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 2010

The board of directors ("Board" or "Directors") of Topsearch International (Holdings) Limited ("Company") is pleased to announce the audited consolidated results and financial positions of the Company and its subsidiaries ("Group") for the year ended 31 December 2010 together with comparative figures of 2009 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 December 2010

	Notes	**2010** **HK$'000**	2009 HK$'000
Revenue	*4*	**1,210,340**	1,189,762
Cost of sales		**(1,111,921)**	(1,056,167)
Gross profit		**98,419**	133,595
Other income	*5*	**11,099**	9,639
Other gains and losses	*6*	**(6,536)**	(40,267)
Selling and distribution costs		**(75,567)**	(83,921)
Administrative expenses		**(74,133)**	(70,033)
Finance costs	*7*	**(22,795)**	(40,608)
Loss before tax	*8*	**(69,513)**	(91,595)
Income tax credit (expense)	*9*	**2,683**	(3,425)
Loss for the year		**(66,830)**	(95,020)
Other comprehensive income (net of tax)			
Exchange difference arising on translation		**19,541**	67
Total comprehensive expense for the year		**(47,289)**	(94,953)
Loss per share			
Basic	*11*	**(6.95) HK cents**	(9.50) HK cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,126,351**	1,219,509
Prepaid lease payments		**38,741**	38,770
Interest in an associate		**—**	100
Amount due from an associate		**—**	423
Rental and utility deposits		**102**	630
Prepaid rent		**360**	720
Available-for-sale financial assets		**2,002**	1,961
Deposits paid for acquisition of property, plant and equipment		**4,364**	10,482
Deferred tax assets		**7,377**	7,700
		1,179,297	1,280,295
CURRENT ASSETS			
Inventories		**192,088**	195,200
Prepaid lease payments		**931**	910
Trade receivables	*12*	**234,318**	240,656
Prepayments, deposits and other receivables		**42,286**	61,579
Pledged bank deposits		**38,059**	43,269
Bank balances and cash		**69,987**	57,547
		577,669	599,161
CURRENT LIABILITIES			
Trade payables	*13*	**221,436**	208,212
Other payables and accruals		**127,530**	113,263
Interest-bearing bank loans		**344,833**	385,092
Obligations under finance leases		**—**	10,275
Shareholder's loans		**—**	12,944
Tax payable		**7,877**	12,190
		701,676	741,976
NET CURRENT LIABILITIES		**(124,007)**	(142,815)
		1,055,290	1,137,480

	Notes	2010 HK$'000	2009 HK$'000
CAPITAL AND RESERVES			
Share capital		**90,660**	100,000
Reserves		**908,400**	978,105
		999,060	1,078,105
NON-CURRENT LIABILITIES			
Shareholder's loans		**49,000**	47,545
Deferred tax liabilities		**7,230**	11,830
		56,230	59,375
		1,055,290	1,137,480

Notes:

1. GENERAL

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. 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 ("Listing Rules") 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$66,830,000 during the year ended 31 December 2010 and, as of that date, the Group's total assets exceeded its current liabilities by HK$1,055,290,000 and current liabilities exceeded its current assets by HK$124,007,000.

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 renewed the factoring loan facilities with a China bank for a total facility amount of RMB200,000,000 with effect from 1 January 2011. In addition to these new banking facilities, the credit facility from another existing lending bank amounting to totally RMB340,000,000 have been granted and available until January 2012;

(b) the Group would expect to receive the full consideration of RMB51,000,000 in connection with the disposal of a portion of a parcel of industrial land and buildings in Tongliao during the year of 2011 as announced on 31 December 2010;

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

(d) the Group has been implementing various sales strategies to increase the sales turnover and margins of the products; and

(e) the controlling shareholder of the Company has undertaken to provide shareholder's loans amounting to HK$49,000,000 as at 31 December 2010 which will not be demanded for repayment until 2 January 2012 according to the shareholder's loan agreement and its supplementary agreement.

The directors of the Company consider that after taking into account the above, the Group will have sufficient working capital to finance its operations and to meet its 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 Standards, Amendments and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"):

HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (as revised in 2008)	Business Combinations
HKAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC) — Int 17	Distributions of Non-cash Assets to Owners
HK — Int 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as described below, the application of the new and revised Standards, Amendments and Interpretations in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

Amendments to HKAS 17 Leases

As part of "Improvements to HKFRSs" issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 January 2010 based on information that existed at the inception of the leases. The adoption of amendment to HKAS 17 "Leases" had no material impact on the consolidated financial statements.

