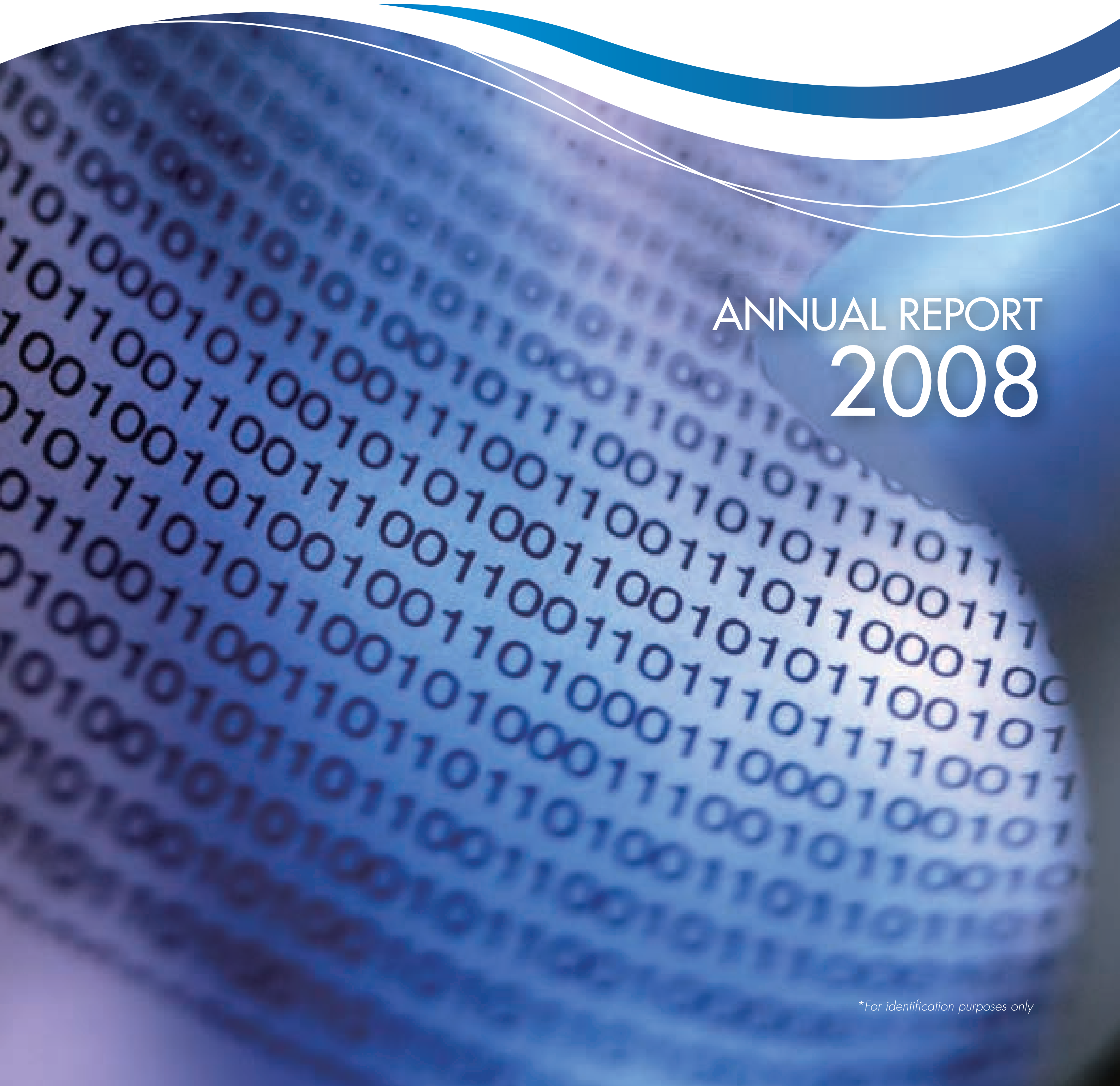
至卓 TOPSEARCH

Topsearch International (Holdings) Limited

至 卓 國 際 （ 控 股 ） 有 限 公 司

(Incorporated in Bermuda with limited liability)

(Stock Code: 2323)



ANNUAL REPORT 2008

*For identification purposes only

Contents

Corporate Information and Financial Calendar

EXECUTIVE DIRECTORS
Mr. Cheok Ho Fung *(Chairman)*
Mr. Kwok Chi Kwong
Mr. Liu Wai On
Mr. Tong Nelson Chi Wing *(Resigned on 30 April 2008)*

NON-EXECUTIVE DIRECTORS
Mr. Tang Yok Lam, Andy
Mr. Ng Kwok Ying, Alvin

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Leung Shu Kin, Alfred
Mr. Wong Wing Kee
Mr. Ng Kee Sin
Mr. Xiang Dong

AUDITORS
Ernst & Young
Certified Public Accountants
18th Floor, Two International Finance Centre
8 Finance Street
Central, Hong Kong

REGISTERED OFFICE
Canon's Court, 22 Victoria Street
Hamilton HM12
Bermuda

COMPANY SECRETARY
Mr. Fong Ching Kong, Tony

COMPANY WEBSITE
www.topsearch.com.hk

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Appleby Management (Bermuda) Ltd.
Argyle House, 41A Cedar Avenue
Hamilton HM 12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Tengis Limited
26th Floor, Tesbury Centre
28 Queen's Road East, Hong Kong

PRINCIPAL PLACE OF BUSINESS
3406 China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

PRINCIPAL BANKERS
The Hongkong and Shanghai
Banking Corporation Limited
1 Queen's Road Central
Hong Kong

Citic Ka Wah Bank
9th Floor, Lippo Centre Tower 1
89 Queensway
Hong Kong

China Construction Bank Shenzhen Branch
East Section, Financial Center
South Hongling Road, Shenzhen
People's Republic of China

Industrial and Commercial Bank of
China Shaoguan Branch
No. 2 Jiangguo Road
Shaoguan
People's Republic of China

FINANCIAL CALENDAR
Half year results
Announced on 19 September 2008

Full year results
Announced on 22 April 2009

REGISTER OF MEMBERS
To be closed from 11 June 2009 (Thursday) to 15 June 2009 (Monday)

ANNUAL GENERAL MEETING
To be held on 15 June 2009 (Monday)

DIVIDENDS
Interim	:	Nil
Final	:	Nil

Business Profile

Topsearch International (Holdings) Limited ("Topsearch") and its subsidiaries (the "Group") are principally engaged in the manufacture and sale of a broad range of printed circuit boards ("PCBs"). The Group has a global customer base comprising principally Electronics Manufacturing Services ("EMS") companies and Original Equipment Manufacturer ("OEM") which are engaged in the production of a diverse range of products for personal computers ("PC") and PC-related industries, as well as the telecommunications, office components, security, instrumentation equipment and consumer products industries.

Chairman's Statement

FINANCIAL PERFORMANCE

For the year ended 31 December 2008, the Group achieved sales of HK$1,559 million, representing a decrease of 3.5% over that of last year. Operating loss before interest and tax was HK$142 million, as compared to operating profit before interest and tax of HK$44 million in 2007. Loss attributable to shareholders amounted to HK$159 million, as compared to profit of HK$3 million in 2007. Basic loss per share was 15.9 Hong Kong cents, as compared to an earning per share of 0.3 Hong Kong cent in 2007.

DIVIDENDS

The board of directors (the "Board" or "Directors") do not recommend the payment of any dividend for the year ended 31 December 2008 (2007: Nil).

BUSINESS REVIEW

As disclosed in the annual report of the Company for the year ended 31 December 2007, the economy recession in the U.S.A. at the beginning of 2008 has resulted in a rather sudden down-turn of order bookings, especially for demands of printed circuits boards ("PCBs") in the hard disk drive industry. The resulting business slow-down led to price erosion of low-layer count PCBs and production under-capacity.

As a result, the revenue of the Group had not picked up from the corresponding period of 2007 that was negatively impacted by the business interruption caused by the fire incident occurred in December 2006 in Shekou plant. Revenue dropped 3.5% from HK$1,615 million in 2007 to HK$1,559 million in 2008. Together with the appreciation of Renminbi, continuing increase of raw materials prices and production under-capacity led to increase in average production overheads and expenses. Gross profit of HK$116 million had decreased 35% over that of 2007. Gross profit margin decreased from 11.1% in 2007 to 7.5% in 2008.

In 2008, after reviewing the business environment as well as the Group's objectives and past performance, a revaluation deficit for buildings of HK$16.6 million (2007: Nil) and an impairment loss of HK$33.4 million (2007: Nil) for plant and machinery were charged to the income statement. In addition, the Group has made a provision of approximately HK$29.8 million in the accounts which can be utilized for offsetting the relevant statutory compensation payment for the employees in the PRC upon involuntary termination of employment contracts according to the requirements of new labour contract laws and regulations effective from 1 January 2008. The unapplied provision balance as at 31 December 2008 was about HK$20.8 million.

To improve the Group's financial position, immediate liquidity and cash flow, a controlling shareholder of the Company advanced HK$43 million and RMB4 million (approximately HK$4.5 million) to the Company for general working capital requirements during the year. The Group has also arranged additional banking facilities to enable the Group to meet its financial obligations as and when they fall due.

Chairman's Statement

As disclosed in the annual report of the Company for the year ended 31 December 2007, the construction of the Tongliao plant was substantially completed. Once the relocation of production capacity from the Shekou plant to the Shaoguan plant is substantially completed, the Group will adopt a prudent approach to schedule the mass-production of the Tongliao plant. Such prudent approach will allow the Group to focus on the operations of the Shekou plant and the Shaoguan plant so as to improve the financial performance of the Group. While there is no solid plan as to when the mass production of PCBs in the Tongliao plant will commence, the Group will start trial run of production and maintain a small scale of operation of the Tongliao plant. 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 2009.

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

PROSPECTS

As described in our 2008 Interim Report, the business environment surrounding most of the low-end customers of the Group was poor in the first six months of 2008, the Group has experienced a nice upturn of business for the 4 months from July to October 2008, averaging a 20+% per month. With the impact of the global financial tsunami starting from November 2008, sales have quickly and mercilessly reduced to only 60% of the above-mentioned 4 months' monthly average during the month of December 2008. Although sales in January 2009 were more or less similar to that in December 2008, the loading of orders had hit a record low in the history of the Group for the month of January 2009. Sales remained more or less the same in January 2009 when compared to December 2008 because many customers were still consuming our products from their hubs, but either reducing or stopping to place further orders during the month.

Business has slowly picked up since February 2009 and currently the Group is having an average of 70+% loading versus our production capacity. Barring unforeseen circumstances again, we are expecting an average of 80% loading of our capacity in the immediate future.

In order to conserve our cash, the Group has suspended almost all CAPEX in last six months of 2008 and continuous relocation of capacity from Shekou to Shaoguan has also come to a halt especially on those processes which would require substantial CAPEX to accomplish such relocation. Despite this action, the management of the Group would consider the relocation of the capacity in order to achieve cost reduction to be successful. Shekou plant is now only producing roughly 10% of the Group's overall capacity. Comparing the figures in two years ago, payroll of Shekou staff has been reduced by 40% and payroll of Shekou workers has been reduced by almost 70%. If the market would turn around any time, any increase of labour costs would only happen in Shaoguan plant because the labour rate there would be much cheaper. The recent support of local government to manufacturing concerns in the southern coastal areas in China has also allowed the Group in the last few months to carry out certain personnel changes. Without such support, these changes would not be possible unless incurring a very costly financial impact and possibly series of distasteful labour lawsuits.

All in all, although the Group has been hard hit by year 2008's soft demand in our products earlier in the year and then badly at the end of the year due to the global financial tsunami, which will continue as year 2009 starts, the silver lining lies in the better gross margin that we have experienced recently because of materials price reduction. This is further enhanced by the many overheads which we have also been able to reduce because of better business environment in the southern coastal areas of China. Local governments are more friendly to negotiate and accept proposals to support what we have asked for, and accordingly more management time can be focused in getting more business instead. Although the Group has sustained a loss in the first quarter of 2009, the fundamentals of doing business in fact have been improved as aforementioned and we believe that our continuous efforts to sustain our gross margin and control our overheads will have its payback in the near future.

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, 22 April 2009

Corporate Governance Report

MISSION STATEMENT OF CORPORATE GOVERNANCE

"We thrive to achieve a high level of corporate governance while supplying quality PCBs to the market and balancing the stakeholders' interest as our top priorities."

The Board and the Senior Management of the Company are of the opinion that during the year 2008, the Company has properly operated in accordance 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 "Compliance with CG Code".

The Board is committed to the transparency, accountability and independence highlighted by the principles of the CG Code to better enhance the 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 and regulators are carried out in accordance with good management practices and good compliance with the respective regulatory standards;

2. cultivating a culture of integrity, transparency and accountability for the Company, its staff, senior management and Directors and emphasising the importance of their roles in such environment; and

3. adopting quality standards widely recognised to foster quality management in every aspect of daily operations of the Group to enhance the performance and value of the Company as a whole.

COMPLIANCE WITH CG CODE

The Directors confirm that, for the financial year ended 31 December 2008, the Company has complied with the CG Code save for the deviation mentioned below:

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

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

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

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

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

The Company, having made specific enquiries, confirms that members of the Board have complied with the Model Code and the Own Code throughout the year ended 31 December 2008. 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 Model Code and the Own Code.

THE BOARD OF DIRECTORS

As at the date of the publication of this annual report, the Board consists of nine Directors (one has left the Group during the year), with a variety and a balance of skills and experience in accounting, manufacturing, marketing, finance, investment and legal professions. Their brief biographical particulars are set out on pages 30 to 37 of this annual report. Members of the Board of Directors and their respective attendance to Board meetings held during the year are as follows:

Name of Directors	**Attendance**
Executive Directors	
Mr. Cheok Ho Fung *(the Chairman and Chief Executive Officer)*	4/5
Mr. Liu Wai On	5/5
Mr. Kwok Chi Kwong, Danny	5/5
Mr. Tong Nelson Chi Wing *(resigned on 30 April 2008)*	0/1
Non-Executive Directors	
Mr. Tang Yok Lam, Andy	4/5
Mr. Ng Kwok Ying, Alvin	5/5
Independent Non-Executive Directors	
Mr. Leung Shu Kin, Alfred	5/5
Mr. Wong Wing Kee	4/5
Mr. Ng Kee Sin	5/5
Mr. Xiang Dong	3/5

The number of Board meetings held during the year ended 31 December 2008 was five.

The Company has appointed sufficient number of independent non-executive directors in accordance with the requirements of the Listing Rules and, one of whom has accounting and related financial management expertise. They have dedicated to provide the Company with professional advice with respect to the steady operation and development of the Company. They also exercised supervision and coordination to safeguard interests of the Company and its shareholders.

All of the independent non-executive Directors are considered to be independent for the purpose of Rule 3.13 of the Listing Rules. Each independent non-executive Director has provided an annual confirmation of independence to the Company pursuant to Rule 3.13 of the Listing Rules. Based on such confirmation, the Directors (excluding the independent non-executive Directors) consider that all independent non-executive Directors are independent for the purpose of Rule 3.13 of the Listing Rules.

There is no relationship (including financial, business, family or other material/relevant relationship(s)), among members of the Board of Directors except as disclosed below:

1. Mr. Cheok Ho Fung is the Chairman as well as the Chief Executive Officer of the Company;

2. Mr. Leung Shu Kin, Alfred, the independent non-executive Director, who is currently an executive director of Elegance Printing Group, the printer of the Company, who has business relationship with the Company.

All existing non-executive Directors have signed letters of appointment with the Company and will be subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Bye-laws of the Company and the requirements of the Listing Rules. The remuneration of non-executive Directors will be fixed from time to time in accordance with the Bye-laws by the Shareholders at the Company's general meetings.

THE OPERATION OF THE BOARD

The Board's main task is to supervise and direct the management of the Company to operate under good corporate governance in order to maximise value of the shareholders while balancing the interest of the various stakeholders. The Board holds meetings at least quarterly to monitor the performance of the Company as against the budget and to be briefed with market developments, to discuss and decide on major corporate, strategic and operational issues, and to appraise any good investment opportunities available.

The major duties performed by the Board are as follows:

1. setting the Company's values and standards;

2. setting the objectives of the Company and responsibilities of the Board of Directors;

3. establishing the strategic direction for the Company;

4. setting targets for the management;

5. monitoring the performance of the management;

6. supervising the annual and interim results of the Company;

7. ensuring that a framework of prudent and effective controls is in place to assess and manage the risk of the Group;

8. overseeing the management of the Company's relationships with shareholders, customers, the community, interest groups and others who have a legitimate interest in the responsible conduct of the Group's business;

9. identifying and assessing any matters involving a conflict of interest for a substantial shareholder or a Director;

10. determining material acquisitions and disposals of assets, investments, capital, projects, authority levels, major treasury policies, risk management policies and key human resources issues; and

11. considering and determining issues which are the responsibilities of the Board of Directors pursuant to the Company's Memorandum of Association and Bye-laws and the relevant laws and regulations in force by which the Company is governed from time to time.

The Board delegates to the management major corporate matters as stated below:

1. preparation of the annual and interim results to be approved by the Board;

2. execution of the corporate strategies and directions adopted by the Board;

3. implementation of sufficient systems of internal controls and risk management procedures; and

4. carrying out daily operations, etc.

BOARD COMMITTEES

As an integral part of good corporate governance, the Board has established various Board Committees to oversee particular aspects of the Company's affairs. The Board Committees are governed by their respective Terms of Reference, which describe the authority and duties of the Board Committees and will be regularly reviewed and updated by the Board. The Board Committees include Audit Committee, Remuneration Committee, Nomination Committee and Executive Committee.

