000	30 June 2009 (Unaudited) HK\$'000
Short-term employee benefits	3,757	3,398
Post-employment benefits	136	104
	3,893	3,502