The Group has not early applied the following new and revised Standards, Amendments or Interpretation that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets[3]
HKFRS 9	Financial Instruments[4]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (as revised in 2009)	Related Party Disclosures[6]
HKAS 32 (Amendments)	Classification of Rights Issues[7]
HK(IFRIC) — Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

[1] Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate
[2] Effective for annual periods beginning on or after 1 July 2010
[3] Effective for annual periods beginning on or after 1 July 2011
[4] Effective for annual periods beginning on or after 1 January 2013
[5] Effective for annual periods beginning on or after 1 January 2012
[6] Effective for annual periods beginning on or after 1 January 2011
[7] Effective for annual periods beginning on or after 1 February 2010

HKFRS 9 *Financial Instruments* (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 *Financial Instruments* (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for financial year ending 31 December 2013 and that the application of the new Standard may have a significant impact on amounts reported in respect of the Groups' financial assets. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

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

4. SEGMENT INFORMATION

No segment information is presented as the manufacture and sales 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 results 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:

	2010	2009
	HK$'000	*HK$'000*
Malaysia	**255,271**	274,589
The PRC	**254,461**	233,242
Singapore	**217,355**	241,553
Hong Kong	**131,647**	151,716
Thailand	**121,742**	40,523
Korea	**75,560**	85,815
Germany	**54,614**	40,729
United States of America	**30,340**	37,677
Taiwan	**7,399**	23,980
Others	**61,951**	59,938
	1,210,340	1,189,762

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$1,169,918,000 (2009: HK$1,270,111,000) 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:

	2010	2009
	HK$'000	*HK$'000*
Customer A	**183,561**	209,970
Customer B	**192,778**	183,201

5. OTHER INCOME

	2010	2009
	HK$'000	*HK$'000*
Interest income	**239**	671
Government grants *(Note)*	**4,898**	3,027
Tooling income	**4,946**	4,285
Others	**1,016**	1,656
	11,099	9,639

Note: The government grants represent reimbursement of other taxes and duties paid under a concession policy in PRC.

6. OTHER GAINS AND LOSSES

	2010	2009
	HK$'000	*HK$'000*
Gain on disposal of an available-for-sale financial asset	**—**	43
Impairment loss of property, plant and equipment	**—**	(6,465)
Impairment loss of other receivable	**—**	(28,126)
Loss on disposal of property, plant and equipment	**(3)**	(887)
Net exchange loss	**(6,701)**	(5,321)
Impairment loss of interest in an associate	**(523)**	—
Reversal of allowance for doubtful debts	**691**	489
	(6,536)	(40,267)

7. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings wholly repayable within five years	**21,907**	**40,132**
Finance leases	**41**	**399**
Shareholder's loans	**847**	**77**
	22,795	**40,608**

8. LOSS BEFORE TAX

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

	2010	2009
	HK'000	*HK'000*
Auditor's remuneration	**1,750**	**1,500**
Allowance for obsolete inventories (included in cost of sales)	**3,359**	**12,917**
Cost of inventories recognised as an expense	**1,111,921**	**1,056,167**
Depreciation of property, plant and equipment	**149,947**	**164,463**
Minimum lease payments under operating leases on land and buildings	**6,114**	**7,383**
Release of prepaid lease payments	**953**	**755**
Staff cost (excluding directors' remuneration)		
Wages and salaries	**182,221**	**159,648**
Provision for termination pay	**7,504**	**11,280**
Retirement benefit scheme contributions	**10,923**	**9,649**
Less: Forfeited contributions	**(26)**	**(146)**
	200,622	**180,431**

9. INCOME TAX (CREDIT) EXPENSE

	2010	2009
	HK$'000	*HK$'000*
The income tax (credit) expense comprises:		
PRC Enterprise Income Tax		
Current year	**—**	7,385
Under-provision in prior years	**1,594**	1,540
Deferred taxation	**(4,277)**	(5,500)
	(2,683)	3,425

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 People's Republic of China ("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.

10. DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 December 2010 (2009: Nil).

11. LOSS PER SHARE

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

	2010	2009
	HK$'000	*HK$'000*
Loss:		
Loss for the purpose of basic loss per share	**(66,830)**	(95,020)
Weighted average number of shares:		
Weighted average number of shares for the purpose of basic loss per share	**961,360,548**	1,000,000,000

Diluted loss per share is not presented as there were no potential ordinary shares in issue for both years and as at 31 December 2010 and 2009.