AUDIT COMMITTEE

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

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

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

3. approving the appointment of the Company's external auditor and reviewing and discussing their audit plan and scope, and also reports and issues raised by them;

4. reporting directly to the Board of Directors; and

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

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

During the year ended 31 December 2008, three Audit Committee meetings were held to review the financial results and reports for the year ended 31 December 2007 and for the six months ended 30 June 2008, risk management and internal control processes, related party transactions, roles and responsibilities as well as works performed by the Corporate Governance Department, and the re-election of the external auditors. The attendance record of each member of the Audit Committee at Audit Committee meetings is set out below:

Members of Audit Committee	**Attendance**
Mr. Ng Kee Sin *(Chairman) (Independent Non-Executive Director)*	3/3
Mr. Ng Kwok Ying, Alvin *(Member) (Non-Executive Director)*	3/3
Mr. Leung Shu Kin, Alfred *(Member) (Independent Non-Executive Director)*	3/3
Mr. Wong Wing Kee *(Member) (Independent Non-Executive Director)*	3/3
Mr. Xiang Dong *(Member) (Independent Non-Executive Director)*	2/3

AUDITORS' REMUNERATION

The Audit Committee of the Company is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect to the Company. During the year under review, the Group is required to pay to the Auditors, Messrs Ernst & Young, the following fees:-

Type of services provided by the external auditors	**Fee paid/payable** *(HK$)*
Audit services:	*Audit services:*
Audit of the annual financial statements for the year ended 31 December 2008	1,950,000
Non-audit services:	*Non-audit services:*
Review of documents relating to pension scheme	6,000
Tax compliance	76,000
	2,032,000

REMUNERATION COMMITTEE

The Remuneration Committee carries out the following duties:

1. ensuring formal and transparent procedures for overseeing and developing policies on the remuneration packages of Directors and senior managers;

2. assessing the achievement and performance of Executive Directors and Senior Management;

3. approving the terms of Executive Directors' service contracts; and

4. providing effective supervision and administration of the Company's share option schemes and other share incentive schemes.

As at the date hereof, it comprises three members, namely Mr. Leung Shu Kin, Alfred (Chairman), Mr. Tang Yok Lam, Andy and Mr. Xiang Dong, the majority of whom are Independent Non-Executive Directors.

During the year ended 31 December 2008, one Remuneration Committee meeting was held to discuss and review the remuneration and bonus of Executive Directors of the Company and the remuneration policies of the Company. The attendance record of each member of the Remuneration Committee at Remuneration Committee meeting is set out below:

Members of Remuneration Committee	**Attendance**
Mr. Leung Shu Kin, Alfred *(Chairman) (Independent Non-Executive Director)*	1/1
Mr. Tang Yok Lam, Andy *(Member) (Non-Executive Director)*	1/1
Mr. Xiang Dong *(Member) (Independent Non-Executive Director)*	0/1

NOMINATION COMMITTEE

The Nomination Committee carries out the following tasks in accordance with its nomination procedures and criteria as follows:

1. recommending and nominating candidates to fill vacancies or as addition to the Board of Directors by considering the candidates' past performance and experience, academic and working qualifications, general market conditions in accordance with the requirements set out in the Listing Rules and the Company's Bye-laws so as to make the composition of the Board of Directors filled with a variety and a balance of skills and experience; and

2. reviewing regularly the roles of Directors by considering the issues of conflict of interest, their performance and conduct.

As at the date hereof, the members of the Nomination Committee are Mr. Wong Wing Kee (Chairman), Mr. Leung Shu Kin, Alfred, Mr. Tang Yok Lam, Andy and Mr. Xiang Dong.

During the year ended 31 December 2008, the Nomination Committee had met once and discussed and reviewed the role and performance of the existing directors of the Company, the nomination procedures and the potential nomination of new directors to the Company. The attendance record of each member of the Nomination Committee at the Nomination Committee meeting is set out below:

Members of Nomination Committee	**Attendance**
Mr. Wong Wing Kee *(Chairman) (Independent Non-Executive Director)*	1/1
Mr. Leung Shu Kin, Alfred *(Member) (Independent Non-Executive Director)*	1/1
Mr. Tang Yok Lam, Andy *(Member) (Non-Executive Director)*	1/1
Mr. Xiang Dong *(Member) (Independent Non-Executive Director)*	0/1

Under the CG Code provision A.4.2, every Director should be subject to retirement by rotation at least once every three years. The Bye-laws of the Company has provided that at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation such that every Director shall be subject to retirement by rotation at least once every three years.

EXECUTIVE COMMITTEE

The Executive Committee of the Board meets regularly and operates with overall delegated authority from the Board of Directors. The Executive Committee reports through the Chairman to the Board of Directors. The Executive Committee carries out the following tasks:

1. determining group strategy;
2. setting targets for the management;
3. reviewing business performance;
4. ensuring adequate funding; and
5. examining major investments.

As at the date hereof, the members of the Executive Committee are Mr. Cheok Ho Fung, Mr. Liu Wai On and Mr. Kwok Chi Kwong, Danny.

Members of the Executive Committee	**Attendance**
Mr. Cheok Ho Fung *(the Chairman and Chief Executive Officer)*	3/3
Mr. Liu Wai On	3/3
Mr. Kwok Chi Kwong, Danny	3/3
Mr. Tong Nelson Chi Wing *(resigned on 30 April 2008)*	0/0

CORPORATE MANAGEMENT AND INTERNAL CONTROL

Corporate Governance Department:

The Corporate Governance Department plays a major role in monitoring the internal corporate governance of the Group. The Department has unrestricted access to the information that allows it to review all aspects of the Group's risk management and governance processes in connection with nature of compliance and legal requirements. It also has the power to consult the Audit Committee without reference to the management.

Internal Audit Division:

There is an internal audit division in the Corporate Governance Department. Under an audit plan, it conducts audits of the practices, procedures and internal controls of all business and support units. As requested by the relevant Board Committees, it also conducts ad-hoc reviews or investigations in relation to all types of business operations of the Company.

The management systems for occupational health, safe environment and quality standards are set up. The perfection of the internal control system is properly established and the Board and senior management have paid significant attention to it. The internal audit division is responsible for overall system establishment and comprehensive perfection in corporate internal control. Key tasks of the internal audit function include:

1. unlimited authority of access to review different aspects of the Group's business activities and internal control procedures;

2. regular performance of the comprehensive audit of the working procedures, practices, expenses, investment, asset management of the special business unit and subsidiaries of the Group;

3. special reviews and investigations for ad-hoc projects; and

4. liaison with senior management and the Board of Directors on the effectiveness and efficiency of management and the assurance against material financial misstatements.

Internal Control:

The Board of Directors holds full responsibility for the system of internal control of the Group and continuously reviews its effectiveness from time to time. The internal audit division performs investigation of the effectiveness of material processes and controls on a risk-based approach in accordance with the provisions on internal controls as set forth in the CG Code. The findings are reported to the Audit Committee. The Board of Directors, through the Audit Committee, has reviewed the effectiveness of the system of internal control for the year ended 31 December 2008 and consider the internal control systems effective and adequate.

The Board of Directors has implemented procedures and internal controls for the handling and dissemination of price sensitive information.

OPERATION RISKS

The Group has implemented appropriate policies and procedures for all major operations. In particular, management closely monitors the procurement process and performs due diligence check on the vendors. The In Process Quality Assurance Department and Reliability Department ensure the stability of the manufacturing process and control products quality. The Group also strives to promote human resources reforms and comprehensively enhances cost management. By establishing clear policies and requiring well-documented business process, the exposure to operation risks is considered minimal.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

The Company is committed to our society on the impact of our business to the environment and wishes to create value to the community in which we operate. We have done the following in this area:

Environmental Policy

Traditionally, the manufacture of PCBs is classified as a pollution industry. In view of it, the Company pledges to uphold quality management and implement policies for conserving resources and managing waste. The Company has established the following policies in compliance with environmental regulations.

1. During the stage of design, research and development, environmental impact assessment for each material or machinery is conducted prior to any purchase decision. Accordingly, such impact assessment data is considered as one of the key criteria for procurement decisions.

2. During production, consumption, delivery and waste disposal, the Company undertakes environmental protection measures through technological enhancement, usage of recycling materials and conservation of resources. Besides, minimum environmental impact approach and systematic recycling methods are employed to best protection to the environment as well as the ecosystem.

3. The Company commits to fulfill and comply with national and regional environmental protection regulations and establishes self-regulating frameworks and standards accordingly.

4. Awareness for environmental protection of all staff is enhanced through environmental protection activities, training program and promotion. The concept of "Reduce", "Reuse", "Recycle" are heavily promoted. By promoting them, the Company is striving to protect the environment as well as contributing back to the society.

5. Top management is acting as a core for establishing a well-defined structure and system for environmental management by outlining corresponding responsibility, scope and policy. Besides, this environmental protection policy is always given first priority, overriding production needs wherever necessary.

6. The Company always keeps track of the development of international environmental protection legislation and ensures its environmental policy is implemented not only to comply with international standards, but also to ensure it is at the same pace as worldwide counterparts.

ENVIRONMENTAL RESEARCH PROJECTS

Since 2001, the Company started sponsoring Tsinghua University (one of the top research and education institutions in China) for the establishment of the "Tsinghua Topsearch R&D Centre of Green Manufacturing" to achieve the following:

1. conduct Green Manufacturing Research; and

2. organise and promote Green Education.

Major subjects for research include:

1. Green Assessment System;

2. Green Design Theory and Methods;

3. Recycle and Reuse Technology of PCB;

4. Energy Consumption Management;

5. Green Education for Manufacturing and Industrial Ecology; and

6. Green Manufacturing Web Site.

The Company has been playing a significant role in taking the Green Technologies on to the next level. It is looking forward to sharing these future technologies and is confident that a better and healthier environment can be built.

ROHS STANDARD AND LEAD — FREE PRODUCTION

As one of the leading companies in the PCB industry, environmental protection is always one of the focused areas of the Company. The Company has been complying with the RoHS Standard "Restriction of the use of certain Hazardous Substances" ("RoHS Standard"). The RoHS Standard requires electronic manufacturing companies to use the minimum hazardous substances, such as lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls or polybrominated diphenyl ethers, which are dangerous to our environment. The RoHS Standard enables our products are produced environmental friendly. Apart from meeting the RoHS Standard, the Company is also using halogen-free materials because halogen compound is dangerous to the ozone.

The Company has already used lead-free surface finishing production such as Organic Solderability Preservative (OSP) and Electroless Nickel Immersion Gold (ENIG), which enable our product surfaces to be lead-free. As one of the Company's long term strategies, we will continue to invest on new lead-free technology. Recently, we have invested on Immersion Silver and Immersion Tin machines, which provide better lead-free finishing production along the manufacturing lines.

In future, the Company will keep sourcing new RoHS compliance materials and lead-free surface finishing alternatives to achieve better environmental protection and provide more choices for customers.

EDUCATION

Apart from the work on environmental issues, the Company has already financed over 120 staff in university studies since 1999. It believes that staff are the most valuable asset of the Company. It also invests heavily in training because it believes that training and further education will not only benefit the individual staff member but also provide them more opportunities to make greater contributions to the Group.

Financing for education is not limited to staff. The Company extends it to talented young students. Since 1995, the Company has sponsored over 50 students in their Doctor's and Master's studies in South China Agricultural University and Tsinghua University respectively. The Company may not directly benefit from it, but believes that these students can contribute more to the society if they have opportunities to further their studies.

The Company is willing to take more responsibilities for society but with a view to balancing the shareholders' interests and society's benefits.

INVESTOR RELATIONS AND COMMUNICATION

The Company continues to commit to a proactive policy of promoting investor relations and effective communication with shareholders and analysts by maximizing the use of the Company's website (www.topsearch.com.hk) as a channel to disclose the Company's updated information to both the shareholders and the public on a timely basis.

DIRECTOR'S RESPONSIBILITY IN RESPECT OF FINANCIAL STATEMENTS

The directors acknowledge their responsibility for preparing the financial statements for each financial period which give a true and fair view of the financial affairs of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that was publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as required under Rule 8.08 of the Listing Rules throughout the year ended 31 December 2008.

Management Discussion and Analysis

FINANCIAL REVIEW

During the year under review, the Group's turnover decreased by 3.5%. Material costs maintained at high level due to the continued trending up of major raw materials . Production overheads increased by 11% per square foot compared to that of last year. Overall, the gross margin was dropped from 11.1% in the last year to 7.5% in 2008.

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 31 December 2008, the Group had total equity of HK$1,173 million (31 December 2007: HK$1,269 million), and net debt (trade payables, other payables and accruals, interest-bearing borrowings, less cash and cash equivalents) of HK$1,067 million (31 December 2007: HK$1,064 million), representing a gearing ratio, defined as net debt over total equity plus net debt, of 48% (31 December 2007: 46%).

The Group's net current liabilities of HK$235 million (31 December 2007: HK$69 million) consisted of current assets of HK$793 million (31 December 2007: HK$846 million) and current liabilities of HK$1,028 million (31 December 2007: HK$915 million), representing a current ratio of 0.77 (31 December 2007: 0.92).

As at 31 December 2008, the Group's current assets consisted of HK$41 million (31 December 2007: HK$87 million) held as cash and cash equivalents, of which 6% was in HKD, 46% was in USD, 43% was in RMB and 5% in other currencies.

The Group's current assets also consisted of HK$323 million (31 December 2007: HK$424 million) trade receivables from customers. Debtors turnover days decreased to 87 days (31 December 2007: 93 days).

As at 31 December 2008, the Group's inventories decreased to HK$235 million (31 December 2007: HK$276 million). Inventory turnover days was 65 days (31 December 2007: 73 days). Trade payables decreased to HK$412 million from HK$426 million in 2007. Creditor turnover days was approximately 106 days (31 December 2007: 103 days).

IMPAIRMENT OF BUILDINGS AND PLANT & MACHINERY

Revaluation was conducted on 31 December 2008 for all of the Group's buildings which were stated at valuation of HK$448,402,000 at 31 December 2008. Deficit on revaluation of HK$10,600,000 was charged against revaluation reserve for certain buildings for which a surplus was noted in the prior year. The remaining deficit of HK$16,600,000 was charged to the income statement during the year. The deficit of valuation for the buildings in Shekou amounting to HK$10,600,000 was derived from the Depreciated Replacement Cost ("DRC") approach. If such approach was changed to the income approach either on the basis of capitalization of net income derived from the reversionary income potential of the properties or by reference to comparable market transactions, together with the land, the valuation shall become HK$330,681,000, resulting in a surplus of HK$119,122,000.

In view of the losses incurred for 2008 and the current economic downturn, management has assessed the impairment on the property, plant and equipment and an impairment loss of HK$33,400,000 was recorded for plant and machinery as at 31 December 2008 (2007: Nil). The recoverable amount of the Group is determined based on a value in use calculation using cash flow projections based on financial budgets covering an eight-year period approved by senior management. The discount rate applied to the cash flow projections is 10.7%.

INTEREST-BEARING BORROWINGS

As at 31 December 2008, the Group had the interest-bearing borrowings as follows:

	31 December 2008 (Audited) *HK$'000*	31 December 2007 (Audited) *HK$'000*
Amounts payable:		
Within one year	**527,195**	391,309
In the second year	**57,509**	167,447
In the third to fifth years, inclusive	**1,796**	51,141
	586,500	609,897
Less: Portion classified as current liabilities	**(527,195)**	(391,309)
Long term portion	**59,305**	218,588

Of the total interest-bearing borrowings, HKD denominated loans accounted for 60% (31 December 2007: 83.5%) and the 40% balance was RMB denominated loans (31 December 2007: Nil) as at 31 December 2008. As at 31 December 2007, 16.5% of the loans were denominated in USD. Almost all of the interest-bearing borrowings are charged with floating rates. The Board does not recognize a significant seasonality of borrowing requirements.

Certain of the banking facilities granted to the Group have stipulated financial covenants of interest cover of not less than four and net tangible worth of not less than HK$1,200,000,000. As at 31 December 2008, such covenants were breached by the Group but since the outstanding loans under these banking facilities at the balance sheet date of HK$183,728,000 were due for repayment within one year, no reclassification or adjustment was necessary. Management has received confirmations from banks regarding waivers of the covenants and is in the process of finalising the waivers with the banks.

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 year of 2008.

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 Renminbi ("RMB"). Approximately 48% and 73% 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 2008, excluding the associate, the Group had approximately 5,881 employees (31 December 2007: 7,244). For the year ended 31 December 2008, total staff costs amounted to HK$243 million. Under the Group's remuneration policy, employees are rewarded in line with market rate and in compliance with statutory requirements of all jurisdictions where it operates.

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants including any employees of the Group. As at 31 December 2008, 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.

CONTINGENT LIABILITIES

During the year, a supplier of the Group filed a claim in the PRC against 至卓飛高線路板（曲江）有限公司 ("TPC Shaoguan"), Topsearch Printed Circuits (Shenzhen) Ltd. ("TPC Shenzhen") and Topsearch Printed Circuits (HK) Limited for outstanding purchase payables totalling US$1.9 million (approximately HK$15 million). The court of Shaoguan has issued an order that the shares of TPC Shaoguan cannot be transferred or pledged from 31 July 2008 to 30 April 2009.

In the opinion of the Directors, the amount is in dispute as the supplier has delivered faulty products to the Group. The Group has made accrual for the purchases in the amount of HK$12 million in the balance sheet. After consulting with the Group's legal counsel, it is considered not probable that the supplier will succeed in the claim. Thus, no additional provision has been made in the financial statements.

CAPITAL COMMITMENTS

As at 31 December 2008, the Group's capital commitments contracted but not provided for amounted to HK$38 million (31 December 2007: HK$48 million). All of these capital commitments were related to construction of factory buildings and acquisition of land and plant and machinery.

OTHER COMMITMENTS

As at 31 December 2008, the Group's capital contribution committed to two wholly-owned subsidiaries established in the PRC amounted to HK$228 million (31 December 2007: HK$286 million), of which HK$107 million (31 December 2007: HK$154 million) represents an investment in a subsidiary in Tongliao, Inner Mongolia of the PRC and HK$121 million (31 December 2007: HK$132 million) represents an investment in a subsidiary in Shaoguan, Guangdong Province of the PRC, to be paid up by June 2009 and November 2011, respectively.

DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 December 2008 (31 December 2007: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of Members of the Company will be closed from 11 June 2009 (Thursday) to 15 June 2009 (Monday), both days inclusive. In order to qualify for the attendance of the forthcoming annual general meeting, transfer forms accompanied by relevant share certificates, must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 10 June 2009 (Wednesday).

Report of the Directors

The Directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in note 15 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

Details of the analysis of the Group's revenue for the year by geographical location are set out in note 4 to the financial statements.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 December 2008 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 45 to 119.

The Directors do not recommend the payment of any dividends in respect of the year.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements, is set out on page 120. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 13 to the financial statements.

SHARE CAPITAL, SHARE OPTIONS AND WARRANTS

There were no movements in either the Company's authorized or issued share capital during the year. Details of movements in the Company's warrants for the year ended 31 December 2008 and issued share capital for the year ended 31 December 2007 are set out in note 29 to the financial statements.

There were no movements in the Company's share options during the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws which would oblige the Company to offer new shares on a pro rata basis to existing shareholders though there are no restrictions against such rights under the laws of Bermuda.

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 year.

RESERVES

Details of the movements in the reserves of the Company and the Group during the year are set out in note 31(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At as 31 December 2008, the Company's reserves available for distribution amounted to HK$512,065,000, comprising retained earnings of HK$45,296,000 and contributed surplus of HK$466,769,000. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus shall not be distributed to the shareholders if there are reasonable grounds for believing that:

(i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

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;

(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 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 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 Option under the Scheme.

The basis of eligibility of any of the above class of participants to the grant of any 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.

The maximum number of ordinary shares in respect of which options may be granted at any time under the Scheme and any other share option scheme of the Company cannot exceed 30% of the issued share capital of the Company from time to time. The total number of ordinary shares, which may be issued upon exercise of all options granted under the Scheme and any other share option scheme of the Group, must not in aggregate exceed 64,000,000 Shares, being 10% of the Shares in issue at the Listing Date. The Company may seek approval of its shareholders in general meeting to refresh the 10% limit provided that the total number of ordinary shares which may be issued upon exercise of all outstanding options granted under the Scheme and under any other share option scheme of the Group under the limit as "refreshed" must not exceed 10% of the ordinary shares in issue at the date of approval of the limit. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue, further grant in excess of this limit is subject to issue of a circular to the shareholders and shareholders' approval in a general meeting of the Company with the proposed grantees and their associates abstaining from voting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors, other than an independent non-executive director who is a proposed grantee. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period up to and including the date of such grant, are subject to shareholders' approval in advance in a general meeting in which the proposed grantees must abstain from voting.

The offer of a grant of share options may be accepted within 28 days from the date of the offer and upon payment of a nominal consideration of HK$1.00 in total by the grantee. The exercise period of the share options granted is determinable by the Directors, and will commence at any time on or after the date upon which the option is deemed to be granted and accepted and will expire not later than the 10th anniversary of that date.

The exercise price of the share options is determinable by the Directors, but shall not be less than the higher of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets on the date of the grant of the share options which must be a trading day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the shares on the offer date.

Apart from as disclosed above and "Directors' Interests in Shares and Underlying Shares" below, none of the directors or their respective associates has any personal, family, corporate or other interests in the equity or debt securities of the Company or any of its associated corporations (as defined in the Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO")) or has any right to subscribe for equity or debt securities of the Company, as recorded in the register required to be kept under SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

MAJOR CUSTOMERS AND SUPPLIERS

For the financial year ended 31 December 2008, the sales of products to the largest and the five largest customers amounted to 20% (2007: 21%) and 44% (2007: 46%) of the Company's revenue respectively.

For the financial year ended 31 December 2008, the purchases of materials from the largest and the five largest suppliers amounted to 20% (2007: 30%) and 48% (2007: 54%) of the total purchases respectively.

None of the Directors, or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the issued share capital of the Company) had any beneficial interest in any of the five largest customers and suppliers of the Group for the financial year ended 31 December 2008.

CONTINUING CONNECTED TRANSACTION

On 18 August 2006, Topsearch Printed Circuits (HK) Limited, a wholly owned subsidiary of the Company entered into the Raw Materials Supply Agreement in connection with the supply of raw materials as defined therein by Kingboard Copper Foil (Macao Commercial Offshore) Limited and Kingboard Laminates (Macao Commercial Offshore) Limited (the "Kingboard Group") which are subsidiaries of Kingboard Chemical Holdings Limited (Stock code: 148), a substantial Shareholder of the Company, for a period of three years from 1 July 2006 to 30 June 2009.

An announcement ("Announcement") was published on 18 August 2006 and a circular ("Circular") was issued by the Company on 11 September 2006 regarding the Continuing Connected Transaction disclosed in accordance with the Listing Rules. As disclosed in the Announcement and the Circular, the Directors proposed that the annual caps for the three years from 1 July 2006 to 30 June 2009 shall be approximately as follow:

	Annual Caps
1 July 2006 to 31 December 2006	HK$82,000,000
1 January 2007 to 31 December 2007	HK$190,000,000
1 January 2008 to 31 December 2008	HK$228,000,000
1 January 2009 to 30 June 2009	HK$132,500,000

The Raw Materials Supply Agreement and the annual caps had been approved by shareholders of the Company at the Special General Meeting held on 29 September 2006.

During the period from 1 January 2008 to 31 December 2008, the Group did not purchase any raw materials from the Kingboard Group (31 December 2007: HK$68,574,000). The above transaction of the Group constituted a continuing connected transaction ("Continuing Connected Transaction") under the Listing Rules for the year ended 31 December 2007. This amount did not exceed the corresponding annual caps for the period from 1 January 2008 to 31 December 2008, namely an amount of HK$228,000,000.

Pursuant to Rule 14A.38 of the Listing Rules, the Company has engaged the auditors of the Company to perform certain procedures in respect of the Continuing Connected Transaction of the Group in accordance with the Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have reported their factual findings on these procedures to the Board and confirmed that no Continuing Connected Transaction has been entered into during the year ended 31 December 2008, and accordingly, the Continuing Connected Transaction did not exceed the annual cap amount for the year ended 31 December 2008 as set out in the Announcement. The Company had filed a copy of such confirmation letter from the auditors regarding the Continuing Connected Transaction at the Stock Exchange.

The Group's Continuing Connected Transactions also constituted related party transactions, details of which are set out in note 37 to the financial statements.

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.

Keentop Investment Limited ("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 loans up to HK$183,728,000 (2007: Nil) as at the balance sheet date.

In the prior year, there were negative pledge undertakings of the Group not to create or permit any security over its assets to subsist. In addition, pursuant to the loan agreements between the Company and certain banks relating to one three-year term loan facility and two three-year syndicated loan facilities of HK$10,000,000 and HK$270,000,000, respectively, a termination event would have arisen if (i) Mr. Cheok Ho Fung, Peter and his family, collectively, ceased to beneficially own directly or indirectly at least 51% of the issued share capital of the Company, or (ii) the Group failed to meet the financial covenants stipulated in the agreements of the loan facilities. Such negative pledge undertakings had been relinquished upon full settlement of the related loans during the year.

Pursuant to Rule 13.19 of the Listing Rules, the Company had fully repaid by refinance arrangements all outstanding syndicated loans in respect of which certain breach of covenants occurred as mentioned in the Interim Report of the Company and the announcement published on 15 December 2008.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive Directors:
Mr. Cheok Ho Fung
Mr. Kwok Chi Kwong, Danny
Mr. Liu Wai On
Mr. Tong Nelson Chi Wing *(resigned on 30 April 2008)*

Non-executive Directors:
Mr. Tang Yok Lam, Andy
Mr. Ng Kwok Ying, Alvin

Independent Non-executive Directors:
Mr. Leung Shu Kin, Alfred
Mr. Wong Wing Kee
Mr. Ng Kee Sin
Mr. Xiang Dong

In accordance with Bye-law 99 of the Company's Bye-laws, Mr. Tang Yok Lam, Andy, Mr. Ng Kwok Ying, Alvin and Mr. Ng Kee Sin shall retire at the forthcoming annual general meeting.

All the retiring directors, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

BIOGRAPHICAL DETAILS OF DIRECTORS

Executive Directors

Mr. Cheok Ho Fung

Mr. Cheok Ho Fung, aged 57, has been an Executive Director, the Chairman of the Board and Chief Executive Officer. He is the founder of the Group since 1985. Mr. Cheok is responsible for overall strategic planning and the direction of the Group. With over 20 years of experience in the PCB industry, Mr. Cheok also spearheads the Group's efforts in seeking out business development, capital investment and joint venture opportunities. Prior to founding the Group in 1985, Mr. Cheok had held the positions as financial controller and various management positions in different multinational companies which involved in computer related products, application systems, motor vehicles and agricultural equipment, ship repairing and oil-rig construction, business-form printing and PCB manufacturing. Mr. Cheok has been a fellow member of the Association of Chartered Certified Accountants since 1980, a member of the Chartered Institute of Management Accountants since 1981 and the Hong Kong Institute of Certified Public Accountants since 1990.

Mr. Cheok has entered into a service contract with the Company on 30 May 2002 for an initial fixed term of three years and shall continue thereafter for successive terms of one year each commencing from the day next after the expiry of the then current terms of the service contract. He will be subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Bye-laws of the Company. For the financial year ended 31 December 2008, Mr. Cheok received annual emoluments of HK$5,025,000, including the housing benefits in kind. His emoluments will be approved by the Board subject to the authority granted by the Shareholders to authorise the Board to fix the Directors' remuneration at the annual general meeting of the Company. Mr. Cheok's emolument package is subject to review by the Board from time to time pursuant to the power given to it under the Bye-laws with reference to his contribution in terms of time, skills and expertise, the prevailing market conditions and the remuneration benchmark in the industry.

Saved as disclosed above, Mr. Cheok has not held any other directorships in any other public company which securities are listed on any securities market in Hong Kong or overseas in the last three years. Other than the relationship arising from his being the Chairman, Chief Executive Officer and an executive Director, Mr. Cheok does not have any relationships with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Company.

Mr. Kwok Chi Kwong

Mr. Kwok Chi Kwong, aged 49, has been an Executive Director of the Company since 12 July 2007. Mr. Kwok graduated from the Hong Kong Polytechnic University with major in Electronic Engineering, is currently the Quality Director of Topsearch Printed Circuits (Shenzhen) Limited which is a subsidiary of the Company and also has day-to-day responsibility in the Shaoguan plant. Mr. Kwok joined the Group in 1986 and prior to this, he has few years experience in another major PCB manufacturer in Hong Kong.

Mr. Kwok is a director of Topsearch Industries (BVI) Limited, Topsearch Printed Circuits (HK) Limited, Topsearch Printed Circuits (Shenzhen) Limited, Topsearch Printed Circuits (Qujiang) Limited and Topsearch Printed Circuits (Tongliao) Limited which are subsidiaries of the Company.

Mr. Kwok had signed a letter of appointment with the Company for an initial fixed term of one year which shall continue thereafter. He will be subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Bye-laws of the Company. His remuneration will be approved by the Board subject to the authority granted by the Shareholders to authorise the Board to fix the Directors' remuneration at the annual general meeting of the Company. For the financial year ended 31 December 2008, Mr. Kwok received annual emoluments of HK$108,000 for being an Executive Director of the Company and other emoluments of HK$887,000. The emoluments of Mr. Kwok are determined by the Board from time to time pursuant to the power given to it under the Bye-laws with reference to his contribution in terms of time, skills and expertise, the prevailing market conditions and the remuneration benchmark in the industry.

Save as disclosed above, Mr. Kwok has not held any other directorships in any other public company which securities are listed on any securities market in Hong Kong or overseas in the past three years. Other than the relationship arising from his being an Executive Director, Mr. Kwok does not have any relationships with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Company.

Mr. Liu Wai On

Mr. Liu Wai On, aged 47, has been an Executive Director of the Company since 12 July 2007. Mr. Liu graduated from the Hong Kong Polytechnic University, major in Industrial Management and Metal Finishing Technology, is currently the Marketing Director of Topsearch Printed Circuits Macao Commercial Offshore Company Limited which is a subsidiary of the Company mainly responsible for all internal administration, business development and planning and development of sales strategies relating to manufacturing and operations. Prior to joining the aforesaid subsidiary of the Company in 2004, Mr. Liu has more than 18 years of experience in various major PCBs manufacturers in technical and operation areas.

Mr. Liu had signed a letter of appointment with the Company for an initial fixed term of one year which shall continue thereafter. He will be subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Bye-laws of the Company. His remuneration will be approved by the Board subject to the authority granted by the Shareholders to authorise the Board to fix the Directors' remuneration at the annual general meeting of the Company. For the financial year ended 31 December 2008, Mr. Liu received annual emoluments of HK$108,000 for being an Executive Director of the Company and other emoluments of HK$783,000. The emoluments of Mr. Liu are determined by the Board from time to time pursuant to the power given to it under the Bye-laws with reference to his contribution in terms of time, skills and expertise, the prevailing market conditions and the remuneration benchmark in the industry.

Saved as disclosed above, Mr. Liu has not held any other directorships in any other public company which securities are listed on any securities market in Hong Kong or overseas in the past three years. Other than the relationship arising from his being an Executive Director, Mr. Liu does not have any relationships with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Company.

Mr. Tong Nelson Chi Wing (resigned on 30 April 2008)

Mr. Tong Nelson Chi Wing, aged 53, has been an Executive Director of the Company for the period from 12 July 2007 through 30 April 2008.

For the financial year ended 31 December 2008, Mr. Tong received annual emoluments of HK$40,000 for being an Executive Director of the Company and other emoluments of HK$186,000.

Saved as disclosed above, Mr. Tong has not held any other directorships in any other public company which securities are listed on any securities market in Hong Kong or overseas in the past three years. Other than the relationship arising from his being an Executive Director, Mr. Tong does not have any relationships with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Company.

Non-executive Directors

Mr. Tang Yok Lam, Andy

Mr. Tang Yok Lam, Andy, aged 61, was appointed as an Independent Non-executive Director on 3 April 2002 and re-designated as a Non-executive Director of the Company on 1 December 2004. Mr. Tang has over 36 years international working experience in Hong Kong, Japan, London, USA and China in engineering, shipping, energy, finance and investment banking areas. Mr. Tang had held various executive positions in multinational companies, including First Chicago, Fuji Bank, JP Morgan, Coastal Power, etc in Hong Kong, Japan, London, USA and China. Mr. Tang has been a pioneer in non-recourse project financing for sports stadium in USA and power plants in China. Mr. Tang currently resides in Beijing. Mr. Tang studied naval Architecture in Taiwan, then production management at Cambridge and earned his MBA at Cranfield University in England in 1977.

Mr. Tang had signed a letter of appointment with the Company on 29 August 2005 for an initial fixed term of three years which shall continue thereafter. He will be subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Bye-laws of the Company. His remuneration will be approved by the Board subject to the authority granted by the Shareholders to authorise the Board to fix the Directors' remuneration at the annual general meeting of the Company. For the financial year ended 31 December 2008, Mr. Tang received annual emoluments of HK$108,000 for being a Non-executive Director of the Company. The emoluments of Mr. Tang are determined by the Board from time to time pursuant to the power given to it under the Bye-laws with reference to his contribution in terms of time, skills and expertise, the prevailing market conditions and the remuneration benchmark in the industry.

Saved as disclosed above, Mr. Tang has not held any other position with the Company or any of its subsidiaries or associates, and he has not held any directorship in any other public company which securities are listed on any securities market in Hong Kong or overseas in the past three years. Other than the relationship arising from his being a Non-executive Director, Mr. Tang does not have any relationships with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Company.

Mr. Ng Kwok Ying, Alvin

Mr. Ng Kwok Ying, Alvin, aged 62, was appointed as an Independent Non-executive Director on 3 April 2002 and re-designated as a Non-executive Director of the Company on 22 February 2005. Mr. Ng is the founder and currently a senior partner of Ng and Partners, Solicitors. Prior to becoming a solicitor, Mr. Ng had worked in the shipping industry for 10 years. Mr. Ng graduated from the University of Hong Kong with a Bachelor of Social Science degree.

Mr. Ng had signed a letter of appointment with the Company on 29 August 2005 for an initial fixed term of three years which shall continue thereafter. He will be subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Bye-laws of the Company. His remuneration will be approved by the Board subject to the authority granted by the Shareholders to authorise the Board to fix the Directors' remuneration at the annual general meeting of the Company. For the financial year ended 31 December 2008, Mr. Ng received annual emoluments of HK$108,000 for being a Non-executive Director of the Company. The emoluments of Mr. Ng are determined by the Board from time to time pursuant to the power given to it under the Bye-laws with reference to his contribution in terms of time, skills and expertise, the prevailing market conditions and the remuneration benchmark in the industry.

Saved as disclosed above, Mr. Ng has not held any other position with the Company or any of its subsidiaries or associates, and he has not held any directorship in any other public company which securities are listed on any securities market in Hong Kong or overseas in the past three years. Other than the relationship arising from his being a Non-executive Director, Mr. Ng does not have any relationships with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Company.

Independent Non-executive Directors

Mr. Leung Shu Kin, Alfred

Mr. Leung Shu Kin, Alfred, aged 56, has been an Independent Non-executive Director of the Company since 1 September 2004. Mr. Leung has had extensive working experience in the banking industry. For over 20 years, Mr. Leung had held various senior credit management positions in Bank of America and the First National Bank of Boston prior to becoming the Group General Manager of Seng Heng Bank in Macau. Currently he serves as an Executive Director for the Elegance Printing Group. Mr. Leung holds a Bachelor's degree in Economics and a Bachelor's degree in Commerce from the University of Windsor, Canada, a Master's degree in Business Administration from the Chinese University of Hong Kong.

