GRANDTOP INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Cayman Islands with Limited liability)

(Stock Code: 2309)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2006

The Board of Directors of Grandtop International Holdings Limited (the "Company") hereby presents the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the "Group") for the six months ended 30th September 2006.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th September 2006

		Unaudited Six months ended 30th September	
		2006	2005
	Notes	***HK$'000***	*HK$'000*
Turnover	*3*	**22,760**	29,429
Cost of sales		**(20,784)**	(23,224)
Gross profit		**1,976**	6,205
Other revenue		**59**	248
Selling expenses		**(453)**	(3,749)
Administrative expenses		**(4,801)**	(5,591)
Impairment of available-for-sale financial assets		**—**	(28,655)
Loss from operations	*4*	**(3,219)**	(31,542)
Finance costs	*5*	**(58)**	(116)
Loss before tax		**(3,277)**	(31,658)
Tax	*6*	**—**	(169)
Loss for the period		**(3,277)**	(31,827)
Attributable to:			
Equity holders of the Company		**(3,277)**	(31,537)
Minority interests		**—**	(290)
		(3,277)	(31,827)
Interim dividend	*7*	**—**	—
Loss per share	*8*		
Basic, HK cents		**(1.0)**	(9.9)
Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET
At 30th September 2006

	Notes	As at 30th September 2006 HK$'000 (Unaudited)	As at 31st March 2006 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment		**7,135**	12,103
Leasehold land and land use rights		**1,150**	5,757
Available-for-sale financial assets		**1,320**	2,695
		9,605	20,555
Current assets			
Inventories		**7,801**	8,951
Trade receivables	9	**5,997**	5,392
Prepayments, deposits and other receivables		**3,292**	4,038
Cash and bank balances		**1,943**	2,488
		19,033	20,869
Total assets		**28,638**	41,424
Equity			
Capital and reserves attributable to the Equity holders of the Company			
Share capital	10	**3,200**	3,200
Reserves		**(3,226)**	51
		(26)	3,251
Non-current liabilities			
Interest-bearing bank borrowings, secured		**—**	5,689
Deferred taxation		**167**	167
		167	5,856
Current liabilities			
Trade and accruals	11	**3,158**	3,345
Interest-bearing bank borrowings, secured		**—**	261
Other payables		**4,889**	8,261
Tax payable		**20,450**	20,450
		28,497	32,317
Total equity and liabilities		**28,638**	41,424
Net current liabilities		**9,464**	11,448
Total assets less current liabilities		**141**	9,107

1. Basis of preparation and accounting policies

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. Significant Accounting Policies

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31st March 2006 except in relation to the following new/revised Hong Kong Financial Reporting Standards ("HKFRSs"), HKASs and Interpretations (hereinafter collectively referred to as the "new/revised HKFRSs"), which have become effective for accounting periods beginning on or after 1st January 2006, that are adopted for the first time for the current period's financial statements:

HKAS 21 (Amendment)	The Effects of Changes in Foreign Exchanges Rates — Net Investment in a Foreign Operation
HKAS 39 (Amendment)	The Fair Value Option
HK(IFRIC) — Int 4	Determining whether an Arrangement contains a lease

The adoption of the above new/revised HKFRSs has no material impact on the accounting policies of the Group and the methods of computation in Group's condensed consolidated interim financial statements.

The following new/revised HKFRSs relevant to the Group's operations have been issued but are not effective for 2006 and have not been early adopted:.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) — Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) — Int 8	Scope of HKFRS 2
HK(IFRIC) — Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) — Int 10	Interim Financial Reporting and Impairment

3. Segment information

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are provision of (i) apparel sourcing (ii) apparel trading and (iii) sales support services.