12. TRADE RECEIVABLES

	2010	2009
	HK$'000	*HK$'000*
Trade receivables	**240,257**	247,286
Less: Allowance for doubtful debts	**(5,939)**	(6,630)
	234,318	240,656

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 granted 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:

	2010	2009
	HK$'000	*HK$'000*
0 — 30 days	**90,389**	89,401
31 — 60 days	**87,614**	89,413
61 — 90 days	**51,968**	47,430
Over 90 days	**4,347**	14,412
	234,318	240,656

13. **TRADE PAYABLES**

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

	2010	2009
	HK$'000	*HK$'000*
0 — 30 days	**87,270**	68,228
31 — 60 days	**65,788**	59,426
61 — 90 days	**24,553**	34,235
Over 90 days	**43,825**	46,323
	221,436	208,212

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group audited consolidated financial statements to the year ended 31 December 2010.

"Emphasis of matter

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$66,830,000 during the year ended 31 December 2010 and, as of that date, the Group's current liabilities exceeded its current assets by HK$124,007,000. The directors of the Company are taking several measures as disclosed in Note 2 to the consolidated financial statements, some of which have already been implemented, 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. The sufficiency of the working capital of the Group is dependent on their ability to successfully implement the measures set forth in Note 2 to the consolidated financial statements, and, therefore, this indicates 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 2010, the Group achieved sales of HK$1,210 million, representing an increase of 1.7% over that of last year. Operating loss before interest and tax was HK$47 million, as compared to operating loss before interest and tax of HK$51 million in 2009. Loss attributable to shareholders amounted to HK$67 million, as compared to loss of HK$95 million in 2009. Basic loss per share was 7.0 Hong Kong cents, as compared to a loss per share of 9.5 Hong Kong cents in 2009.

Business Review

Revenue increased by 1.7% from HK$1,190 million in 2009 to HK$1,210 million in 2010. However, the gross profit decreased by 26% over that of 2009 due to the increase in the material costs and labor costs which affected adversely on the Group's performance during the year, leading to the gross profit margin reduced from 11.2% in 2009 to 8.1% in 2010.

To improve the Group's financial position, the Group has been implementing various sales strategies to increase the sales turnover and profit margins of its products. The Group shall continue to enhance its marketing efforts to expand its market coverage and will further improve its product mix. The Group has been taking various cost control measures to tighten the costs of operations and various general and administrative expenditures.

To improve the Group's cashflow, the Group renewed the factoring loan facilities with a bank in PRC for a total facility amount of RMB200 million with effect from 1 January 2011. In addition to these new banking facilities, the credit facility from another lending bank amounting to totally RMB340 million have been granted and available until January 2012. Meanwhile, a controlling shareholder has continued to maintain a total advance of HK$47 million and RMB1.72 million (approximately a total sum of HK$49 million) to the Company throughout the whole year of 2011 for financing its general working capital requirements.

To extinguish the Group's payment obligation in respect of the remaining balance of the consideration of RMB18,303,502 for the two parcels of industrial land located in Tongliao of PRC for approximately 279,333.78 square metres and in view of the Group's interests for not proceeding with the development of the aforesaid land due to the PRC Government's Idle Land Rules and the Group's declining demand for building plant there, the Company convened a special general meeting on 2 August 2010 whereat the special resolution had been passed by all Disinterested Shareholders (as defined in the circular dated 29 June 2010) attending thereat for approving the two Termination Agreements dated 17 February 2010 which had been entered into between the Company, Topsearch Tongliao Investment (BVI) Limited (an indirect wholly owned subsidiary of the Company) and Majestic Wealth Limited (the past substantial shareholder of the Company) regarding the off-market repurchase of 93,400,000 shares in the capital of the Company ("Repurchased Shares") by 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 which also received the consideration and termination fee of RMB350,000 for the purposes of entering into the Termination Agreements from the Company.

To further improve the Group's cashflow so as to finance its general working capital and in view of the fact that the facilities and space of the existing plant in Tongliao of PRC cannot be fully utilised in the nearer future for meeting the production capacity, on 31 December 2010, Topsearch Printed Circuits (Tongliao) Limited (an indirect wholly owned subsidiary of the Company) entered into a Property Assignment Agreement with Tongliao Xudong Solar Technology Company Limited, an independent third party, for selling a portion of a parcel of industrial land located in Tongliao of PRC with a site area of approximately 74,214 square metres (the exact figure of the site area is subject to the confirmation of the relevant regulatory bodies) and the buildings erected thereon at the consideration of RMB51 million (approximately HK$59.3 million). According to the Property Assignment Agreement, the said full consideration will be received before the end of the year 2011.