Mr. Leung had signed a letter of appointment with the Company for three years which will be expired on 31 August 2010. He will be subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Bye-laws of the Company. His remuneration will be approved by the Board subject to the authority granted by the Shareholders to authorise the Board to fix the Directors' remuneration at the annual general meeting of the Company. For the financial year ended 31 December 2008, Mr. Leung received annual emoluments of HK$108,000 for being an Independent Non-executive Director of the Company. The emoluments of Mr. Leung are determined by the Board from time to time pursuant to the power given to it under the Bye-laws with reference to his contribution in terms of time, skills and expertise, the prevailing market conditions and the remuneration benchmark in the industry.

Saved as disclosed above, Mr. Leung has not held any other position with the Company or any of its subsidiaries or associates, and he has not held any directorship in any other public company which securities are listed on any securities market in Hong Kong or overseas in the past three years. Other than the relationship arising from his being an Independent Non-executive Director, Mr. Leung does not have any relationships with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Company.

Mr. Wong Wing Kee

Mr. Wong Wing Kee, aged 62, has been an Independent Non-executive Director of the Company since 1 December 2004. Mr. Wong holds a Bachelor of Science degree from The University of Manchester (UK). He is also a Fellow of The London Chartered Institute of Bankers (FCIB), now known as IFS, School of Finance (UK). A Singaporean, Mr. Wong has more than 30 years experience in operational risk management, internal audit and compliance. He has held senior operational risk, internal audit and compliance positions at major Asian and US banks, and has served as advisor and provided strategic risk consultancy services to various banks in Indonesia.

Mr. Wong had signed a letter of appointment with the Company for three years which will be expired on 30 November 2010. He will be subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Bye-laws of the Company. His remuneration will be approved by the Board subject to the authority granted by the Shareholders to authorise the Board to fix the Directors' remuneration at the annual general meeting of the Company. For the financial year ended 31 December 2008, Mr. Wong received annual emoluments of HK$108,000. The emoluments of Mr. Wong are determined by the Board from time to time pursuant to the power given to it under the Bye-laws with reference to his contribution in terms of time, skills and expertise, the prevailing market conditions and the remuneration benchmark in the industry.

Save as disclosed above, Mr. Wong has not held any positions with the Company or other members of the Group and he has not held any other directorships in any other public company which securities are listed on any securities market in Hong Kong or overseas in the last three years. Other than the relationship arising from his being an Independent Non-executive Director, Mr. Wong does not have any relationships with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Company.

Mr. Ng Kee Sin

Mr. Ng Kee Sin, aged 57, has been an Independent Non-executive Director of the Company since 20 March 2007. Mr. Ng has more than 20 years of senior management experience in Asia Pacific countries with NCR, Digital Equipment Corporation, Compaq Computer Corporation and had been the Managing Director of Quantum Storage Greater China Region. He is currently an international associate of Golden Namsing Technology Shenzhen Co. Mr. Ng holds a Bachelor of Accountancy degree from University of Singapore. He is a member of Institute of Certified Public Accountants of Singapore (ICPAS) and a fellow member of the Association of Certified Chartered Accountants (ACCA).

Mr. Ng had signed a letter of appointment with the Company on 20 March 2007 for an initial fixed term of three years which shall continue thereafter. He will be subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Bye-laws of the Company. His remuneration will be approved by the Board subject to the authority granted by the Shareholders to authorise the Board to fix the Directors' remuneration at the annual general meeting of the Company. For the financial year ended 31 December 2008, Mr. Ng received annual emoluments of HK$108,000 for being an Independent Non-executive Director of the Company. The emoluments of Mr. Ng are determined by the Board from time to time pursuant to the power given to it under the Bye-laws with reference to his contribution in terms of time, skills and expertise, the prevailing market conditions and the remuneration benchmark in the industry.

Saved as disclosed above, Mr. Ng has not held any other position with the Company or any of its subsidiaries or associates, and he has not held any directorship in any other public company which securities are listed on any securities market in Hong Kong or overseas in the past three years. Other than the relationship arising from his being an Independent Non-executive Director, Mr. Ng does not have any relationships with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Company.

Mr. Xiang Dong

Mr. Xiang Dong, aged 37, has been an Independent Non-executive Director of the Company since 12 July 2007. Mr. Xiang received a Ph.D. degree in Mechanical Engineering of Chongqing University since 2000 and accredited with an Education Award of Department of Precision Instruments & Mechanology, Tsinghua University in 2005. Mr. Xiang is engaged as an Associate Professor in the Manufacturing Engineering Institute, Department of Precision Instruments & Mechanology, Tsinghua University since 2005 and has several years of lecturing experience in the same school before 2005. Mr. Xiang has undertaken many research projects during the past seven years including Green Design Theory and Application for Electronmechanical Products, E-waste Recycling Technology, Green Manufacturing, Environmental Attribute Analysis of Home Appliances and Recycling Technique of PCBs and cathoderay tube research etc.

Mr. Xiang had signed a letter of appointment with the Company for an initial fixed term of one year which will be expired on 11 July 2008 and shall continue thereafter. He will be subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Bye-laws of the Company. His remuneration will be approved by the Board subject to the authority granted by the Shareholders to authorise the Board to fix the Directors' remuneration at the annual general meeting of the Company. For the financial year ended 31 December 2008, Mr. Xiang received annual emoluments of HK$108,000 for being an Independent Non-executive Director of the Company. The emoluments of Mr. Xiang are determined by the Board from time to time pursuant to the power given to it under the Bye-laws with reference to his contribution in terms of time, skills and expertise, the prevailing market conditions and the remuneration benchmark in the industry.

Saved as disclosed above, Mr. Xiang has not held any other position with the Company or any of its subsidiaries or associates, and he has not held any directorship in any other public company which securities are listed on any securities market in Hong Kong or overseas in the past three years. Other than the relationship arising from his being an Independent Non-executive Director, Mr. Xiang does not have any relationships with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Company.

DIRECTORS' SERVICE CONTRACTS

On 30 May 2002, the Company entered into a service agreement with Mr. Cheok Ho Fung for an initial fixed term of three years and shall continue thereafter for successive terms of one year each commencing from the day next after the expiry of the then current terms of the service agreements. Under the service agreement with Mr. Cheok, such agreement may be terminated by either party by giving not less than six months' written notice to the other party.

On 12 July 2007, separate letters of appointment were issued by the Company and accepted by Mr. Kwok Chi Kwong, Danny and Mr. Liu Wai On as Executive Directors with effect from 12 July 2007 to 11 July 2008, subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Bye-laws of the Company. Their terms of appointment were renewed by the Board for the further period from 12 July 2008 to 11 July 2009. Under the letters of appointment, the appointment may be terminated by either party by giving not less than three months' written notice to the other party.

On 29 August 2005, separate letters of appointment were issued by the Company and accepted by Mr. Tang Yok Lam, Andy and Mr. Ng Kwok Ying, Alvin respectively. Mr. Tang and Mr. Ng serve the Company as non-executive Directors with effect from 3 June 2005 for an initial period of three years, subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Bye-Laws of the Company. Their terms of appointment were renewed by the Board for the further three years for the period from 3 June 2008 to 2 June 2011. Under the letters of appointment, the appointment may be terminated by either party by giving not less than three months' written notice to the other party.

On 29 August 2005, a letter of appointment was issued by the Company and accepted by Mr. Leung Shu Kin, Alfred. Mr. Leung serves the Company as an independent non-executive Director with effect from 3 June 2005 to 31 August 2007, subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Bye-laws of the Company. His terms of appointment were renewed by the Board for the further period from 1 September 2007 to 31 August 2010. Under the letter of appointment, the appointment may be terminated by either party by giving not less than three months' written notice to the other party.

On 29 August 2005, a letter of appointment was issued by the Company and accepted by Mr. Wong Wing Kee. Mr. Wong serves the Company as an independent non-executive Director with effect from 3 June 2005 to 30 November 2007, subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Bye-laws of the Company. His terms of appointment were renewed by the Board for the further period from 1 December 2007 to 30 November 2010. Under the letter of appointment, the appointment may be terminated by either party by giving not less than three months' written notice to the other party.

On 20 March 2007, a letter of appointment was issued by the Company and accepted by Mr. Ng Kee Sin. Mr. Ng serves the Company as an independent non-executive Director with effect from 20 March 2007 for an initial period of three years, subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Bye-laws of the Company. Under the letter of appointment, the appointment may be terminated by either party by giving not less than three months' written notice to the other party.

On 12 July 2007, a letter of appointment was issued by the Company and accepted by Mr. Xiang Dong. Mr. Xiang serves the Company as an independent non-executive Director with effect from 12 July 2007 to 11 July 2008, subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Bye-Laws of the Company. His terms of appointment were renewed by the Board for the further period from 12 July 2008 to 11 July 2009. Under the letter of appointment, the appointment may be terminated by either party by giving not less than three months' written notice to the other party.

Save as disclosed above, none of the Directors has or is proposed to have a service agreement with the Company or any of its subsidiaries, which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

DIRECTORS' REMUNERATION

The directors' fees are subject to the shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 37 to the financial statements, no director had a material interest, either directly or indirectly, in any contracts of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries or fellow subsidiaries was a party during the year.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

1. Directors' interests in Shares

As at 31 December 2008, 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 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	43.20%
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.

(c) Subsidiary — Topsearch Industries (Holdings) Limited

Name of director		**Nature of interest**	**Number of deferred shares held**	**Percentage of total deferred share issued**
Mr. Cheok Ho Fung		Direct	2,000,100	10.00%
	Note	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 31 December 2008, none of the Company's directors held share options of the Company.

3. Directors' Interest in Underlying Shares of Equity Derivatives of the Company — bonus issue of warrants on the basis of one warrant for every ten existing Shares held by the Shareholders on 5 June 2006:

Name of Directors	Nature of interest	Date of grant of warrants	Exercise period of warrants	Subscription price of warrants	Number of warrants outstanding	Number of total underlying shares	Approximate Percentage of total shareholding
Mr. Cheok Ho Fung	Direct	5 June 2006	26 June 2006 to 31 October 2008	1.20	4,800,000	4,800,000	0.48%
Inni International Inc	Deemed	5 June 2006	26 June 2006 to 31 October 2008	1.20	43,200,000	43,200,000	4.32%
				Total	48,000,000	48,000,000	4.80%

Note: These warrants 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.

Saved as discussed above, as at 31 December 2008, 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.

The subscription rights attaching to the warrant of the Company (stock code: 470) had been expired at 4:30 p.m. on 31 October 2008 (Hong Kong time). The Company had applied to the Stock Exchange for the withdrawal of listing of the said warrants with effect from after close of business on Friday, 31 October 2008 (Hong Kong time).

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

1. Long positions in Shares:

As at 31 December 2008, 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	20.70%
Kingboard Chemical		Direct	Long position	2,766,000	0.28%
Holdings Limited	*(iii)*	Deemed	Long position	204,226,000	20.42%
		Total		206,992,000	20.70%
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%

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 subsidiaries of Jamplan (BVI) Limited which in turn is a wholly-owned subsidiary of Kingboard Chemical Holdings Limited. Hallgain Management Limited owns 31.01% equity shares in Kingboard Chemical Holdings Limited.

2. Long positions in underlying shares of equity derivatives of the Company – bonus issue of warrants on the basis of one warrant for every ten existing Shares held by the Shareholders on 5 June 2006.

Name of shareholders	*Notes*	Nature of interest	Date of grant of warrants	Exercise period of warrants	Subscription price of warrants	Number of warrants outstanding	Number of total underlying shares	Approximate percentage of total shareholding
Inni International Inc.		Direct	5 June 2006	26 June 2006 to 31 October 2008	1.20	43,200,000	43,200,000	4.32%
Mr. Cheok Ho Fung		Direct	5 June 2006	26 June 2006 to 31 October 2008	1.20	4,800,000	4,800,000	0.48%
	(i)	Deemed	5 June 2006	26 June 2006 to 31 October 2008	1.20	43,200,000	43,200,000	4.32%
					Total	48,000,000	48,000,000	4.80%
Mrs. Cheok Chu Wai Min	*(ii)*	Deemed	5 June 2006	26 June 2006 to 31 October 2008	1.20	48,000,000	48,000,000	4.80%
Hallgain Management Limited	*(iii)*	Deemed	5 June 2006	26 June 2006 to 31 October 2008	1.20	12,746,000	12,746,000	1.27%
Kingboard Chemical Holdings Limited		Direct	5 June 2006	26 June 2006 to 31 October 2008	1.20	250,000	250,000	0.03%
	(iii)	Deemed	5 June 2006	26 June 2006 to 31 October 2008	1.20	12,496,000	12,496,000	1.24%
					Total	12,746,000	12,746,000	1.27%
Jamplan (BVI) Limited	*(iii)*	Deemed	5 June 2006	26 June 2006 to 31 October 2008	1.20	12,496,000	12,496,000	1.24%
Kingboard Investments Limited		Direct	5 June 2006	26 June 2006 to 31 October 2008	1.20	12,475,800	12,475,800	1.24%

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 underlying shares of equity derivatives of the Company".

(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 underlying shares of equity derivatives of the Company".

(iii) Kingboard Investments Limited and Kingboard Laminates Limited, holder of 204,024,000 and 202,000 shares in the Company respectively, are wholly-owned subsidiaries of Jamplan (BVI) Limited which in turn is a wholly-owned subsidiary of Kingboard Chemical Holdings Limited. Hallgain Management Limited owns 31.01% equity shares in Kingboard Chemical Holdings Limited.

The subscription rights attaching to the warrant of the Company (stock code: 470) had been expired at 4:30 p.m. on 31 October 2008 (Hong Kong time). The Company had applied to the Stock Exchange for the withdrawal of listing of the said warrants with effect from after close of business on Friday, 31 October 2008 (Hong Kong time).

Saved as disclosed above, as at 31 December 2008, no person, other than the directors and chief executive of the Company, whose interests are set out in the section "Directors' Interest in Shares and Underlying Shares" above had registered an 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.

AUDIT COMMITTEE

The Company established an Audit Committee on 30 May 2002 with its own written terms of reference in compliance with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls of the Group. Meetings were held to review the interim financial statements of the Company for the financial period ended 30 June 2008, and financial statements of the Company for the year ended 31 December 2008.

This annual report has been reviewed by the Audit Committee.

As at the date of this report, the Committee comprised four independent non-executive directors, namely Mr. Leung Shu Kin, Alfred, Mr. Wong Wing Kee, Mr. Ng Kee Sin (Chairman) and Mr. Xiang Dong and one non-executive director namely Mr. Ng Kwok Ying, Alvin.

AUDITORS

Ernst & Young will retire after the conclusion of the forthcoming annual general meeting and a resolution for their reappointment as auditors of the Company will be proposed thereat.

On behalf of the Board

Cheok Ho Fung
Chairman and Chief Executive Officer

Hong Kong, 22 April 2009

ERNST & YOUNG
安 永

18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

To the shareholders of Topsearch International (Holdings) Limited
(Incorporated in Bermuda with limited liability)

We have audited the financial statements of Topsearch International (Holdings) Limited set out on pages 45 to 119, which comprise the consolidated and company balance sheets as at 31 December 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

To the shareholders of Topsearch International (Holdings) Limited *(continued)*
(Incorporated in Bermuda with limited liability)

AUDITORS' RESPONSIBILITY *(continued)*

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2008 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Without qualifying our opinion, we draw attention to note 2.1 to the financial statements concerning the adoption of the going concern basis for the preparation of the financial statements, which explains that while the Group's total assets exceeded its current liabilities by HK$1,278,721,000 as at 31 December 2008, the Group's current liabilities exceeded its current assets at that date by HK$235,494,000 and incurred a loss before tax of HK$169,699,000 for the year then ended, which indicate the existence of a material uncertainty in relation to the going concern of the Group and the Company.

Ernst & Young
Certified Public Accountants
22 April 2009

Consolidated Income Statement

Year ended 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
REVENUE	5	**1,558,810**	1,614,834
Cost of sales		**(1,442,597)**	(1,436,196)
Gross profit		**116,213**	178,638
Other income and gains	5	**11,040**	75,550
Selling and distribution costs		**(109,503)**	(109,815)
Administrative expenses		**(71,238)**	(78,083)
Other expenses		**(88,615)**	(22,159)
Finance costs	7	**(27,596)**	(42,748)
PROFIT/(LOSS) BEFORE TAX	6	**(169,699)**	1,383
Tax	10	**10,333**	1,493
PROFIT/(LOSS) FOR THE YEAR		**(159,366)**	2,876
Attributable to equity holders of the parent	11	**(159,366)**	2,876
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic		**(15.9 cents)**	0.3 cent
Diluted		**N/A**	N/A

Consolidated Balance Sheet

31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**1,382,820**	1,472,657
Prepaid land lease payments	14	**39,548**	37,443
Interest in an associate	16	**558**	641
Rental and utility deposits		**647**	1,966
Prepaid rental, long term portion		**931**	1,069
Available-for-sale financial assets	17	**2,247**	2,051
Deposits paid for items of property, plant and equipment		**19,882**	35,926
Deposit paid for land lease	18	**59,882**	56,060
Deferred tax asset	19	**7,700**	—
Total non-current assets		**1,514,215**	1,607,813
CURRENT ASSETS			
Inventories	20	**235,301**	276,044
Trade receivables	21	**322,903**	423,608
Prepayments, deposits and other receivables	22	**39,383**	58,133
Pledged deposits	23	**155,235**	943
Cash and cash equivalents	23	**40,520**	86,988
Total current assets		**793,342**	845,716
CURRENT LIABILITIES			
Trade payables	24	**412,446**	426,491
Other payables and accruals	25	**79,889**	87,906
Interest-bearing bank loans	26	**500,580**	322,342
Finance lease payables	27	**26,615**	68,967
Tax payable		**9,306**	8,763
Total current liabilities		**1,028,836**	914,469
NET CURRENT LIABILITIES		**(235,494)**	(68,753)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,278,721**	1,539,060

	Notes	2008 HK$'000	2007 HK$'000
NON-CURRENT LIABILITIES			
Other payable	*25*	**29,028**	27,175
Interest-bearing bank loans	*26*	**—**	141,139
Finance lease payables	*27*	**11,760**	77,449
Shareholder's loan	*28*	**47,545**	—
Deferred tax liabilities	*19*	**17,330**	24,680
Total non-current liabilities		**105,663**	270,443
Net assets		**1,173,058**	1,268,617
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	*29*	**100,000**	100,000
Reserves	*31(a)*	**1,073,058**	1,168,617
Total equity		**1,173,058**	1,268,617

Cheok Ho Fung
Director

Liu Wai On
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2008

	Attributable to equity holders of the parent							
	Issued capital	Share premium account	Contributed surplus	Property revaluation reserve	Exchange fluctuation reserve	Statutory reserve fund	Retained profits	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(note 29)	*(note 29)*	*(note 31(a))*			*(note 31(a))*		
At 1 January 2007	85,760	291,704	19,000	28,351	34,354	24,088	625,818	1,109,075
Exchange realignment on translation of the financial statements of foreign entities	—	—	—	—	74,074	—	—	74,074
Profit for the year	—	—	—	—	—	—	2,876	2,876
Total income for the year	—	—	—	—	74,074	—	2,876	76,950
Issue of shares	14,240	68,352	—	—	—	—	—	82,592
Transfer to the statutory reserve fund	—	—	—	—	—	1,960	(1,960)	—
At 31 December 2007 and at 1 January 2008	100,000	360,056	19,000	28,351	108,428	26,048	626,734	1,268,617
Deficit on revaluation	—	—	—	(10,600)	—	—	—	(10,600)
Reversal of deferred tax	—	—	—	600	—	—	—	600
Exchange realignment on translation of the financial statements of foreign entities	—	—	—	—	73,807	—	—	73,807
Total income and expense recognised directly in equity	—	—	—	(10,000)	73,807	—	—	63,807
Loss for the year	—	—	—	—	—	—	(159,366)	(159,366)
Total income and expense for the year	—	—	—	(10,000)	73,807	—	(159,366)	(95,559)
Transfer to the statutory reserve fund	—	—	—	—	—	3,960	(3,960)	—
At 31 December 2008	100,000	360,056*	19,000*	18,351*	182,235*	30,008*	463,408*	1,173,058

* These reserve accounts comprise the consolidated reserves of HK$1,073,058,000 (2007: HK$1,168,617,000) in the consolidated balance sheet.