An analysis of the Group's turnover and operating results by segments during the period is shown as follows:

(i) Primary segment

	Unaudited							
	Continuing operations							
	Apparel sourcing Six months ended 30th September		**Apparel trading Six months ended 30th September**		**Sales support services Six months ended 30th September**		**Consolidated Six months ended 30th September**	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue	**—**	3,298	**22,760**	26,131	**—**	—	**22,760**	29,429
Segment results	**—**	(3,307)	**(3,219)**	1,029	**—**	(609)	**(3,219)**	(2,887)
Impairment of available-for-sales financial assets								(28,655)
Finance costs							**(58)**	(116)
Taxation							**—**	(169)
Profit after taxation							**(3,277)**	(31,827)
Attributable to:								
Equity holders of the Company							**(3,277)**	(31,537)
Minority interests							**—**	(290)
							(3,277)	(31,827)

(ii) Secondary segment

	Unaudited			
	Turnover		Operating results	
	Six months ended 30th September		Six months ended 30th September	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**4,012**	11,202	**(1,134)**	501
PRC	**—**	5,908	**—**	108
Macau	**18,748**	9,020	**(2,085)**	1,029
Russia	**—**	581	**—**	(1,106)
South Korea	**—**	1,098	**—**	(1,129)
Panama	**—**	510	**—**	(728)
United States	**—**	1,110	**—**	(1,562)
	22,760	29,429	**(3,219)**	(2,887)

There are no material sales between the geographical segments.

No analysis of capital expenditure by geographical location is presented as majority of the Group's capital assets acquired during the period are located in Hong Kong and Macau.

4. Loss from operations

The Group's loss from operations is arrived at after charging/(crediting):

	Unaudited Six months ended 30th September	
	2006	2005
	HK$'000	*HK$'000*
Cost of inventories sold	**20,784**	23,224
Depreciation of owned fixed assets	**678**	724
Operating leases in respect of land and buildings	**669**	468
Interest income	**(11)**	(201)
Dividend income from investment securities	**(31)**	(31)

5. Finance costs

	Unaudited Six months ended 30th September	
	2006	2005
	HK$'000	*HK$'000*
Interest expenses on:		
Mortgage loan not wholly repayable within five years	**58**	112
Bank charges	**—**	4
	58	116

6. Taxation

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profits for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged to the consolidated income statement represents:

	Unaudited Six months ended 30th September	
	2006	2005
	HK$'000	*HK$'000*
Current taxation:		
— Hong Kong profit tax	**—**	59
— Overseas taxation	**—**	110
	—	169

7. Interim dividend

The directors do not recommend the payment of interim dividend for the six months ended 30th September 2006 (2005: Nil).

8. Loss per share

The calculation of basic loss per share is based on the Group's net loss attributable to shareholders for the period ended 30th September 2006 of HK$3,277,000 (2005: 31,537,000) and the weighted average of 320,000,000 (2005: 320,000,000) ordinary shares in issue during the period.

There were no potential dilutive shares in existence for the two periods ended 30th September 2006 and 2005, accordingly, no diluted earnings per share has been presented.

9. Trade receivables

General credit terms granted by the Group to its customers ranged from 0 — 60 days (2005: 0 — 60 days). The following is an aged analysis of the trade receivables at the balance sheet date.

	As at 30th September 2006 (Unaudited)	As at 31st March 2006 (Audited)
	HK$'000	*HK$'000*
Within 30 days	**1,346**	3,586
Between 31 — 60 days	**3,783**	1,806
Between 61 days to 1 year	**5,553**	4,685
	10,682	10,077
Less: Impairment loss on trade receivables	**(4,685)**	(4,685)
	5,997	5,392

10. Share capital

	As at 30th September 2006 (Unaudited) *HK$'000*	As at 31st March 2006 (Audited) *HK$'000*
Authorised:		
1,000,000,000 shares of HK$0.01 each	**10,000**	10,000
Issued and fully paid:		
320,000,000 shares of HK$0.01 each	**3,200**	3,200

11. Trade and accruals

An aged analysis of the trade and accruals as at the balance sheet date is as follows:

	As at 30th September 2006 (Unaudited) *HK$'000*	As at 31st March 2006 (Audited) *HK$'000*
Trade creditors		
Within 90 days	**1,657**	1,628
Within 91 days to 180 days	**207**	727
	1,864	2,355
Accrued expenses due within 30 days or on demand	**1,294**	990
	3,158	3,345

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the six months ended 30th September 2006, the Group's unaudited loss attributable to shareholders amounted to approximately HK$3 million, while it recorded a loss attributable to shareholders of approximately HK$32 million for the corresponding period in 2005. The significant decrease in losses was mainly due to (i)prior years' effect of changes in the accounting policies in respect of the Group's investment securities; (ii) disposal of loss-operating subsidiary; (iii) implementation on cost control.

