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TOPSEARCH INTERNATIONAL (HOLDINGS) LIMITED

至卓國際(控股)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 2323)

ISSUE OF NEW SHARES UNDER THE SHARE AWARD SCHEME AND CONNECTED TRANSACTION ISSUE OF NEW SHARES TO CONNECTED PERSONS UNDER THE SHARE AWARD SCHEME

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



On 17 May 2016, the Board has resolved to award an aggregate of 60,000,000 Connected Award Shares to a Connected Beneficiary by way of issue and allotment of new Shares pursuant to the Specific Mandate.

As the Beneficiary is a connected person of the Company, the issue and allotment of the Connected Award Shares to the Connected Beneficiary constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules and shall be subject to the approval by the Independent Shareholders.

The Company refers to its announcement dated 17 May 2016 (the “**Announcement**”) in relation to the adoption of the Share Award Scheme. Unless otherwise stated, capitalized terms used herein bear the same meanings as defined in the Announcement.

* *For identification purpose only*

DETAILS OF AWARD OF THE AWARD SHARES

On 17 May 2016, the Board has resolved to award an aggregate of 60,000,000 Award Shares (the “**Connected Award Shares**”) to a Beneficiary who is a Director (the “**Connected Beneficiary**”) by way of issue and allotment of new Shares pursuant to a specific mandate (the “**Specific Mandate**”) to be obtained in a special general meeting to be convened by the Company (the “**SGM**”). Upon issuance and allotment of the new Shares, the Trustee will hold the new Shares in trust for the Connected Beneficiary and such new Award Shares shall be transferred to the Connected Beneficiary upon satisfaction of the vesting conditions. The number of Award Shares granted to the Connected Beneficiary is in accordance with his contributions to the Company and its subsidiaries (the “**Group**”).

AWARD TO THE CONNECTED BENEFICIARY

As the Connected Beneficiary is a Director and accordingly connected person (as defined in Chapter 14A of the Listing Rules) to the Company and the issue and allotment of 60,000,000 Connected Award Shares to the Connected Beneficiary under the Share Award Scheme shall constitute a connected transaction on the part of the Company under Chapter 14A of the Listing Rules and shall be subject to, among others, the approval by the independent Shareholders (the “**Independent Shareholders**”) other than the Connected Beneficiary and his associates at the SGM.

60,000,000 new Connected Award Shares were granted to the following connected person with details as follows:

	Number of new Award Shares
Director	
Liu Tingan	60,000,000
Total	<u>60,000,000</u>

Mr. Liu Tingan has abstained from voting on the board resolution to approve the award of the Award Shares to him.

The aggregate of 60,000,000 new Connected Award Shares to be issued and allotted by the Company to the Connected Beneficiary represent approximately 5% of the total number of Shares in issue as at the date of this announcement and approximately 4.76% of the total number of Shares in issue as enlarged by the issue and allotment of the Connected Award Shares.

Based on the closing price of HK\$2.97 per Share as quoted on the Stock Exchange as at the date of this announcement, the market values of the 60,000,000 Connected Award Shares will be HK\$178,200,000.

The new Shares, when issued and fully paid, shall rank pari passu among themselves and with those Shares in issue, with the right to receive all dividends and other distributions declared, made or paid on or after the date of allotment.

Application will be made by the Company to the Stock Exchange for the granting of the listing of, and permission to deal in, the aggregate 60,000,000 Connected Award Shares.

CONDITIONS

The issue and allotment of the 60,000,000 Connected Award Shares to the Connected Beneficiary shall be subject to the following conditions:

- 1) the approval by the Independent Shareholders at the SGM in respect of the issue and allotment of the Connected Award Shares and Specific Mandate;
- 2) the granting of the listing and dealing approval by the Stock Exchange in respect of the Connected Award Shares;
- 3) the achievement of expected return percentage (the “**Expected Return Percentage**”) by the Company. Subject to the approval by the Board, the Remuneration Committee shall make recommendations on the Expected Return Percentage for the forthcoming year, taking into account the Company’s investment strategy and the prevailing industry investment returns, which will be bench-marked with the returns for the comparable investment companies in the People’s Republic of China, the economic environment and other appropriate factors as it thinks fit. Subject to the approval of the Board, the Remuneration Committee may also adjust the Expected Return Percentage, taking into account the above factors. In determining whether the Expected Return Percentage is met, the Company shall take into account the net investment return made out of available investment monies, which include cash or cash equivalents attributable to shareholders and new equity or debt shareholders’ funds.