Consolidated Cash Flow Statement

Year ended 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**(169,699)**	1,383
Adjustments for:			
Finance costs	7	**27,596**	42,748
Interest income	5	**(1,436)**	(2,054)
Depreciation	6	**181,918**	171,671
Loss on disposal of items of property, plant and equipment	6	**515**	106
Recognition of prepaid land lease payments	14	**691**	761
Provision for obsolete inventories	6	**2,010**	4,066
Impairment of trade receivables	6	**7,119**	—
Revaluation deficit of buildings	6	**16,600**	—
Impairment of property, plant and equipment	6	**33,400**	—
		98,714	218,681
Decrease in rental and utility deposits		**1,397**	165
Decrease in prepaid rental, long term portion		**211**	197
Decrease in inventories		**43,449**	32,823
Decrease/(increase) in trade receivables		**93,586**	(25,140)
Decrease in prepayments, deposits and other receivables		**17,165**	38,450
Decrease/(increase) in an amount due from an associate		**83**	(83)
Increase/(decrease) in trade payables		**(32,281)**	29,837
Increase/(decrease) in other payables and accruals		**(12,763)**	48,062
Cash generated from operations		**209,561**	342,992
Interest received		**1,436**	2,054
Taxes paid in The People's Republic of China		**(3,583)**	(4,899)
Net cash inflow from operating activities		**207,414**	340,147
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(31,489)**	(69,558)
Proceeds from disposal of items of property, plant and equipment		**646**	201
Additions to land lease payments	14	**(630)**	(3,624)
Deposits paid for items of property, plant and equipment		**(19,882)**	(35,926)
Purchase of an available-for-sale financial asset		**(196)**	(293)
Net cash outflow from investing activities		**(51,551)**	(109,200)

Consolidated Cash Flow Statement *(continued)*

Year ended 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
Net cash outflow from investing activities		**(51,551)**	(109,200)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		**585,522**	85,000
Repayment of bank loans		**(505,378)**	(193,244)
New shareholder's loan		**47,545**	—
Repayment of a shareholder's loan		**—**	(30,043)
Increase/(decrease) in trust receipt loans		**(43,045)**	4,526
Interest paid	7	**(21,646)**	(32,458)
Interest element of finance lease rental payments	7	**(5,950)**	(10,290)
Capital element of finance lease rental payments		**(108,041)**	(81,161)
Net cash outflow from financing activities		**(50,993)**	(257,670)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**104,870**	(26,723)
Cash and cash equivalents at beginning of year		**87,931**	112,135
Effect of foreign exchange rate changes, net		**2,954**	2,519
CASH AND CASH EQUIVALENTS AT END OF YEAR		**195,755**	87,931
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	**40,520**	86,988
Time deposits with original maturity of less than three months when acquired, pledged as security for	23		
— bank loans		**101,546**	—
— declaration charges		**—**	943
Pledged bank balances for bank loans	23	**53,689**	—
		195,755	87,931

Balance Sheet

31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Interests in subsidiaries	15	**1,021,984**	1,236,262
CURRENT ASSETS			
Prepayments, deposits and other receivables	22	**460**	264
Dividend receivable		**—**	10,000
Cash and cash equivalents	23	**13**	23
Total current assets		**473**	10,287
CURRENT LIABILITIES			
Other payables and accruals	25	**2,791**	2,855
Interest-bearing bank loans	26	**—**	185,857
Total current liabilities		**2,791**	188,712
NET CURRENT LIABILITIES		**(2,318)**	(178,425)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,019,666**	1,057,837
NON-CURRENT LIABILITIES			
Interest-bearing bank loans	26	**—**	81,820
Shareholder's loan	28	**47,545**	—
Total non-current liabilities		**47,545**	81,820
Net assets		**972,121**	976,017
EQUITY			
Issued capital	29	**100,000**	100,000
Reserves	31(b)	**872,121**	876,017
Total equity		**972,121**	976,017

Cheok Ho Fung
Director

Liu Wai On
Director

1. CORPORATE INFORMATION

Topsearch International (Holdings) Limited is a limited liability company incorporated in Bermuda on 12 May 1998 under the Companies Act 1981 (as amended) of Bermuda.

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

During the year, the Group was involved in the manufacture and sale of printed circuit boards. Details of the principal activities of the Company's subsidiaries are set out in note 15 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Inni International Inc., which is incorporated in Liberia.

2.1 BASIS OF PRESENTATION

Despite the fact that the Group's total assets exceeded its current liabilities by HK$1,278,721,000 as at 31 December 2008, the Group had consolidated net current liabilities of approximately HK$235,494,000 at that date and a loss before tax of approximately HK$169,699,000 for the year then ended compared with a profit before tax of approximately HK$1,383,000 in the prior year.

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

(a) the bank loans are short term in nature and are revolving, the Group has been negotiating with certain banks in The People's Republic of China (the "PRC") for the possibility of revising the terms of the loans to longer term in nature;

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

(c) the Group has been implementing various strategies to improve the Group's profitability.

The directors of the Company consider that after taking into account the banking facilities available to the Group, the Group will have sufficient working capital to finance its operations and financial obligations as and when they fall due, and accordingly, are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

2.1 BASIS OF PRESENTATION *(continued)*

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain buildings and available-for-sale financial assets, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2008. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

2.3 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new interpretations and amendments to HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies, the adoption of these new interpretations and amendments has had no significant effect on these financial statements.

HKAS 39 and HKFRS 7 Amendments	Amendments to HKAS 39 Financial Instruments: Recognition and Measurement and HKFRS 7 Financial Instruments: Disclosures — Reclassification of Financial Assets
HK(IFRIC)-Int 11	HKFRS 2 — Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

2.3 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

The principal effects of adopting these new interpretations and amendments to HKFRSs are as follows:

(a) Amendments to HKAS 39 Financial Instruments: Recognition and Measurement and HKFRS 7 Financial Instruments: Disclosures — Reclassification of Financial Assets

The amendments to HKAS 39 permit an entity to reclassify a non-derivative financial asset classified as held for trading, other than a financial asset designated by an entity as at fair value through profit or loss upon initial recognition, out of the fair value through profit or loss category if the financial asset is no longer held for the purpose of selling or repurchasing in the near term, if specified criteria are met.

A debt instrument that would have met the definition of loans and receivables (if it had not been required to be classified as held for trading at initial recognition) may be classified out of the fair value through profit or loss category or (if it had not been designated as available for sale) may be classified out of the available-for-sale category to the loans and receivables category if the entity has the intention and ability to hold it for the foreseeable future or until maturity.

In rare circumstances, financial assets that are not eligible for classification as loans and receivables may be transferred from the held-for-trading category to the available-for-sale category or to the held-to-maturity category (in the case of a debt instrument), if the financial asset is no longer held for the purpose of selling or repurchasing in the near term.

The financial asset shall be reclassified at its fair value on the date of reclassification and the fair value of the financial asset on the date of reclassification becomes its new cost or amortised cost, as applicable. The amendments to HKFRS 7 require extensive disclosures of any financial asset reclassified in the situations described above. The amendments are effective from 1 July 2008.

As the Group has not reclassified any of its financial instruments, the amendments have had no impact on the financial position or results of operations of the Group.

2.3 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

(b) HK(IFRIC)-Int 11 HKFRS 2 — Group and Treasury Share Transactions

HK(IFRIC)-Int 11 requires arrangements whereby an employee is granted rights to the Group's equity instruments to be accounted for as an equity-settled scheme, even if the Group buys the instruments from another party, or the shareholders provide the equity instruments needed. HK(IFRIC)-Int 11 also addresses the accounting for share-based payment transactions involving two or more entities within the Group. As the Group currently has no such transactions, the interpretation has had no impact on the financial position or results of operations of the Group.

(c) HK(IFRIC)-Int 12 Service Concession Arrangements

HK(IFRIC)-Int 12 applies to service concession operators and explains how to account for the obligations undertaken and the rights received in service concession arrangements. No member of the Group is an operator and, therefore, this interpretation has had no impact on the financial position or results of operations of the Group.

(d) HK(IFRIC)-Int 14 HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

HK(IFRIC)-Int 14 addresses how to assess the limit under HKAS 19 Employee Benefits, on the amount of a refund or a reduction in future contributions in relation to a defined benefit scheme that can be recognised as an asset, including situations when a minimum funding requirement exists. As the Group has no defined benefit scheme, the interpretation has had no effect on these financial statements.

2.4 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 First-time Adoption of HKFRSs and HKAS 27 Consolidated and Separate Financial Statements — Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [1]
HKFRS 1 (Revised)	First-time Adoption of HKFRSs [2]
HKFRS 2 Amendments	Amendments to HKFRS 2 Share-based Payment — Vesting Conditions and Cancellations [1]
HKFRS 3 (Revised)	Business Combinations [2]
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instrument: Disclosures — Improving Disclosures about Financial Instruments [1]
HKFRS 8	Operating Segments [1]
HKAS 1 (Revised)	Presentation of Financial Statements [1]
HKAS 23 (Revised)	Borrowing Costs [1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [2]
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation and HKAS 1 Presentation of Financial Statements — Puttable Financial Instruments and Obligations Arising on Liquidation [1]
HKAS 39 Amendment	Amendment to HKAS 39 Financial Instruments: Recognition and Measurement — Eligible Hedged Items [2]
HK(IFRIC)-Int 13	Customer Loyalty Programmes [3]
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate [1]
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation [4]
HK(IFRIC)-Int 17	Distribution of Non-cash Assets to Owners [2]
HK(IFRIC)-Int 18	Transfers Assets from Customers[2]
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK (IFRIC)-Int 9 Reassessment of Embedded Derivatives and HKAS 39 Financial Instruments, Recognitions and Measurement — Embedded Derivatives [5]

2.4 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

Apart from the above, the HKICPA has issued Improvements to HKFRSs* which set out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. Except for the amendment to HKFRS 5 which is effective for annual periods beginning on or after 1 July 2009, the amendments are effective for annual periods beginning on or after 1 January 2009 although there are separate transitional provisions for each standard.

1 Effective for annual periods beginning on or after 1 January 2009
2 Effective for annual periods beginning on or after 1 July 2009
3 Effective for annual periods beginning on or after 1 July 2008
4 Effective for annual periods beginning on or after 1 October 2008
5 Effective for annual periods beginning on or after 30 June 2009

* Improvements to HKFRSs contain amendments to HKFRS 5, HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40 and HKAS 41.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKFRS 8 and HKAS 1 (Revised) may result in new or amended disclosures, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Associate

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Associate *(continued)*

The Group's share of the post-acquisition results of its associate has not been equity accounted for by the Group because the amounts are not significant. The results of the associate are therefore included in the Group's income statement to the extent of dividends received and receivable. The Group's interest in the associate is treated as a non-current asset and is stated at cost less any impairment losses.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d); or

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e).

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment and depreciation *(continued)*

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property, plant and equipment are dealt with as movements in the property revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the income statement. Any subsequent revaluation surplus is credited to the income statement to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the property revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	Over the lease terms
Leasehold improvements	Over the lease terms
Plant and machinery	9%
Furniture, fixtures and equipment	18%
Motor vehicles	18%
Moulds, dies, test fixtures and pins	25%

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment and depreciation *(continued)*

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the income statement so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases are charged to the income statement on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investments and other financial assets

Financial assets in the scope of HKAS 39 are classified as loans and receivables or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets in listed and unlisted debt securities that are designated as available for sale or are not classified in the category above. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement. Interest and dividends earned are reported as interest income and dividend income, respectively and are recognised in the income statement as "Other income" in accordance with the policies set out for "Revenue recognition" below. Losses arising from the impairment of such investments are recognised in the income statement as "Impairment losses on available-for-sale financial assets" and are transferred from the available-for-sale investment revaluation reserve.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in the income statement. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

Assets carried at amortised cost *(continued)*

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

In relation to trade and other receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor and significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor) that the Group will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement.

Impairment losses on debt instruments are reversed through the income statement, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Derecognition of financial assets *(continued)*

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities at amortised cost (including interest-bearing loans and borrowings)

Financial liabilities including trade and other payables and interest-bearing loans and borrowings are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. The related interest expense is recognised within "Finance costs" in the income statement.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Financial guarantee contracts

Financial guarantee contracts in the scope of HKAS 39 are accounted for as financial liabilities. A financial guarantee contract is recognised initially at its fair value less transaction costs that are directly attributable to the acquisition or issue of the financial guarantee contract, except when such contract is recognised at fair value through profit or loss. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the balance sheet date; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 Revenue.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Derivative financial instruments and hedging

The Group uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to the income statement.

The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

Inventories

Inventories are stated at the lower of cost and net realisable value.

Raw materials are valued on a weighted average basis. Work in progress and finished goods are valued at standard cost which approximates to the actual cost determined on a weighted average basis and comprises direct materials, direct labour and an appropriate proportion of manufacturing overheads.

Net realisable value is based on the estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheets, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and an associate, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and an associate, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) insurance compensation income, on a cash basis;

(c) tooling income, when the relevant services are rendered; and

(d) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payment transactions

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Black-Scholes model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ("market conditions"), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at each balance sheet date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The Group has adopted the transitional provisions of HKFRS 2 in respect of equity-settled awards and has applied HKFRS 2 only to equity-settled awards granted after 7 November 2002 that had not vested by 1 January 2005 and to those granted on or after 1 January 2005.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Other employee benefits

Pension schemes

The Group operates two retirement benefit schemes for its eligible employees in Hong Kong. In accordance with the Mandatory Provident Fund Schemes Ordinance and the Occupational Retirement Schemes Ordinance, the Group's Hong Kong employees enjoy retirement benefits under either the Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") or the Mandatory Provident Fund Exempted ORSO Scheme (the "ORSO Scheme"). The assets of both schemes are held separately from those of the Group in independently administered funds. The Group's contributions to both schemes are based on a percentage of the employees' monthly salaries. When an employee leaves the ORSO Scheme prior to his/her interest in the Group's employer contributions vesting fully, the ongoing contributions payable by the Group may be reduced by the relevant amount of forfeited contributions. In respect of the MPF Scheme, the Group's employer contributions vest fully with the employees when contributed into the MPF scheme.

Employees of the Group's subsidiaries which operate in Mainland China are members of the Central Pension Scheme operated by the local municipal government. The subsidiaries are required to contribute a certain percentage of their payroll costs to the Central Pension Scheme to fund the benefits. The only obligation for the Group with respect to the Central Pension Scheme is to make the required contributions, which are charged to the income statement as they become payable in accordance with the rules of the Central Pension Scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the balance sheet date, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the balance sheet date and their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are included in the exchange fluctuation reserve. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcome that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Inventories

The Group does not have a general provisioning policy on inventories based on ageing. Instead, the Group reviews the movements in inventories on a periodical basis for slow-moving inventories. The carrying value of the slow-moving inventory items will be compared with the respective net realisable value to ascertain whether allowance is required to be made in the consolidated financial statements for any obsolete and slow-moving items. In addition, physical counts on all inventories are carried out on a periodical basis in order to determine whether the allowance needs to be made in respect of any obsolete and defective inventories identified. The carrying value of the Group's inventories as at 31 December 2008 was HK$235,301,000 (2007: HK$276,044,000).

Depreciation of property, plant and equipment

The Group depreciates items of property, plant and equipment on the straight-line basis over their estimated useful lives after taking into account their estimated residual values. The estimated useful lives reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment.