Prospects

The management of the Group ("Management") has continued to increase competitiveness throughout 2010 primarily in the on-time delivery of quality products to customers. This was evidenced by the substantial reduction of quality claims from customers comparing to the last few years, pathing the entry into the supply of printed circuit boards ("PCBs") to the automotive industry. With the continuous increase in raw materials price in the last 18 months, the Management believes the positioning of such quality level shall offer a better chance to negotiate appropriate price with the customers, so that part of such increase in material price can be shifted to the consumers.

The market for PCBs demand for 2010 remained very volatile, as experienced in the last quarter during which a supposedly peak season turned out to be a soft season. The first two months of 2011 have shown a stronger sign but unfortunately this was completely shattered by the 311 earthquake disaster in Japan. Although the Group does not consume much raw materials from Japan, the Group's customers do require a lot of materials and parts from Japan and therefore the impact is still unpredictable at this moment. Without a crystal ball on hand it will be extremely difficult to make a forecast for 2011 business, unless Japan's supplies can return to a normal level and if that is the case, the Management is fairly optimistic about the prospects of 2011 of the Group because their efforts in the past as mentioned earlier should be paid off.

Financial Review

During the year under review, the Group's turnover increased by 1.7%. Material costs and labour costs increased due to the price increases of major raw materials such as copper, as well as the increase in wages in the PRC. With the stringent cost control measures taken by the Group, production overheads were maintained at similar level as that of last year. Overall, the gross margin dropped from 11.2% in 2009 to 8.1% in 2010.

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 2010, the Group had total equity of HK$999 million (31 December 2009: HK$1,078 million) and net debt (trade payables, other payables and accruals, interest-bearing borrowings, shareholder's loans less cash and cash equivalents) of HK$673 million (31 December 2009: HK$720 million), representing a gearing ratio, defined as net debt over total equity plus net debt, of 40% (31 December 2009: 40%).

The Group's net current liabilities of HK$124 million (31 December 2009: HK$143 million) consisted of current assets of HK$578 million (31 December 2009: HK$599 million) and current liabilities of HK$702 million (31 December 2009: HK$742 million), representing a current ratio of 0.82 (31 December 2009: 0.81).

As at 31 December 2010, the Group's current assets consisted of HK$70 million (31 December 2009: HK$58 million) held as cash and cash equivalents, of which 2% was in Hong Kong dollars ("HKD"), 41% was in US dollars ("USD"), 54% was in Renmiubi ("RMB") and 3% in other currencies.

The Group's current assets also consisted of HK$234 million (31 December 2009: HK$241 million) trade receivables from customers. Debtors turnover days decreased to 72 days (31 December 2009: 86 days).

As at 31 December 2010, the Group's inventories decreased to HK$192 million (31 December 2009: HK$195 million). Inventory turnover days was 64 days (31 December 2009: 74 days). Trade payables increased to HK$221 million from HK$208 million in 2009. Creditor turnover days was approximately 71 days (31 December 2009: 107 days).

Interest-bearing Borrowings

As at 31 December 2010, the Group had the interest-bearing borrowings as follows:

	31 December 2010	31 December 2009
	HK$'000	*HK$'000*
Amounts payable:		
Within one year	**344,833**	395,367
In the second year	**49,000**	47,545
	393,833	442,912
Less: Portion classified as current liabilities	**344,833**	395,367
Long term portion	**49,000**	47,545

Of the total interest-bearing borrowings, HKD denominated loans accounted for 12% (31 December 2009: 28%), USD denominated loans accounted for 14% (31 December 2009: nil) and the 74% balance was RMB denominated loans (31 December 2009: 72%) as at 31 December 2010. Almost all of the interest-bearing borrowings are charged with floating rates. The Board does not recognize a significant seasonality of borrowing requirements.

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

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

(ii) the assignment of trade receivables of a subsidiary of the Group; and

(iii) the pledged bank deposits held by the Group.

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 44% and 80% 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 2010, excluding the associate, the Group had approximately 5,082 employees (31 December 2009: 5,570). For the year ended 31 December 2010, total staff costs amounted to HK$201 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. Employees are also granted discretionary bonus subject to the individual's performance and business results of the Group.

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 2010, no share options were outstanding under the scheme.

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 2010, the Group's capital commitments authorised but not contracted for amounted to HK$36 million (31 December 2009: HK$15 million) and contracted but not provided for amounted to HK$3 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.

Dividend

The Directors do not recommend the payment of any dividend for the year ended 31 December 2010 (2009: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of Members of the Company will be closed from 1 June 2011 (Wednesday) to 3 June 2011 (Friday), both days inclusive. In order to qualify for the attendance of the forthcoming annual general meeting of the Company, share 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 31 May 2011 (Tuesday).