FURTHER DETAILS OF THE AWARD SHARES

The information in relation to the issue and allotment of the 60,000,000 new Connected Award Shares to the Beneficiaries is set out below:

Securities to be issued: 60,000,000 new Shares, to be issued and allotted to the Connected Beneficiary

Funds to be raised: No fund will be raised by the Company as a result of the issue and allotment of the Connected Award Shares

Reasons for the issue: For better utilization of the resources of the Company, the issue is to make available the Award Shares for granting to the Connected Beneficiary under the Share Award Scheme, which forms part of the incentive schemes of the Company that provide incentives to the Beneficiaries and will allow the Group to encourage and retain talents to work with the Group to achieve the objectives of increasing the value of the Company and aligning the interests of the Beneficiaries directly to the Shareholders through ownership of Shares

Identity of the allottee(s): The Trustee, which will hold the Award Shares in trust in accordance with the trust deed for the Connected Beneficiary, who is a Director

Market price of the Shares: The closing price of the Shares as at 17 May 2016 as quoted on the Stock Exchange is HK\$2.97 per Share

The average closing price of the Shares for the five consecutive trading days immediately preceding 17 May 2016 as quoted on the Stock Exchange is HK\$1.84 per Share

Vesting: Subject to the satisfaction of the vesting criteria and conditions of the Award, the Award Shares shall be transferred to the Connected Beneficiary upon expiry of the following vesting period:

Vesting Date	Percentage of Award Shares to be vested
31 March 2017	12,000,000
31 March 2018	12,000,000
31 March 2019	12,000,000
31 March 2020	12,000,000
31 March 2021	12,000,000

As at each of the above vesting date, the Company, at its absolute discretion, is entitled to adjust the actual amount of Award Shares that can be vested to the Connected Beneficiary according to his performance.

Fund raising activities in the past 12 months: The Company has not engaged in any fund raising exercises in the 12 months immediately preceding the date of this announcement, except for the placing of new shares under the general mandate of the Company as detailed in the Company's announcements dated 26 February 2016, 1 March 2016 and 9 March 2016.

REASONS FOR THE AWARD OF THE AWARD SHARES

The principal business of the Group is manufacturing and sale of a broad range of printed circuit boards. As disclosed in the Company's announcement dated 23 March 2016, the Company plans to expand its business to the carrying out of managing assets and funds for clients as well as financial investments including but not limited to securities, bonds and debentures of companies on discretionary basis.

The Share Award Scheme forms part of the incentive schemes of the Group. The Board considers that the award of the Award Shares to the Connected Beneficiary provides incentives to the Connected Beneficiary and will allow the Group to encourage and retain talents to work with the Group to achieving the objectives of increasing the value of the Company and aligning the interests of the Connected Beneficiary directly to the Shareholders through ownership of Shares. The award of the Award Shares to the Connected Beneficiary recognizes his expertise which will support the Group's business expansion and his long term support and commitment to the Group and his effort will promote the Group's future development.

Furthermore, there will not be any actual cash outflow by the Group under the award of the Award Shares to provide incentives to the Connected Beneficiary. In this regard, the Directors consider that the terms and conditions of the Award are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

GENERAL

The independent board committee (the "**Independent Board Committee**"), comprising all the independent non-executive Directors, has been formed to advise the Independent Shareholders as to whether the award of the Connected Award Shares to the Connected Beneficiary is on normal commercial terms, and in the ordinary and usual course of business of the Group and that the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Gram Capital Limited has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

SGM AND CIRCULAR

The Company will convene an SGM to seek approval from the Independent Shareholders in respect of the awarding of the Connected Award Shares to the Connected Beneficiary by way of issue and allotment of new Shares pursuant to the Specific Mandate. The circular to the SGM containing, among other things, (i) details of the issue and allotment of the Connected Award Shares, (ii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders;

and (iii) the letter of advice from Gram Capital Limited to the Independent Board Committee and the Independent Shareholders, will be dispatched to the Shareholders no more than 15 business days after the publication of this announcement in accordance with the Listing Rules.

By order of the Board of
Topsearch International (Holdings) Limited
Liu Tingan
Chairman and Chief Executive Officer

Hong Kong, 17 May 2016

As at the date of this announcement, the board of directors of the Company comprises Mr. Liu Tingan and Mr. Cheok Ho Fung being executive directors; and Mr. Wong Wing Kee, Mr. Ng Kee Sin, Mr. Ng Man Kung, Dr. Ngai Wai Fung and Mr. Lau Fai Lawrence being independent non-executive directors.