Impairment of trade receivables

The policy for provision for impairment loss of trade receivables of the Group is based on the evaluation of collectability and the aged analysis of the trade receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying value of the Group's trade receivables as at 31 December 2008 was HK$322,903,000 (2007: HK$423,608,000).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Fair value of buildings

To determine the fair value of buildings, the Group considers information from a variety of sources, including (i) by reference to independent valuations; (ii) the current prices in an active market for properties of a different nature, condition and location, adjusted to reflect those differences; and (iii) the recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

Impairment of property, plant and equipment

The Group conducts impairment reviews of property, plant and equipment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable in accordance with the relevant accounting standards. Determining whether an asset is impaired requires an estimation of the value in use, which requires the Group to estimate the future cash flows and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. In 2008, after reviewing the business environment as well as the Group's objectives and past performance, a revaluation deficit for buildings of HK$16,600,000 (2007: Nil) and an impairment loss of HK$33,400,000 (2007: Nil) for plant and machinery were charged to the income statement. The carrying value of the Group's property, plant and equipment amounted to HK$1,382,820,000 at 31 December 2008 (2007: HK$1,472,657,000).

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax asset relating to impairment of property, plant and equipment being recognised at 31 December 2008 was HK$7,700,000 (2007: Nil). The amount of unrecognised tax losses at 31 December 2008 was HK$113,960,000 (2007: Nil). Further details are contained in note 19 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Impairment of available-for-sale financial assets

The Group classifies certain assets as available for sale and recognises movements of their fair values in equity. When the fair value declines, management makes assumptions about the decline in value to determine whether there is an impairment that should be recognised in the income statement. At 31 December 2008, no impairment losses have been recognised for available-for-sale assets (2007: Nil). The carrying amount of available-for-sale financial assets at 31 December 2008 was HK$2,247,000 (2007: HK$2,051,000).

4. SEGMENT INFORMATION

Segment information of the Group is presented by business segment and geographical segment. The business segment reporting basis is chosen as the primary segment reporting format as this is more relevant to the Group's internal financial reporting.

(a) Business segments

No further business segment information is presented as the manufacture and sale of printed circuit boards is the only major business segment of the Group.

(b) Geographical segments

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

The segment revenue of the Group by geographical area is analysed as follows:

	2008	2007
	HK$'000	*HK$'000*
Asia, excluding the PRC and Taiwan	**773,370**	643,127
PRC, including Hong Kong	**347,258**	476,751
Europe	**126,586**	204,227
Taiwan	**185,067**	135,131
North America	**126,529**	155,598
	1,558,810	1,614,834

As the Group's production facilities are all located in the PRC, no further geographical segment information on assets and capital expenditure is provided.

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns, rebates and trade discounts.

An analysis of revenue, other income and gains is as follows:

	2008	2007
	HK$'000	*HK$'000*
Revenue		
Sale of goods	**1,558,810**	1,614,834
Other income		
Insurance compensation for business interruption	—	67,273
Tooling income	**7,556**	4,319
Bank interest income	**1,436**	2,054
Others	**375**	1,904
	9,367	75,550
Gains		
Foreign exchange differences, net	**1,673**	—
	11,040	75,550

6. PROFIT/(LOSS) BEFORE TAX

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

	Notes	2008 HK$'000	2007 HK$'000
Cost of inventories sold		**1,440,587**	1,432,130
Depreciation	13	**181,918**	171,671
Minimum lease payments under operating leases on land and buildings		**7,547**	10,168
Auditors' remuneration		**1,950**	1,980
Employee benefit expense (excluding directors' remuneration *(note 8)*):			
Wages and salaries		**204,297**	192,176
Provision for termination pay		**29,808**	—
Pension scheme contributions		**9,378**	12,487
Less: Forfeited contributions		**(441)**	(354)
Net pension scheme contributions*		**8,937**	12,133
		243,042	204,309
Loss on disposal of items of property, plant and equipment		**515**	106
Provision for obsolete inventories		**2,010**	4,066
Impairment of trade receivables	21	**7,119**	—
Revaluation deficit of buildings**	13	**16,600**	—
Impairment of property, plant and equipment**	13	**33,400**	—
Foreign exchange differences, net		**(1,673)**	13,902

* At 31 December 2008, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2007: Nil).

** Included as "Other expenses" on the face of the consolidated income statement.

7. FINANCE COSTS

	Group	
	2008	2007
	HK$'000	*HK$'000*
Interest on:		
Bank loans and overdrafts wholly repayable within five years	**21,087**	32,403
Finance leases	**5,950**	10,290
Shareholder's loan	**559**	55
Total interest expense on financial liabilities not at fair value through profit or loss	**27,596**	42,748

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Fees	**904**	886
Other emoluments:		
Salaries, allowances and benefits in kind	**6,446**	6,353
Pension scheme contributions	**435**	492
	6,881	6,845
	7,785	7,731

Rental expenses amounting to HK$1,741,000 (2007: HK$1,440,000) in respect of a director's accommodation have been included in the other emoluments of directors as stated above (note 37(a)(i)).

8. DIRECTORS' REMUNERATION *(continued)*

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2008	2007
	HK$'000	*HK$'000*
Mr. Leung Shu Kin, Alfred	**108**	120
Mr. Wong Wing Kee	**108**	120
Mr. Ng Kee Sin	**108**	94
Mr. Xiang Dong	**108**	56
	432	390

There were no other emoluments payable to the independent non-executive directors during the year (2007: Nil).

8. DIRECTORS' REMUNERATION *(continued)*

(b) Executive directors and non-executive directors

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2008				
Executive directors:				
Mr. Cheok Ho Fung	**—**	**4,748**	**277**	**5,025**
Mr. Liu Wai On, Eric	**108**	**717**	**66**	**891**
Mr. Tong Chi Wing, Nelson	**40**	**169**	**17**	**226**
Mr. Kwok Chi Kwong, Danny	**108**	**812**	**75**	**995**
	256	**6,446**	**435**	**7,137**
Non-executive directors:				
Mr. Tang Yok Lam, Andy	**108**	**—**	**—**	**108**
Mr. Ng Kwok Ying, Alvin	**108**	**—**	**—**	**108**
	472	**6,446**	**435**	**7,353**
2007				
Executive directors:				
Mr. Cheok Ho Fung	—	4,459	302	4,761
Mr. Ting Sui Ping	—	975	98	1,073
Mr. Liu Wai On, Eric	56	376	38	470
Mr. Tong Chi Wing, Nelson	56	338	34	428
Mr. Kwok Chi Kwong, Danny	56	—	—	56
Mr. Ho Siu Man	—	205	20	225
	168	6,353	492	7,013
Non-executive directors:				
Mr. Tang Yok Lam, Andy	120	—	—	120
Mr. Ng Kwok Ying, Alvin	120	—	—	120
Mr. Mok Cham Hung, Chadwick	88	—	—	88
	496	6,353	492	7,341

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2007: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2007: three) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining two (2007: two) non-director, highest paid employees for the year are as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**1,943**	1,755
Pension scheme contributions	**179**	176
	2,122	1,931

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2008	2007
Nil to HK$1,000,000	**1**	1
HK$1,000,001 to HK$1,500,000	**1**	1
	2	2

10. TAX

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 year (2007: Nil). No Macau profits tax has been provided as the Macau subsidiary of the Company is exempted from Macau Complementary Tax (2007: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/ jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2008	2007
	HK$'000	*HK$'000*
Group:		
Current — Elsewhere		
Charge for the year	**4,117**	2,874
Overprovision in prior years	**—**	(1,017)
Deferred *(note 19)*	**(14,450)**	(3,350)
Total tax credit for the year	**(10,333)**	(1,493)

During the 5th Session of the 10th National People's Congress, which was concluded on 16 March 2007, the PRC Corporate Income Tax Law (the "New CIT Law") was approved. The New CIT Law became effective on 1 January 2008. The statutory CIT rate under the New CIT Law is 25% for both domestic enterprises and foreign-invested enterprises. Additionally, pursuant to the New CIT Law and the tax circular Guofa [2007] No. 39, the Group is entitled to transitional treatment whereby 至卓飛高線路板(曲江)有限公司 ("TPC Shaoguan") is permitted to continue enjoying tax exemption for the first two profitable years and a 50% reduction for the following three years. 2008 was the first year in which TPC Shaoguan enjoyed the 50% tax reduction. Based on the principle set out in the circular Caishui [2008] No. 21, the applicable tax rates for another subsidiary, Topsearch Printed Circuits (Shenzhen) Ltd. ("TPC Shenzhen") will be 20%, 22%, 24% and 25% for the four years ending 31 December 2012. Thereafter, the applicable tax rate of these PRC subsidiaries will be 25%.

10. TAX *(continued)*

A reconciliation of the tax expense/(credit) applicable to profit/(loss) before tax using the statutory rate for the country/jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax credit at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	Group			
	2008		**2007**	
	HK$'000	**%**	*HK$'000*	%
Profit/(Loss) before tax	**(169,699)**		1,383	
Tax at the statutory tax rate of 25% (2007: 15%)	**(42,425)**	**25.0**	207	15.0
Lower tax rate for specific provinces or enacted by local authority	**(5,324)**	**3.1**	—	—
Adjustments in respect of current tax of previous periods	**—**	**—**	(1,017)	(73.5)
Net profit not subject to tax	**—**	**—**	(3,496)	(252.8)
Net loss not deductible for tax	**4,926**	**(2.9)**	—	—
Expenses not deductible for tax	**4,000**	**(2.3)**	2,813	203.3
Tax losses not recognised	**28,490**	**(16.8)**	—	—
Tax credit at the Group's effective rate	**(10,333)**	**6.1**	(1,493)	(108.0)

11. PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The consolidated loss attributable to equity holders of the parent for the year ended 31 December 2008 includes a loss of HK$3,896,000 (2007: the consolidated profit attributable to equity holders of the parent including a profit of HK$4,571,000) which has been dealt with in the financial statements of the Company (note 31(b)).

The directors do not recommend the payment of any dividend for the year ended 31 December 2008 (2007: Nil).

12. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amount is based on the loss for the year attributable to ordinary equity holders of the parent of HK$159,366,000 (2007: profit of HK$2,876,000) and the number of ordinary shares of 1,000,000,000 (2007: weighted average of 896,223,562) in issue during the year.

Diluted earnings/(loss) per share amounts for the years ended 31 December 2008 and 2007 have not been disclosed, as the warrants outstanding during these years had an anti-dilutive effect on the basic earnings/(loss) per share for these years.

13. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings HK$'000	Leasehold improvements HK$'000	Construction in progress HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Moulds, dies, test fixtures and pins HK$'000	Total HK$'000
At 31 December 2008								
At 1 January 2008:								
Cost or valuation	501,170	291,132	113,876	1,607,446	92,216	16,557	194,794	2,817,191
Accumulated depreciation	(43,226)	(195,395)	—	(822,265)	(78,155)	(11,452)	(194,041)	(1,344,534)
Net carrying amount	457,944	95,737	113,876	785,181	14,061	5,105	753	1,472,657
At 1 January 2008, net of accumulated depreciation	457,944	95,737	113,876	785,181	14,061	5,105	753	1,472,657
Additions	5,276	11,164	36,816	6,197	596	1,510	5,856	67,415
Disposals	—	—	—	(931)	(114)	(116)	—	(1,161)
Depreciation provided during the year	(17,017)	(20,224)	—	(134,358)	(2,734)	(1,749)	(5,836)	(181,918)
Deficit on revaluation	(27,200)	—	—	—	—	—	—	(27,200)
Impairment	—	—	—	(33,400)	—	—	—	(33,400)
Transfers	380	—	(8,139)	7,731	28	—	—	—
Exchange realignment	29,019	5,870	7,729	43,111	516	130	52	86,427
At 31 December 2008, net of accumulated depreciation	448,402	92,547	150,282	673,531	12,353	4,880	825	1,382,820
At 31 December 2008:								
Cost or valuation	448,402	321,802	150,282	1,686,323	95,529	14,961	214,038	2,931,337
Accumulated depreciation and impairment	—	(229,255)	—	(1,012,792)	(83,176)	(10,081)	(213,213)	(1,548,517)
Net carrying amount	448,402	92,547	150,282	673,531	12,353	4,880	825	1,382,820
Analysis of cost or valuation:								
At cost	—	321,802	150,282	1,686,323	95,529	14,961	214,038	2,482,935
At 31 December 2008 valuation	448,402	—	—	—	—	—	—	448,402
	448,402	321,802	150,282	1,686,323	95,529	14,961	214,038	2,931,337

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Group *(continued)*

	Buildings	Leasehold improvements	Construction in progress	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Moulds, dies, test fixtures and pins	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2007								
At 1 January 2007:								
Cost or valuation	460,313	271,726	49,318	1,482,788	87,680	15,980	178,056	2,545,861
Accumulated depreciation	(24,785)	(169,807)	—	(662,279)	(70,971)	(9,398)	(177,089)	(1,114,329)
Net carrying amount	435,528	101,919	49,318	820,509	16,709	6,582	967	1,431,532
At 1 January 2007, net of accumulated depreciation	435,528	101,919	49,318	820,509	16,709	6,582	967	1,431,532
Additions	2,553	706	72,642	50,348	683	124	4,425	131,481
Disposals	(164)	—	—	(121)	(7)	(15)	—	(307)
Depreciation provided during the year	(15,366)	(13,892)	—	(131,535)	(4,292)	(1,880)	(4,706)	(171,671)
Transfers	7,892	—	(8,084)	192	—	—	—	—
Exchange realignment	27,501	7,004	—	45,788	968	294	67	81,622
At 31 December 2007, net of accumulated depreciation	457,944	95,737	113,876	785,181	14,061	5,105	753	1,472,657
At 31 December 2007:								
Cost or valuation	501,170	291,132	113,876	1,607,446	92,216	16,557	194,794	2,817,191
Accumulated depreciation	(43,226)	(195,395)	—	(822,265)	(78,155)	(11,452)	(194,041)	(1,344,534)
Net carrying amount	457,944	95,737	113,876	785,181	14,061	5,105	753	1,472,657
Analysis of cost or valuation:								
At cost	308,203	291,132	113,876	1,607,446	92,216	16,557	194,794	2,624,224
At 31 December 2007 valuation	192,967	—	—	—	—	—	—	192,967
	501,170	291,132	113,876	1,607,446	92,216	16,557	194,794	2,817,191

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The Group's buildings are situated in Mainland China and are held under lease terms of 30 to 50 years. At 31 December 2008, certain of the Group's buildings with a net book value of approximately HK$447,614,000 (2007: Nil) were pledged to secure the bank loans granted to the Group (note 26).

The Group's buildings stated at valuation were revalued at 31 December 2008, by DTZ Debenham Tie Leung Limited, independent professionally qualified valuers. Together with certain of the leasehold improvements, the buildings were revalued at an aggregate open market value of HK$488,059,000 (2007: HK$230,426,000), based on their existing use. In the opinion of the directors, such valuation has been segregated into buildings of HK$448,402,000 (2007: HK$192,967,000) and leasehold improvements of HK$39,657,000 (2007: HK$37,459,000), based on the net carrying value. As at 31 December 2007, the Group's buildings stated at cost represented additions in 2005 to 2007 and in the opinion of the directors, the carrying values of these buildings approximated to their fair values at that date.

Revaluation was conducted on 31 December 2008 for all of the Group's buildings which were stated at valuation of HK$448,402,000 at 31 December 2008. Deficit on revaluation of HK$10,600,000 was charged against revaluation reserve for certain buildings for which a surplus was noted in the prior year. The remaining deficit of HK$16,600,000 was charged to the income statement during the year (note 6).

Had the Group's buildings been stated at historical cost less accumulated depreciation and impairment losses, their carrying amount as at 31 December 2008 would have been approximately HK$393,744,000 (2007: HK$437,034,000).

In view of the losses incurred for 2008 and the current economic downturn, management has assessed the impairment on the property, plant and equipment and an impairment loss of HK$33,400,000 was recorded for plant and machinery as at 31 December 2008 (2007: Nil) (note 6). The recoverable amount of the Group is determined based on a value in use calculation using cash flow projections based on financial budgets covering an eight-year period approved by senior management. The discount rate applied to the cash flow projections is 10.7%.

The net book value of the Group's property, plant and equipment held under finance leases included in the total amount of plant and machinery at 31 December 2008 amounted to HK$99,471,000 (2007: HK$263,658,000). These items of plant and machinery were pledged to the respective banks as security for the finance lease facilities granted to the Group (note 27).

14. PREPAID LAND LEASE PAYMENTS

	Group	
	2008	2007
	HK$'000	*HK$'000*
Carrying amount at 1 January	**38,280**	32,316
Additions	**630**	3,624
Recognised during the year	**(691)**	(761)
Exchange realignment	**2,216**	3,101
Carrying amount at 31 December	**40,435**	38,280
Current portion included in prepayments, deposits and other receivables	**(887)**	(837)
Non-current portion	**39,548**	37,443

The leasehold land is held under a lease term of 50 years and is situated in Mainland China. As at 31 December 2008, certain of the Group's leasehold land with a net book value of approximately HK$21,518,000 (2007: Nil) was pledged to secure the bank loans granted to the Group (note 26).

15. INTERESTS IN SUBSIDIARIES

	Company	
	2008	2007
	HK$'000	*HK$'000*
Unlisted shares, at cost	**467,769**	467,769
Due from subsidiaries	**554,215**	768,493
	1,021,984	1,236,262

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the Company's directors, these advances are considered as quasi-equity loans to the subsidiaries.

