THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Grandtop International Holdings Limited (the "Company"), you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

GRANDTOP INTERNATIONAL HOLDINGS LIMITED

泓鋒國際控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 02309)

VERY SUBSTANTIAL ACQUISITION

Financial adviser to Grandtop International Holdings Limited

KINGSTON CORPORATE FINANCE LIMITED

A notice convening an extraordinary general meeting of the Company to be held at JW Marriott Ballroom (Aberdeen), Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Friday, 23 November 2007 at 9:30 a.m. is set out on pages 156 to 157 of this circular. Whether or not you are able to attend and/or vote at the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof should you so wish.

* *For identification purpose only*

2 November 2007

CONTENTS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"Acquisition"	the proposed acquisition of approximately 29.9% equity interest in Birmingham City Plc.;
"associates"	has the same meaning ascribed to it under the Listing Rules;
"BCP Group"	Birmingham City Plc. and its subsidiary from time to time;
"Board"	the board of directors of the Company;
"Company"	Grandtop International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange;
"Completion"	completion of the Acquisition;
"connected persons"	has the meaning ascribed thereto in the Listing Rules;
"Directors"	directors of the Company;
"EGM"	the extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to consider and if thought fit, approve and ratify the MOU and the Acquisition;
"Enlarged Group"	the Group as enlarged by the Completion (and the completion of the GMF Acquisition, as the case may be);
"GMF"	Guangzhou Yuexiu Music Factory Entertainment Ballroom 廣州市越秀區音樂工廠娛樂歌舞廳, a domestic limited liability company established in the PRC;
"GMF Acquisition"	the proposed acquisition of a 51% equity interest in GMF, which was approved by the Shareholders on 10 September 2007 and its completion is subject to certain conditions as at the Latest Practicable Date. Details of the transaction are set out in the Company's circular dated 23 August 2007;
"Group"	the Company and its subsidiaries;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Independent Shareholders"	Shareholders other than Mr. Yeung and his associates and those who are required to abstain from voting for the approval of the Acquisition under the Listing Rules and their respective associates (if any);
"Independent Third Party"	person who himself is, and (in the case of corporate entity) its ultimate beneficial owners are, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, third parties who are independent of the Company and its connected persons;

"Latest Practicable Date"	29 October 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"MOU"	the binding Memorandum of Understanding dated 27 June 2007 entered into between the Company and the Vendors relating to the granting of the Right to the Company to acquire an equity interest in Birmingham City Plc.;
"Mr. Yeung"	Mr. Yeung Ka Sing, Carson, a substantial and beneficial shareholder and a director of the Company;
"PRC"	the People's Republic of China;
"Right"	the right to acquire in aggregate of approximately 29.9% of the issued share capital in Birmingham City Plc. from the Vendors and/or their nominee exercisable on or before 5 p.m. (United Kingdom time) on 16 July 2007;
"Sale Shares"	in aggregate 24,375,975 ordinary shares of 10 pence each in the issued share capital of Birmingham City Plc;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time;
"Share(s)"	ordinary shares of HK$0.01 each in the share capital of the Company;
"Shareholder(s)"	holder(s) of the Shares;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Vendors"	collectively Mr. David Sullivan, Mr. David Gold, Mr. Ralph Gold, Ms. Karren Brady and Mr. Roger Bannister, all Independent Third Parties;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"RMB"	Renminbi, the lawful currency of the PRC;
"£"	pound sterling, the lawful currency of the United Kingdom;
"%"	per cent.

(In this circular the exchange rate of £1 to HK$15.86 is used. However, it does not constitute a representation that any amount has been or may be exchanged at this or another rates or at all.)