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Reference was made to the announcements and publications on the websites of the Stock Exchange of Hong Kong Limited ("Stock Exchange") and of the Company on 27 August 2007, 20 October 2009, 19 November 2009, 18 December 2009, 20 January 2010, 18 February 2010, 11 March 2010, 29 March 2010, 18 June 2010, 28 June 2010, 29 June 2010 and 2 August 2010.

On 2 August 2010, a special general meeting of members of the Company had been held whereat a special resolution had been passed by not less than three-fourths of the vote cast on a poll by Disinterested Shareholders (as defined in the above said announcements) present in person or by proxy thereat, for approving the Company's off-market repurchase of 93,400,000 Repurchased Shares in the capital of the Company at the reference price of HK$0.58 per Repurchased Share from Majestic Wealth Limited, a past shareholder of the Company, pursuant to two Termination Agreements (as defined in the above said announcements) dated 17 February 2010 and entered into between the Company, Topsearch Tongliao Investment (BVI) Limited and Majestic Wealth Limited.

The Repurchased Shares were subsequently cancelled. The nominal value of the cancelled Repurchased Shares was debited to the capital and the aggregate consideration was charged against the other receivable account of the Company.

Save as mentioned above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year of 2010.

CODE ON CORPORATE GOVERNANCE PRACTICES ("CG CODE")

The Directors confirm that, for the financial year ended 31 December 2010, the Company has complied with the code provisions set out in the CG Code contained in Appendix 14 of the Listing Rules 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 will carry out a regular review 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 ("MODEL CODE")

The Company has adopted its own code of conduct ("Own Code") regarding securities transactions by Directors on 7 April 2005 and was revised by the Directors on 10 September 2009 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 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.

AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") is composed of three Independent Non-executive Directors and two Non-executive Directors because one of the Independent Non-executive Director, Mr. Xiang Dong, had been re-designated to Non-executive Director on 12 July 2010. The chairman of the Audit Committee has the appropriate professional qualifications and experience in accounting and related financial management as required by the Listing Rules. The Audit Committee discharges its responsibilities as follows and in accordance with its terms of reference adopted by the Board:

1. reviewing and monitoring the integrity of the interim and annual results and financial statements of the Company and of the Group and reviewing significant financial reporting judgements;

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

3. reviewing the appointment, re-appointment, retirement, resignation or removal of the Company's external auditor and reviewing their remuneration and terms of engagement, discussing their audit plan and scope of audit, and monitoring the external auditor's independence and effectiveness of the audit process up to standard, and also reporting the issues raised by them, including but not limited to those stated in the management letter, implementing policy on engaging external auditor to supply non-audit services;

4. reporting directly to the Board;

5. ensuring full access by the responsible teams under corporate governance function of any concerns that may have arisen during the course of the corporate governance works;

6. conducting annual review of the effectiveness of the Group's internal control and risk management systems as delegated by the Board and considering any findings of major investigation of internal control matters; 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 2010, two Audit Committee meetings were held to review the financial results and reports for the year ended 31 December 2009 and for the six months ended 30 June 2010, the budget for the year of 2011, risk management and internal control processes, related party transactions, continuing connected transactions and discloseable transactions, roles and responsibilities as well as works performed by the teams under corporate governance function, and the re-election of the external auditor.

The Audit Committee has reviewed consolidated annual results and financial statements of the Group for the year ended 31 December 2010, including the accounting principles and practices adopted by the Group, in conjunction with Deloitte Touche Tohmatsu, the Group's external auditor.

THE BOARD OF DIRECTORS

As at the date of the publication of this final results announcement, 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. 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	Member of executive committee
Non-executive Directors	
Mr. Tang Yok Lam, Andy	Member of remuneration committee and nomination committee
Mr. Ng Kwok Ying, Alvin	Member of audit committee
Mr. Xiang Dong (re-designated from Independent Non-executive Director to Non-executive Director on 12 July 2010)	Member of audit committee (ceased to be member of nomination committee and remuneration committee on 12 July 2010)
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, member of audit committee and (member of remuneration committee, being appointed on 12 July 2010)
Mr. Ng Kee Sin	Chairman of audit committee

Publication of Annual Report on the website of the Stock Exchange

The 2010 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, 24 March 2011

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 and Mr. Xiang Dong being non-executive directors, and Mr. Leung Shu Kin, Alfred, Mr. Wong Wing Kee and Mr. Ng Kee Sin as independent non-executive directors.

* *for identification purposes only*