

# CHAIRLADY'S STATEMENT

On behalf of the Board of Directors (the "Board") of Grandtop International Holdings Limited, I am pleased to report the annual results of the Company together with the subsidiaries (collectively the "Group") for the year ended 31 March 2005.

## PERFORMANCE

Turnover of the Group for the year ended 31 March 2005 was approximately HK\$101,974,000 (2004: HK\$119,410,000), represented a decrease of approximately 15% as compared to the previous year. Profit attributable to shareholders also decreased to approximately HK\$2,160,000 while it was HK\$23,497,000 in the previous year. Earnings per share decreased to HK0.68 cents (2004: HK7.34 cents).

## BUSINESS REVIEW

During the year, the Hong Kong economy has been fully recovered from economic downturn and recorded an impressive growth in 2004. Private consumption and consumer spending increased significantly amidst improving market sentiment. This encouraged the Group to undergo several restructuring plans to capture those business opportunities particularly the introduction of the Mainland Individual Traveller Scheme which benefited the retail market in Hong Kong. As a result, the Group commenced its apparel trading operation (retail and wholesales of garments products) in Hong Kong and Macau during the year and the sales were promising. The Group aimed to allocate more resources in the apparel trading operation in the coming year to capture the business opportunity arising from the opening of the Disneyland in Hong Kong and existing attraction in gambling in Macau which lure more tourists from the PRC and the rest of the world.

The Group's apparel sourcing division faced intensive competition during the year. Although the results of this division remained fairly stable, the gross profit has been in a downward trend. In view of significant resources required for the provision of apparel sourcing services such as extra sales team and sourcing team, the Group aimed to merge its apparel sourcing division into its apparel trading operation in the future to minimize and better use of the Group's resources.

Another restructuring plan adopted by the Group during the year was discontinuance of its marketing and compliance monitoring services. The main reason of such restructuring was due to the pass away of the former Chairman Mr. Garry Siu who was the key person responsible for Group's marketing and compliance monitoring services and the establishment of business relationships with the US buyers and the PRC manufacturing clients. This was a big impact to the Group, but we have successfully overcome it by diversifying its operation into apparel sourcing and apparel trading.

The Group is constantly exploring new business opportunities in order to achieve better returns for our shareholders and will continue to seek merger and acquisition opportunities so as to enhance shareholders' value.

## 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 2005