15. INTERESTS IN SUBSIDIARIES *(continued)*

Particulars of the subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/registered share capital	Percentage of equity attributable to the Company	Principal activities
Directly held				
Topsearch Industries (BVI) Limited *	British Virgin Islands	Ordinary shares US$50,000	100	Investment holding
Indirectly held				
Topsearch Industries (Holdings) Limited	Hong Kong	Ordinary HK$1,000 Deferred non-voting** HK$20,000,000	100	Investment holding
Topsearch Printed Circuits (HK) Limited	Hong Kong	Ordinary shares HK$10,000,000	100	Investment holding
Topsearch Printed Circuits Macao Commercial Offshore Company Limited	Macau	Ordinary shares MOP100,000	100	Sale of printed circuit boards
Topsearch Printed Circuits (Shenzhen) Ltd. *@	PRC/Mainland China	Registered paid-up capital US$50,000,000	100	Manufacture of printed circuit boards
Topsearch Marketing (S) Pte. Ltd. *	Singapore	Ordinary shares SG$1,000	100	Provision of marketing services
Topsearch Marketing (U.K.) Limited *	United Kingdom	Ordinary shares £2	100	Provision of marketing services

15. INTERESTS IN SUBSIDIARIES *(continued)*

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/registered share capital	Percentage of equity attributable to the Company	Principal activities
Indirectly held *(continued)*				
TPS Marketing (M) Sdn. Bhd. *	Malaysia	Ordinary shares RM2	100	Provision of marketing services
Topsearch Marketing (USA) Inc. *	United States of America	Ordinary shares US$1,000	100	Provision of marketing services
Topsearch Marketing (Taiwan) Limited *	Taiwan	Ordinary shares NT$1,000,000	100	Provision of marketing services
Topsearch Printed Circuits Korea Co., Ltd. *	Republic of Korea	Ordinary shares WON50,000,000	100	Provision of marketing services
Topsearch Tongliao Investment (BVI) Limited *	British Virgin Islands	Ordinary shares US$50,000	100	Investment holding
Topsearch Tongliao Investment (HK) Limited *	Hong Kong	Ordinary shares HK$10,000	100	Investment holding
Topsearch Printed Circuits Limited *	British Virgin Islands	Ordinary shares US$50,000	100	Provision of marketing services

15. INTERESTS IN SUBSIDIARIES *(continued)*

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/registered share capital	Percentage of equity attributable to the Company	Principal activities
Indirectly held *(continued)*				
可立身物業管理(深圳)有限公司 *@	PRC/Mainland China	Registered paid-up capital HK$1,000,000	100	Provision of property management services
至卓飛高線路板(曲江)有限公司*@	PRC/Mainland China	Registered capital US$62,000,000	100	Manufacture of printed circuit boards
天祥綜合服務(深圳)有限公司 *@	PRC/Mainland China	Registered capital HK$1,000,000	100	Provision of catering and cleaning services
至卓飛高線路板(通遼)有限公司 *@	PRC/Mainland China	Registered capital US$42,000,000	100	Manufacture of printed circuit boards
至卓飛高進出口貿易(深圳)有限公司 *@	PRC/Mainland China	Registered paid-up capital HK$500,000	100	Sale of printed circuit boards
Ramagrove International Limited *#	British Virgin Islands	Ordinary share US$1	100	Dormant
Lestari International Limited *#	British Virgin Islands	Ordinary share US$1	100	Dormant
Sanctum Consortia International Limited *#	British Virgin Islands	Ordinary share US$1	100	Dormant

15. INTERESTS IN SUBSIDIARIES *(continued)*

* Not audited by Ernst & Young Hong Kong or other member firm of the Ernst & Young global network.

** The non-voting deferred shares carry no rights to dividends, no rights to attend or vote at general meetings and no rights to receive any surplus assets in a return of capital on a winding-up unless a sum of HK$500,000,000,000,000 has been distributed to each of the holders of the ordinary shares.

@ Registered as wholly-foreign-owned enterprises under PRC law.

\# Newly established during the year.

16. INTEREST IN AN ASSOCIATE

	Group	
	2008	2007
	HK$'000	*HK$'000*
Unlisted shares, at cost	**100**	100
Due from an associate	**458**	541
	558	641

The amount due from an associate is unsecured, interest-free and has no fixed terms of repayment. The carrying amount of the amount due from the associate approximates to its fair value.

Particulars of the associate are as follows:

Company	Particulars of issued shares held	Place of incorporation/ registration	Percentage of ownership interest attributable to the Group	Principal activity
Topsearch PCB Marketing (Thailand) Co., Ltd.*	Ordinary shares of THB100 each	Thailand	49	Provision of marketing services

* Not audited by Ernst & Young Hong Kong or other member firm of the Ernst & Young global network.

The operating results of the associate have not been equity accounted for by the Group because the amounts were not significant. Accordingly, the Group's interest in the associate is stated at cost less impairment losses at the balance sheet date.

16. INTEREST IN AN ASSOCIATE *(continued)*

The following table illustrates the summarised financial information of the Group's associate extracted from its management accounts:

	2008	2007
	HK$'000	*HK$'000*
Assets	**257**	206
Liabilities	**(618)**	(562)
Revenue	**1,213**	1,021
Loss	**(5)**	(117)

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2008	2007
	HK$'000	*HK$'000*
Club debentures, at fair value	**2,247**	2,051

The fair values of the club debentures are based on recent transaction prices.

18. DEPOSIT PAID FOR LAND LEASE

The deposit paid for land lease relates to the acquisition of two parcels of industrial land located in the Tongliao Economic Development Zone, Inner Mongolia, the PRC (the "Land"), of RMB52,696,498, approximately HK$59,882,000 (2007: HK$56,060,000) (note 29(a)). As the Group has not yet obtained the land use right certificate, the amount was recorded as a deposit.

19. DEFERRED TAX

The movements in deferred tax asset and liabilities during the year are as follows:

Deferred tax asset

Group

	Impairment of property, plant and equipment
	HK$'000
At 1 January 2007, 31 December 2007 and 1 January 2008	—
Deferred tax credited to the income statement during the year *(note 10)*	7,700
At 31 December 2008	7,700

Deferred tax liabilities

Group

	Depreciation allowance in excess of related depreciation	**Losses available for offset against future taxable profits**	**Revaluation of buildings**	**Impairment of property, plant and equipment**	**Others**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2007	24,991	—	5,003	—	(1,964)	28,030
Deferred tax debited/ (credited) to the income statement during the year *(note 10)*	(3,526)	(1,788)	—	—	1,964	(3,350)
At 31 December 2007 and 1 January 2008	21,465	(1,788)	5,003	—	—	24,680
Deferred tax credited to the income statement during the year *(note 10)*	(5,950)	—	—	(800)	—	(6,750)
Deferred tax credited to reserve during the year	—	—	(600)	—	—	(600)
At 31 December 2008	**15,515**	**(1,788)**	**4,403**	**(800)**	**—**	**17,330**

19. DEFERRED TAX *(continued)*

The Group has tax losses arising in Mainland China of HK$113,960,000 (2007: Nil) that will expire in one to five years for offsetting against future taxable profit. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2008, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of certain of the Group's subsidiaries established in the PRC. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

20. INVENTORIES

	Group	
	2008	2007
	HK$'000	*HK$'000*
Raw materials	**111,024**	120,823
Work in progress	**22,423**	65,112
Finished goods	**125,515**	113,429
	258,962	299,364
Less: Provision	**(23,661)**	(23,320)
	235,301	276,044

21. TRADE RECEIVABLES

	Group	
	2008	2007
	HK$'000	*HK$'000*
Trade receivables	**330,022**	423,608
Impairment	**(7,119)**	—
	322,903	423,608

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. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the balance sheet date, based on the payment due date, is as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Current to 30 days	**287,559**	388,533
31 to 60 days	**31,603**	24,218
61 to 90 days	**3,166**	4,446
Over 90 days	**7,694**	6,411
	330,022	423,608

21. TRADE RECEIVABLES *(continued)*

The movements in provision for impairment of trade receivables are as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
At 1 January	**—**	—
Impairment loss recognised *(note 6)*	**(7,119)**	—
At 31 December	**(7,119)**	—

All of the above provision for impairment of trade receivables is a provision for individually impaired trade receivables. The individually impaired trade receivables relate to customers that were in financial difficulties or in default or delinquency in principal payments and only a portion of the receivables is expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Neither past due nor impaired	**212,796**	306,272
Less than 1 month past due	**74,763**	82,261
1 to 3 months past due	**34,769**	28,664
Over 3 months	**575**	6,411
	322,903	423,608

Receivables that are neither past due nor impaired relate to a large number of diversified customers for which there was no recent history of default.

21. TRADE RECEIVABLES *(continued)*

Receivables that are past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

A subsidiary has pledged its trade receivables of HK$330,022,000 (2007: Nil) to secure the bank loans granted to the Group (note 26).

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Prepayments	**3,841**	11,138	**460**	264
Deposits and other receivables	**35,542**	46,995	**—**	—
	39,383	58,133	**460**	264

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there is no recent history of default.

23. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash and bank balances	**94,209**	86,988	**13**	23
Time deposits	**101,546**	943	**—**	—
	195,755	87,931	**13**	23
Less: Pledged time deposits for				
— bank loans	**(101,546)**	—	**—**	—
— declaration charges	**—**	(943)	**—**	—
Pledged bank balances for bank loans	**(53,689)**	—	**—**	—
	(155,235)	(943)	**—**	—
Cash and cash equivalents	**40,520**	86,988	**13**	23

23. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS *(continued)*

At the balance sheet date, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$17,644,000 (2007: HK$19,777,000). The time deposits were also denominated in RMB. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

24. TRADE PAYABLES

An aged analysis of the trade payables as at the balance sheet date, based on the date of receipt of the respective goods and services, is as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Current to 30 days	**226,222**	252,610
31 to 60 days	**101,532**	79,119
61 to 90 days	**30,042**	58,617
Over 90 days	**54,650**	36,145
	412,446	426,491

Included in the trade payables are trade payables of HK$94,000 (2007: HK$383,000) due to related companies which are repayable within 60 days, which represents similar credit terms to those offered by the related companies to their major customers.

The trade payables are non-interest-bearing and are normally settled on terms of 60 to 120 days.

25. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Current portion				
Other payables	**8,117**	19,703	**—**	403
Accruals	**71,772**	68,203	**2,791**	2,452
	79,889	87,906	**2,791**	2,855

Other payables are non-interest-bearing and have an average term of three months.

In addition, an other payable of HK$29,028,000 (2007: HK$27,175,000) (note 29(b)) included as a non-current liability at the balance sheet date is construction cost payable to Sure-Get Securities Limited, which currently held 4.9% equity interest in the Company. The amount is unsecured, interest-free and repayable on 31 December 2010. As at 31 December 2008, the fair value of the long term other payable, calculated by discounting the expected future cash flows at the prevailing interest rate, was HK$26,329,000.

26. INTEREST-BEARING BANK LOANS

Group	2008 Effective interest rate (%)	2008 Maturity	2008 HK$'000	2007 Effective interest rate (%)	2007 Maturity	2007 HK$'000
Current						
Trust receipt loans — secured			—	Hong Kong interbank offered rate ("HIBOR")+ 1.25 to 2	2008	43,045
Bank loans — unsecured	**4.86-8.22**	**2009**	**500,580**	HIBOR+ 1.25 to 2.25	2008	33,000
Long term bank loans — secured			—	HIBOR+ 1.15 to 2	2008	246,297
			500,580			322,342
Non-current						
Long term bank loans — secured			—	HIBOR+ 1.15 to 2	2009 — 2011	141,139
			500,580			463,481

Company	2008 HK$'000	2007 Effective interest rate (%)	2007 Maturity	2007 HK$'000
Current				
Long term bank loans — secured	—	HIBOR+ 1.15 to 1.25	2008	185,857
Non-current				
Long term bank loans — secured	—	HIBOR+ 1.15 to 1.25	2009	81,820
	—			267,677

26. INTEREST-BEARING BANK LOANS *(continued)*

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Analysed into:				
Short term bank loans repayable within one year or on demand	**500,580**	76,045	—	—
Bank loans, secured and repayable:				
Within one year	—	246,297	—	185,857
In the second year	—	109,539	—	81,820
In the third to fifth years, inclusive	—	31,600	—	—
	—	387,436	—	267,677
	500,580	463,481	—	267,677
Portion classified as current liabilities	**(500,580)**	(322,342)	—	(185,857)
Long term portion	—	141,139	—	81,820

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

(i) cross-corporate guarantees by the Company and certain subsidiaries of HK$17,090,000 (2007: HK$207,784,000);

(ii) certain buildings and leasehold land held by the Group (notes 13 and 14); and

(iii) the assignment of trade receivables of a subsidiary (note 21).

In addition, Keentop Investment Limited ("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 loans up to HK$183,728,000 (2007: Nil) as at the balance sheet date.

26. INTEREST-BEARING BANK LOANS *(continued)*

In the prior year, there were negative pledge undertakings of the Group not to create or permit any security over its assets to subsist. In addition, pursuant to the loan agreements between the Company and certain banks relating to one three-year term loan facility and two three-year syndicated loan facilities of HK$10,000,000 and HK$270,000,000, respectively, a termination event would have arisen if (i) Mr. Cheok Ho Fung, Peter and his family, collectively, ceased to beneficially own directly or indirectly at least 51% of the issued share capital of the Company, or (ii) the Group failed to meet the financial covenants stipulated in the agreements of the loan facilities. Such negative pledge undertakings had been relinquished upon full settlement of the related loans during the year.

Certain of the banking facilities granted to the Group have stipulated financial covenants of interest cover of not less than four and net tangible worth of not less than HK$1,200,000,000. As at 31 December 2008, such covenants were breached by the Group but since the outstanding loans under these banking facilities at the balance sheet date of HK$183,728,000 were due for repayment within one year, no reclassification or adjustment was necessary. Management has received confirmations from banks regarding waivers of the covenants and is in the process of finalising the waivers with the banks.

Except for short term bank loans of HK$230,194,000 as at 31 December 2008 (2007: Nil) which are denominated in Renminbi and trust receipt loans of HK$43,045,000 as at 31 December 2007 which were denominated in United States dollars, all borrowings are denominated in Hong Kong dollars. All the borrowings bear interest at floating rates and their carrying amounts approximate to their fair values.

At 31 December 2007, the Group had interest rate swap agreements in place with a notional amount of HK$36,834,000. The change in fair value of the interest rate swaps was not significant to the Group's consolidated income statement and balance sheet.

27. FINANCE LEASE PAYABLES

The Group leases certain of its plant and machinery for its printed circuit board business. These leases are classified as finance leases and have remaining lease terms ranging from one month to three years.

27. FINANCE LEASE PAYABLES *(continued)*

At 31 December 2008, the total future minimum lease payments under finance leases and their present values were as follows:

Group	**Minimum lease payments 2008 HK$'000**	Minimum lease payments 2007 HK$'000	**Present value of minimum lease payments 2008 HK$'000**	Present value of minimum lease payments 2007 HK$'000
Amounts payable:				
Within one year	**27,385**	75,519	**26,615**	73,283
In the second year	**10,036**	58,395	**9,883**	53,592
In the third to fifth years, inclusive	**1,906**	22,431	**1,877**	19,541
Total minimum finance lease payments	**39,327**	156,345	**38,375**	146,416
Future finance charges	**(952)**	(9,929)		
Total net finance lease payables	**38,375**	146,416		
Portion classified as current liabilities	**(26,615)**	(68,967)		
Non-current portion	**11,760**	77,449		

All of the finance lease payables are denominated in Hong Kong dollars. In the prior year, HK$57,822,000 out of the balance was denominated in United States dollars. The finance lease payables have an effective interest rate of HIBOR plus 1.25% to 2.25% per annum, with maturity in 2009 to 2011, bear interest at floating rates and their carrying amounts approximate to their fair values.

28. SHAREHOLDER'S LOAN

	Group and Company	
	2008	2007
	HK$'000	*HK$'000*
Loan from a controlling shareholder, unsecured and repayable in the second year	**47,545**	—

The shareholder's loan was advanced by Mr. Cheok Ho Fung, Peter, a director and controlling shareholder of the Company, pursuant to the loan agreement dated 1 June 2008. The loan is unsecured, bears interest at HIBOR and is repayable on 2 January 2010.

As at 31 December 2008, the fair value of the shareholder's loan, calculated by discounting the expected future cash flows at the prevailing interest rate, was HK$47,079,000.

29. SHARE CAPITAL

Shares

	2008	2007
	HK$'000	*HK$'000*
Authorised:		
2,000,000,000 ordinary shares of HK$0.10 each	**200,000**	200,000
Issued and fully paid:		
1,000,000,000 ordinary shares of HK$0.10 each	**100,000**	100,000

29. SHARE CAPITAL *(continued)*

Shares *(continued)*

In the prior year, the movements in share capital were as follows:

(a) 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 phase II of Tongliao Economic Development Zone, Inner Mongliao, the PRC with a site area of approximately 279,933 square meters (the Land as per note 18). Pursuant to the Land Acquisition Agreement, the Company has conditionally agreed to acquire the Land from Majestic Wealth Limited for a consideration of RMB71,000,000 (equivalent to HK$73,644,000). The Company has financed RMB52,696,498 (equivalent to HK$54,172,000, retranslated to HK$59,882,000 and HK$56,060,000 as at 31 December 2008 and 2007, respectively) (note 18) of the consideration by issuing 93,400,000 new ordinary shares at HK$0.58 per share (the "Land Consideration Shares") with the outstanding balance of RMB18,303,502 (equivalent to HK$20,799,000 and HK$19,472,000 as at 31 December 2008 and 2007, respectively), which has been disclosed as a commitment in note 36(a) to the financial statements, to be settled on or before 31 December 2008 (revised to 31 December 2010 pursuant to a subsequent agreement) by cash. The Land Consideration Shares allocated and issued rank pari passu, in all respects with the existing ordinary shares in issue.

(b) Pursuant to an agreement dated 28 June 2005 (the "Building Agency Agreement") entered into by a wholly-owned subsidiary of the Company and Majestic Wealth Limited, Majestic Wealth Limited agreed to manage the building process of the manufacturing plant in Tongliao and paid for the construction costs in advance on behalf of the subsidiary. As at 23 August 2007, an amount of RMB53,189,963 (equivalent to HK$55,595,000) (the "Loan") was due to Majestic Wealth Limited.

    On 23 August 2007, Sure-Get Securities Limited, a company incorporated in the British Virgin Islands and a third party independent of the Group and connected persons of the Group, acquired the Loan from Majestic Wealth Limited. Pursuant to an agreement entered into between the Company and Sure-Get Securities Limited (the "Debt Settlement Agreement"), the Company has issued 49,000,000 new ordinary shares at HK$0.58 per share (the "Loan Consideration Shares") for repayment of approximately RMB27,645,914 (equivalent to HK$28,420,000). The remaining balance of RMB25,544,049 (equivalent to HK$29,028,000 and HK$27,175,000 as at 31 December 2008 and 2007, respectively) will be settled on or before 31 December 2008 (revised to 31 December 2010 pursuant to a subsequent agreement) (note 25).