In prior period, the Group adopted a number Hong Kong Accounting Standards which had been effective for accounting periods commencing on 1st January 2005. In accordance with the adopted Hong Kong Accounting Standards, the Group's investment securities had to be revalued to its fair value. As a result, difference of approximately HK$29 million between the cost and the fair value were required to recognised in the income statement in prior period which led to the significant loss incurred for the six months ended 30th September 2005. For the period under review, such significant change will not be envisaged.

Apart from the effect of significant loss incurred for the changes in accounting standards, the Group has disposed a loss making subsidiary which previously had incurred a loss of approximately HK$3 million from its apparel sourcing operation. In addition, the Group has implemented cost control on corporate and operating levels. This would help to strengthen the Group's cashflow positions in near term.

The loss per share for the six months ended 30th September 2006 amounted to approximately 1 HK cent, while it recorded a loss per share of 9.9 HK cents for the last corresponding period in 2005, representing a decrease of approximately 90% compared with the same period in last year.

Business Review

The Group is principally engaged in (i) apparel sourcing, (ii) apparel trading and (iii) sales support services.

Apparel sourcing

For the six months ended 30th September 2006, no turnover derived from apparel sourcing services while it was approximately HK$3 million in last corresponding period in 2005. It was because the Group has disposed such loss operating activity. The main reason for such disposal was due to fierce competition in marketing and PRC entry to World Trade Organisation. However, the Group is keen to establish its own apparel sourcing business if the opportunity exists.

Apparel trading

During the period under review, an unaudited segment turnover for the six months ended 30th September 2006 amounted to approximately HK$23 million and recorded a loss of approximately HK$3 million while it posted both turnover and profit of approximately HK$26 million and HK$1 million respectively in last correspondent period in 2005. The Group experienced lower than expected customers turnout rate and high rental costs which led to a loss in the period under review.

Sales support services

During the period under review, no turnover derived from the provision of sales support services (2005: Nil). For the purpose of cost effectiveness, the Group scaled down the operation of sales support services to minimum level.

PROSPECT

Looking forward, the Group is in the progress of looking for profitable business that would bring in stable return to the Company and its shareholders. In addition, the Company will follow its new control of cost measure to maintain cost at acceptable level for our existing businesses. We will continue to explore potential markets for our apparel operations if the opportunity exists.

Other than the aforementioned, the Group will continue to explore and identify investment and acquisition opportunities so as to enhance shareholders' value.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th September 2006, the Group had total current assets of approximately HK$19,033,000 (31st March 2005: HK$20,869,000) and total current liabilities of approximately HK$28,497,000 (31st March 2006: HK$32,317,000). Included in current assets was cash and bank balances of approximately HK$1,943,000 (31st March 2006: HK$2,488,000), representing an approximately 22% decrease as compared with 31st March 2006.

Net cash used for operating activities was approximately HK$2,268,000 for the six months ended 30 September 2006 (six months ended 30 September 2005: HK$730,000). Net cash generated from investing activities was approximately HK$7,673,000 for the six months ended 30 September 2006 (six months ended 30 September 2005: HK$2,776,000). Net cash used for financing activities was approximately HK$5,950,000 (six months ended 30 September 2006: net cash generated from this activities was HK$2,019,000). With the stable financial position of the Group, the Board is therefore in the opinion that the Group has sufficient resources and working capital to meet its daily operations and future development.

The Group serviced its debts primarily through cash generated by operations, bank borrowings and fund advanced by certain director. The Group's had no bank borrowings as at 30th September 2006 (31st March 2006: HK$5,950,000) The Group does not have any bank overdrafts and banking facilities obtained during the period under review.

