

CHAIRLADY'S STATEMENT

INTRODUCTION

I am pleased to present the results of the Grandtop International Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the financial year ended 31 March 2004.

I take this opportunity in announcing that we have able to demonstrate a strong result for the year under review despite the dampening effects of the Gulf War and the SARS epidemic. Our performance improved dramatically due to strategic acquisition and continued to build out higher margin of the business.

As a service-oriented company, we begin to introduce of more value-added services by keeping contact with our clients and constant feedbacks in relation to our services. These led us more innovative and continue to establish friendlier environment with our clients.

This financial year was an unhappy year for the Board of Directors (the "Board") in relation to the loss of our Chairman Mr. Garry Siu who passed away in November 2003. The Board would like to take this opportunity for his management and leadership for the past years.

PERFORMANCE INDICATORS

The Board monitors the Group's overall performance by using the Key Performance Indicators (KPIs). Implementing KPIs, the Board can analysed performance from its implementation of the mission statement and strategic plan through to the performance of the Company against operating plans and financial budgets. First, the key management and the directors identified KPIs that are used to monitor performance. Key management observes KPIs on a weekly basis. Directors receive the KPIs for review prior to each monthly board meeting allowing all directors to actively monitor the Group's performance.

The key performance measures improved substantially during the year under review:

- The balance sheet is healthy;
- Earnings per share remained steady;
- Net assets per share remained healthy at 25.2; and
- Debts to equity ratio decreased from 0.13 to 0.11.

PERFORMANCE

Looking back in 2003/2004, despite the economic downturn in the global economy, the Group turnover increased by 243% to HK\$119,410,000 (2003: HK\$34,769,000). The net profit from ordinary activities attributable to shareholders amounted to HK\$23,497,000 (2003: HK\$24,684,000), representing a decrease of 5% over the previous year. Earnings per share remained fairly stable at HK7.34 cents (2003: HK7.71 cents).

CHAIRLADY'S STATEMENT (continued)

BUSINESS REVIEW

In its second year as a listed company, Grandtop International Holdings Limited has continued the outstanding record of growth in revenue, profit and earnings per share. With our planned strategies during the last financial year from engaging overseas agents further developed a strong base in the US and the PRC presence. The Group's has established in the northern part of the PRC network in Harbin, Beijing and Shenyang and believed to further expand its marketing and compliance monitoring services in other major cities in the PRC. The Group now engaged a Macau apparel agent in order to maintain the Group's tax efficiency and to capitalise business opportunities in the Delta Pearl. We are pleased to see that many of the PRC manufacturing clients consider CSR issues as one of the important elements when they deal with US and other overseas buyers.

In the past, there were many corporate collapses in the world economy; CSR awareness is more important element in operating a successful business in today and in future. We noted that not only the consumers demand top quality products but also the public wants to know the standard of producing the products. With the pressure from media and public interest, the Group sees that CSR environment should take place in all kind of business not only in manufacturing industry. As a result, we had been approached by other industries, thus creating a more diversified and expanding our CSR environment in the Asia-Pacific Region.

In October 2003, the Group acquired a PRC based apparel sourcing business for a total consideration of HK\$10.6 million. The directors believed that the acquisition integrated the Company's existing business into one-stop sourcing and supply chain management business with strong emphasis and proven track record in social compliance monitoring and strong sales network of the Company in the US. These companies had established their own market shares in Russia, South Korea, Panama and the US.

OUTLOOK

With our newly acquired business, the Group is moving towards sourcing and value add services to our customers. As our Key Performance Indicators (KPIs) indicated that the consumers are demanding and willing to pay a higher price for sourcing and value add services, the Board considered it is appropriated for concentrating on this area in the benefit of the Group and our value shareholders. At the same time with the support of social compliance monitoring services, is a plus to public interest and leading the market not only in price but also ethical issues. Not only looking at China market, in the future the Group pays more attention in the world market. Our aim is to provide best sourcing and value add services supported by social compliance monitoring services in order to satisfy our customers and looks beyond other industries. To meet this burgeoning demand, our strategic plan is:

- Expanding our client base into Russia, South Korea, Panama, the PRC and the US. We will ensure to obtain sustainable growth from this niche markets;
- Looking for selective and value adding acquisitions for the Group and enabling increase our market shares;
- Diversification in geographic area, with value adding acquisition in the future hopefully in European Countries and South America markets; and
- Broaden our customer base through our newly growing product mix.

CHAIRLADY'S STATEMENT *(continued)*

In addition, no payment of final dividend have been recommend as we considered that additional cash could be reserved for marketing and business development including business acquisition and strengthening our Group's net asset value.

In the year ahead we will be focusing on our three key strengths:

- developing and building brands;
- outstanding marketing; and
- delivering great product.

All executed with a framework of strong and vigorous financial disciplines. The challenge for the Group is to ensure and remains true to the culture of its customers whilst continuing to manage the business in a sound financial manner.

Finally, the Board also considers to look into other industrial business venture which, in turn, brings in positive return and growth potential to our shareholders.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my gratitude to our customers for their continued trust and support. I would also like to express our appreciation to the management and staff members for their hard work and significant contribution to the Group in the past year. Finally, I would like to thank our shareholders for their support to the Group.

On behalf of the Board
Grandtop International Holdings Limited
Tsai Lai Wa, Jenny
Chairlady

Hong Kong, 28 July 2004