29. SHARE CAPITAL *(continued)*

The movements in the Company's issued ordinary share capital are as follows:

	Number of shares in issue	Issued capital *HK$'000*	Share premium account *HK$'000*	Total *HK$'000*
At 1 January 2007	857,600,000	85,760	291,704	377,464
Shares issued to acquire a land *(a)*	93,400,000	9,340	44,832	54,172
Shares issued for debt settlement *(b)*	49,000,000	4,900	23,520	28,420
	142,400,000	14,240	68,352	82,592
At 31 December 2007, 1 January 2008 and 31 December 2008	1,000,000,000	100,000	360,056	460,056

Share options

Details of the Company's share option scheme are included in note 30 to the financial statements.

Warrants

On 5 June 2006, a bonus issue of warrants was made in the proportion of one warrant for every 10 shares held by the members on the register of members on 5 June 2006, resulting in 85,455,000 warrants being issued. Each warrant entitles the holder thereof to subscribe for one ordinary share of HK$0.1 at a subscription price of HK$1.20 per share, payable in cash and subject to adjustment from 26 June 2006 to 31 October 2008.

None of the warrants were exercised during the year and all the warrants had expired as at the balance sheet date.

30. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include any employees, non-executive directors and customers of the Group, any of its subsidiaries, or any entities in which the Group holds an equity interest ("Invested Entities"), suppliers of goods or services and persons or entities that provide research, development or other technological support to the Group, any of its subsidiaries, or any Invested Entities, and any shareholder of the Group, its subsidiaries or Invested Entities. The number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Company must not exceed 30% of the issued share capital of the Company from time to time. The Scheme was adopted on 30 May 2002 and became effective on 21 June 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue on 30 May 2002. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

The offer of a grant of share options may be accepted within 28 days after the date of offer and upon payment of a nominal consideration of HK$1.00 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences once they become vested and ends on a date which is not later than five years from the date of offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of a share of the Company.

No share options were granted during the year ended 31 December 2008 (2007: Nil). At the balance sheet date, no share options were outstanding under the Scheme (2007: Nil).

31. RESERVES

(a) Group

The contributed surplus of the Group represents the difference between the nominal value of the share capital of the subsidiaries acquired as a result of the Group reorganisation, over the nominal value of the Company's shares issued in exchange therefor, net of HK$100,000 being 1,000,000 shares issued nil paid upon the incorporation of the Company.

In accordance with the relevant PRC regulations applicable to wholly-foreign-owned enterprises, the Company's PRC subsidiaries are required to appropriate an amount of not less than 10% of their profit after tax to the statutory reserve fund, which may be used to increase the paid-up capital of the PRC subsidiaries.

(b) Company

	Note	Share premium account HK$'000	Contributed surplus HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2007		291,704	466,769	44,621	803,094
Issue of shares		68,352	—	—	68,352
Profit for the year	11	—	—	4,571	4,571
At 31 December 2007 and 1 January 2008		360,056	466,769	49,192	876,017
Loss for the year	11	—	—	(3,896)	(3,896)
At 31 December 2008		360,056	466,769	45,296	872,121

The contributed surplus of the Company represents the difference between the consolidated net asset value of Topsearch Industries (BVI) Limited on 30 April 2002 when its entire issued share capital was acquired by the Company pursuant to the Group reorganisation, and the nominal amount of the Company's shares issued in consideration for such acquisition, net of HK$100,000 being 1,000,000 shares issued nil paid upon the incorporation of the Company. Under the Companies Act 1981 (as amended) of Bermuda, the contributed surplus of the Company is distributable to shareholders under certain conditions. In addition, the share premium account of the Company can be distributed in the form of fully paid bonus shares.

32. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Major non-cash transactions

(a) In the prior year, the Group entered into finance lease arrangements in respect of property, plant and equipment with a total capital value at the inception of the leases of HK$50,827,000.

(b) In the prior year, the Group paid a deposit for land premium and settled a construction payable of HK$54,172,000 and HK$28,420,000, by the issuance of 93,400,000 and 49,000,000 new ordinary shares, respectively, at HK$0.58 per share.

33. CONTINGENT LIABILITIES

(a) At the balance sheet date, contingent liabilities not provided for in the financial statements were as follows:

	Group		**Company**	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Guarantees given to banks for facilities granted to subsidiaries	**—**	—	**314,137**	565,151
Guarantees given to lessors for finance lease agreements entered into by subsidiaries	**—**	—	**64,515**	164,152
	—	—	**378,652**	729,303

At 31 December 2008, the banking facilities granted to and finance lease agreements entered into by subsidiaries subject to the above guarantees given by the Company were utilised to the extent of approximately HK$248,864,000 (2007: HK$195,805,000) (note 26) and HK$38,375,000 (2007: HK$146,416,000) (note 27), respectively.

33. CONTINGENT LIABILITIES *(continued)*

(b) During the year, a supplier of the Group filed a claim in the PRC against TPC Shaoguan, TPC Shenzhen and Topsearch Printed Circuits (HK) Limited for outstanding purchase payables totalling US$1.9 million (approximately HK$15 million). The court of Shaoguan has issued an order that the shares of TPC Shaoguan cannot be transferred or pledged from 31 July 2008 to 30 April 2009.

In the opinion of the directors, the amount is in dispute as the supplier has delivered faulty products to the Group. The Group has made accrual for the purchases in the amount of HK$12 million in the balance sheet. After consulting with the Group's legal counsel, it is considered not probable that the supplier will succeed in the claim. Thus, no additional provision has been made in the financial statements.

34. PLEDGE OF ASSETS

Details of the Group's bank loans and other banking facilities, which are secured by the assets of the Group, are included in note 26 to the financial statements.

35. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its office properties and staff quarters under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years.

At 31 December 2008, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Within one year	**6,195**	3,474
In the second to fifth years, inclusive	**2,960**	297
	9,155	3,771

As at 31 December 2008, the Company has had no operating lease commitments (2007: Nil).

36. COMMITMENTS

In addition to the operating lease commitments detailed in note 35 above, the Group had the following commitments at the balance sheet date:

(a) Capital commitments

	Group	
	2008	2007
	HK$'000	*HK$'000*
Authorised, and contracted for:		
The acquisition of the Land *(note 29(a))*	**20,799**	19,472
The construction of factory buildings	**9,241**	8,559
The acquisition of plant and machinery	**7,900**	20,093
	37,940	48,124

(b) Other commitment

At 31 December 2008, the Group's capital contribution committed to two wholly-owned subsidiaries established in the PRC amounted to HK$227,728,000 (2007: HK$285,787,000), of which HK$106,859,000 (2007: HK$153,660,000) represents an investment in a subsidiary in Tongliao, Inner Mongolia of the PRC and HK$120,869,000 (2007: HK$132,127,000) represents an investment in a subsidiary in Shaoguan, Guangdong, the PRC, to be paid up by June 2009 and November 2011, respectively.

As at 31 December 2008, the Company has had no capital and other commitments (2007: Nil).

37. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	Notes	2008 HK$'000	2007 HK$'000
Rental expenses paid to Keentop	*(i)*	**1,741**	1,440
Purchases of raw materials from a group which held 25% equity interest in the Company*	*(ii)*	**—**	68,574
Interest on a shareholder's loan	*(iii)*	**559**	55
Marketing service fee paid to an associate	*(iv)*	**1,137**	1,092

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 31 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 directors consider that the purchases of raw materials were made according to the published prices and conditions similar to those offered to the major customers of the supplier. The balance owing to the supplier was HK$94,000 (2007: HK$383,000) as at the balance sheet date.

(iii) The interest expense was charged at HIBOR for the shareholder's loan granted by Mr. Cheok Ho Fung, Peter (note 28).

(iv) The marketing service fee was paid at prices mutually agreed between the parties for marketing services provided by an associate.

* The above related party transactions also constitute connected transactions as defined in Chapter 14A of the Listing Rules.

(b) Other transaction with a related party:

Keentop has guaranteed certain bank loans made to the Group of HK$183,728,000 (2007: Nil) as at the balance sheet date, as further detailed in note 26 to the financial statements.

37. RELATED PARTY TRANSACTIONS

(c) Outstanding balances with related parties:

(i) Details of the Group's amount due from its associate and shareholder's loan as at the balance sheet date are included in notes 16 and 28 to the financial statements, respectively.

(ii) Details of the Group's trade balance with a related company as at the balance sheet date are disclosed in note 24 to the financial statements.

(d) Details of the compensation of key management personnel of the Group are disclosed in notes 8 and 9 to the financial statements.

38. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows:

2008

Financial assets	**Group**		
	Loans and receivables	**Available-for-sale financial assets**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Due from an associate *(note 16)*	**458**	**—**	**458**
Rental and utility deposits	**647**	**—**	**647**
Prepaid rental, long term portion	**931**	**—**	**931**
Available-for-sale financial assets	**—**	**2,247**	**2,247**
Trade receivables	**322,903**	**—**	**322,903**
Financial assets included in prepayments, deposits and other receivables	**35,542**	**—**	**35,542**
Pledged deposits	**155,235**	**—**	**155,235**
Cash and cash equivalents	**40,520**	**—**	**40,520**
	556,236	**2,247**	**558,483**

38. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

2007

Financial assets

	Group		
	Loans and receivables	Available-for-sale financial assets	Total
	HK$'000	*HK$'000*	*HK$'000*
Due from an associate *(note 16)*	541	—	541
Rental and utility deposits	1,966	—	1,966
Prepaid rental, long term portion	1,069	—	1,069
Available-for-sale financial assets	—	2,051	2,051
Trade receivables	423,608	—	423,608
Financial assets included in prepayments, deposits and other receivables	46,995	—	46,995
Pledged deposits	943	—	943
Cash and cash equivalents	86,988	—	86,988
	562,110	2,051	564,161

Financial liabilities

	Group Financial liabilities at amortised cost	
	2008	2007
	HK$'000	*HK$'000*
Trade payables	**412,446**	426,491
Financial liabilities included in other payables and accruals *(note 25)*	**8,117**	19,703
Interest-bearing bank and other borrowings	**538,955**	609,897
Financial liability included as non-current other payable	**29,028**	27,175
Shareholder's loan	**47,545**	—
	1,036,091	1,083,266

38. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

Financial assets

	Company	
	Loans and receivables	
	2008	2007
	HK$'000	*HK$'000*
Interests in subsidiaries *(note 15)*	**554,215**	768,493
Dividend receivable	**—**	10,000
Cash and cash equivalents	**13**	23
	554,228	778,516

Financial liabilities

	Company	
	Financial liabilities at amortised cost	
	2008	2007
	HK$'000	*HK$'000*
Financial liabilities included in other payables and accruals *(note 25)*	**—**	403
Interest-bearing bank and other borrowings	**—**	267,677
Shareholder's loan	**47,545**	—
	47,545	268,080

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise bank loans, other interest-bearing loans, finance leases, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities, such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, including principally interest rate swaps. The purpose is to manage the interest rate risk arising from the Group's sources of finance.

It is, and has been, throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2.5 to the financial statements.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates.

The Group's policy is to manage its interest cost using interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31 December 2008, all of the Group's long term debt obligations bore interest at floating rates. At 31 December 2007, after taking into account the effect of the interest rate swaps, approximately 26% of the Group's long term debt obligations bore interest at fixed rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit/(loss) before tax (through the impact on floating rate borrowings) and the Group's and the Company's equity.

	Group			Company	
	Increase/ (decrease) in basis points	**Increase/ (decrease) in profit/(loss) before tax**	**Increase/ (decrease) in equity***	**Increase/ (decrease) in basis points**	**Increase/ (decrease) in equity***
		HK$'000	*HK$'000*		*HK$'000*
2008					
Hong Kong dollar	**300**	**(16,784)**	**(16,784)**	**300**	**(5,978)**
Renminbi	**300**	**(1,705)**	**(1,705)**	**300**	**(68)**
United States dollar	**300**	**(1,950)**	**(1,950)**	**—**	**—**
Hong Kong dollar	**(300)**	**16,784**	**16,784**	**(300)**	**5,978**
Renminbi	**(300)**	**1,705**	**1,705**	**(300)**	**68**
United States dollar	**(300)**	**1,950**	**1,950**	**—**	**—**
2007					
Hong Kong dollar	300	(17,793)	(17,793)	300	(10,200)
United States dollar	300	(3,786)	(3,786)	—	—
Hong Kong dollar	(300)	17,793	17,793	(300)	10,200
United States dollar	(300)	3,786	3,786	—	—

* Including retained earnings

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currency. Most of the Group's sales are denominated in United States dollars. As the Hong Kong dollar is pegged to the United States dollar, the Group does not hedge its foreign currency risk. Approximately 52% and 27% of the Group's purchases and expenses are denominated in the units' functional currency or United States dollars, respectively, while the balance of the Group's purchases and expenses are mainly denominated in RMB. The Group currently does not have a foreign currency hedging policy. However, management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The following table demonstrates the sensitivity at the balance sheet date to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's profit/(loss) before tax and the Group's and the Company's equity (due to changes in the fair value of monetary assets and liabilities of the Group's foreign subsidiaries).

	Increase/ (decrease) in rate	**Increase/ (decrease) in profit/(loss) before tax**	**Increase/ (decrease) in equity***
	%	*HK$'000*	*HK$'000*
2008			
If Hong Kong dollar weakens against RMB	**5%**	**(17,155)**	**(17,155)**
If Hong Kong dollar strengthens against RMB	**(5%)**	**17,155**	**17,155**
2007			
If Hong Kong dollar weakens against RMB	5%	(10,409)	(10,409)
If Hong Kong dollar strengthens against RMB	(5%)	10,409	10,409

* Including retained earnings

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk

The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history. The Group mainly trades with recognised and creditworthy third parties. It is the Group's policy that credit terms are granted subject to in-depth credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and substantially covered by credit insurance. In this regard, management of the Company considers that the Group's credit risk is minimal.

The credit risk of the other financial assets of the Group, which comprise cash and cash equivalents, available-for-sale financial assets and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group mainly trades with recognised and creditworthy third parties, there is no requirement for collateral.

Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different sectors and industries.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables are disclosed in notes 21 and 22 to the financial statements, respectively.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, other interest-bearing loans and finance leases. The Group maintains good business relations with its bankers, closely monitors the compliance with covenants as stipulated in the loan and finance lease agreements and will notify the respective banks should there be any breach of bank covenants.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk *(continued)*

The maturity profile of the Group's financial liabilities as at the balance sheet date, based on the contractual undiscounted payments, was as follows:

Group

	2008				
	On demand	**Less than 3 months**	**3 to less than 12 months**	**1 to 5 years**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Trade payables	**—**	**186,224**	**226,222**	**—**	**412,446**
Other payables	**—**	**5,313**	**2,804**	**29,028**	**37,145**
Finance lease payables	**—**	**6,846**	**20,539**	**11,942**	**39,327**
Interest-bearing bank loans	**—**	**280,154**	**228,963**	**—**	**509,117**
Shareholder's loan	**—**	**—**	**—**	**47,997**	**47,997**
	—	**478,537**	**478,528**	**88,967**	**1,046,032**

	2007				
	On demand	Less than 3 months	3 to less than 12 months	1 to 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	—	252,610	173,881	—	426,491
Other payables	—	5,573	14,130	27,175	46,878
Finance lease payables	—	18,880	56,639	80,826	156,345
Interest-bearing bank loans	—	102,138	236,191	147,633	485,962
	—	379,201	480,841	255,634	1,115,676

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk *(continued)*

Company

	2008				
	On demand	**Less than 3 months**	**3 to less than 12 months**	**1 to 5 years**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Shareholder's loan	**—**	**—**	**—**	**47,997**	**47,997**

	2007				
	On demand	Less than 3 months	3 to less than 12 months	1 to 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Interest-bearing bank and other borrowings	—	—	196,289	84,211	280,500
Other payables	—	—	403	—	403
	—	—	196,692	84,211	280,903

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2008 and 31 December 2007.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk *(continued)*

The Group monitors capital using a gearing ratio, which is net debt divided by the total capital plus net debt. The Group's policy is to maintain the gearing ratio of not more than 0.8. Net debt includes trade payables, other payables and accruals, interest-bearing bank and other borrowings, a shareholder's loan, less cash and cash equivalents. Capital represents total equity. The gearing ratios as at the balance sheet dates were as follows:

	2008	2007
	HK$'000	*HK$'000*
Trade payables	**412,446**	426,491
Other payables and accruals	**108,917**	115,081
Interest-bearing bank and other borrowings	**538,955**	609,897
Shareholder's loan	**47,545**	—
Less: Cash and cash equivalents	**(40,520)**	(86,988)
Net debt	**1,067,343**	1,064,481
Total capital	**1,173,058**	1,268,617
Capital and net debt	**2,240,401**	2,333,098
Gearing ratio	**48%**	46%

40. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 22 April 2009.

Five Year Financial Summary

A summary of the published results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below.

RESULTS

	Year ended 31 December				
	2008	2007	2006	2005	2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE	**1,558,810**	1,614,834	1,732,797	1,631,423	1,313,000
PROFIT/(LOSS) BEFORE TAX	**(169,699)**	1,383	21,321	94,787	81,392
Tax	**10,333**	1,493	7,017	(1,573)	7,564
PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**(159,366)**	2,876	28,338	93,214	88,956

ASSETS AND LIABILITIES

	As at 31 December				
	2008	2007	2006	2005	2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**2,307,557**	2,453,529	2,391,164	2,282,056	1,763,010
Total liabilities	**(1,134,499)**	(1,184,912)	(1,282,089)	(1,341,608)	(968,721)
Total net assets	**1,173,058**	1,268,617	1,109,075	940,448	794,289