The cash and bank balances and bank borrowings of the Group's were mainly denominated in Hong Kong dollars, such that the Group does not have significant exposure to foreign exchange fluctuation. No hedging for the foreign currency transaction has been carried out during the period under review.

As at 30th September 2006, accumulated losses attributable to shareholders amounted to approximately HK$26,000, as compared to equity attributable to shareholders as at 31st March 2006 of HK$3,251,000. Gearing ratio, calculated as the bank borrowings divided by shareholders equity was not applicable as the Group had no bank borrowings as at 30 September 2006 (31st March 2006: 1.83 times).

The current ratio of the Group, calculated by dividing the current assets by the current liabilities, was approximately 0.67 times as at 30th September 2006 (31st March 2006: 0.64 times). Inventory turnover days for the six months ended 30 September 2006 were 147 days (for the six months ended 30 September 2005: 186 days). The Board of Directors is in the opinion that both gearing ratio and current ratio were at an acceptable level.

CONTINGENT LIABILITIES

A writ has been filed against the Company in respect of a claim for reimbursement of expenses paid on behalf of the Company and its subsidiary amounting to approximately HK$3 million on 26th July 2006. The Company is not aware of such alleged payments and has instructed lawyers to deal with the matter. Up to the date of this report, the Company is reviewing information supplied by the Plaintiff in respect of the allegation. The Board of Directors is in the opinion the claim is not justifiable and without merit. Hence, no provision has been made in the interim financial statements.

PLEDGE OF ASSETS

As at September 2006, none of the Group's assets has been pledged (31st March 2006: Nil)

CORPORATE GOVERNANCE

The Company has complied with the applicable code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2006 except for the deviations as detailed in the Company's last annual report as follows:

(a) Code provision A1.3 stipulates that 14-days notice should be given for each board meeting. The Company agrees that sufficient time should be given to the Directors in order to make a proper decision. In these respects, the Company adopts a more flexible approach (and yet sufficient time has been given) in convening board meetings to ensure efficient and prompt management decisions could be made.

(b) Code provision A4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The Company deviates from the above code provision as the independent non-executive Directors ("INEDs") are not appointed for specific terms. According to the bye-laws of the Company, however, the INEDs are subject to retirement and re-election. The reason for the deviation is that the Company believes that the Directors ought to be committed to representing the long term interest of the Company's shareholders.

(c) Code provision A4.2 stipulates that every director should subject to retirement by rotation at least once every three years. According to the bye-laws of the Company, one-third of the Directors shall retire from office by rotation provided that the Chairman, Deputy Chairman or managing Director shall be subject to retirement by rotation. The Company's bye-laws deviate from the code provision. The Company considered that the continuity of the Chairman/Deputy Chairman/managing Director and their leadership is essential for the stability of the business and key management. The rotation methodology ensures a reasonable proportion of Directors in continuity which is to the best interest of the Company's shareholders.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted a code of conducts for securities transactions with terms no less exacting than the required standard of the Model Code as set out in Appendix 10 to the Listing Rules.

Following specific enquiry made with the directors of the Company, the Company has confirmed that each of its directors has complied with the required standard set out in the Model Code regarding securities transactions by directors.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed with the management in the accounting principles and practices adopted by the Company and discussed auditing, internal control and financial reporting matters including review of the unaudited financial information and interim report for the six months ended 30th September 2006.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the six months ended 30th September 2006.

PUBLICATION OF INTERIM RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE

This announcement will be published on the website of the Stock Exchange.

The Company's interim report containing all the information required by Appendix 16 of the Listing Rules will be dispatched to shareholders and published on the website of the Stock Exchange in due course.

As at the date of this announcement, the Board comprises Ms. Mao Yue, Ms. Bessie Siu, Mr. Lee Yiu Tung as Executive Directors, Mr. Fu Wing Kwok, Ewing as Non-executive Director and Mr. Liang Kwong Lim, Mr. Chang Kin Man and Mr. Ip Wing Lun as Independent Non-executive Directors.

By Order of the Board
Lee Yiu Tung
Executive Director

Hong Kong, 27th December 2006