GRANDTOP INTERNATIONAL HOLDINGS LIMITED
泓鋒國際控股有限公司*
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 02309)

Executive Directors:
Mr. Yeung Ka Sing, Carson
Mr. Hui Ho Luek, Vico
Mr. Steven McManaman
Mr. Lee Yiu Tung
Mr. Ip Wing Lun
Ms. Wong Po Ling, Pauline
Ms. Bessie Siu

Non-executive Director:
Mr. Christian Lali Karembeu

Independent Non-executive Directors:
Mr. Chang Kin Man
Mr. Zhou Han Ping
Mr. Yip Man Ki
Mr. Yau Yan Ming, Raymond

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
Unit 3008, 30th Floor
West Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

2 November 2007

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION

INTRODUCTION

On 29 June 2007, the Board announced that the Company had, on 27 June 2007, entered into the MOU with the Vendors whereby the Vendors have granted the Company the right to purchase an aggregate of approximately 29.9% of the issued capital of Birmingham City Plc. from them or their nominees for an aggregate price of £14,950,029 (equivalent to approximately HK$237,107,000).

Upon exercise of the Right, the Acquisition would constitute a very substantial acquisition for the Company under the Listing Rules and would therefore be subject to the approval of the Independent Shareholders at the EGM.

* *For identification purpose only*

On 16 July 2007, the Board announced that the Company had conducted its due diligence exercise on Birmingham City Plc. and was satisfied with its results and had therefore exercised the Right on 16 July 2007.

The purpose of this circular is to give you, among other things, (i) further details of the Acquisition; (ii) other disclosures in connection with the Acquisition required pursuant to the Listing Rules in respect of a very substantial acquisition; and (iii) the notice of the EGM.

THE RIGHT

Date	**:**	27 June 2007
Parties	**:**	
Grantors	:	Mr. David Sullivan, Mr. David Gold, Mr. Ralph Gold, Ms. Karren Brady and Mr. Roger Bannister
Grantee	:	The Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendors are Independent Third Parties.

Assets to be acquired under the Right:

In aggregate 24,375,975 ordinary shares of 10 pence each (as to 12,075,863 from Mr. David Gold and Mr. Ralph Gold's nominee shareholders, 12,075,863 from Mr. David Sullivan's nominee shareholder, 186,875 from Ms. Karren Brady and 37,374 from Mr. Roger Bannister) in the issued share capital of Birmingham City Plc., representing approximately 29.9% of its entire issued share capital.

Consideration:

The consideration for the Right is £1,009,200 (equivalent to approximately HK$16,006,000) (as to £500,000 (equivalent to approximately HK$7,930,000) to the nominee of Mr. David Sullivan, as to £500,000 (equivalent to approximately HK$7,930,000) to the nominee of Mr. Ralph Gold and Mr. David Gold, as to £7,667 (equivalent to approximately HK$121,600) to Ms. Karren Brady and as to £1,533 (equivalent to approximately HK$24,300) to Mr. Roger Bannister) and has been paid by the Company upon the signing of the MOU. The consideration for the Right and the Acquisition in aggregate is £14,950,029 (equivalent to approximately HK$237,107,000) (representing approximately 61.331 pence per share in Birmingham City Plc. (equivalent to approximately HK$9.73 per share)). This represents approximately a 36.30% premium to the closing price of 45.0 pence per share on 27 June 2007 of Birmingham City Plc. Upon exercising the Right, the balance consideration paid to the Vendors is £13,940,829 (equivalent to approximately HK$221,102,000) (as to £6,906,244 (equivalent to approximately HK$109,533,000) to the nominee of Mr. David Sullivan, as to £6,906,244 (equivalent to approximately HK$109,533,000) to the nominee of Mr. Ralph Gold and Mr. David Gold, as to £107,449 (equivalent to approximately HK$1,704,000) to Ms. Karren Brady and as to £20,892 (equivalent to approximately HK$331,300) to Mr. Roger Bannister). The consideration was satisfied in cash by an advance from Mr. Yeung and internal resources of the Company including the net proceeds from the open offer and placing of new Shares of the Company as announced in the Company's announcements dated 23 April 2007 and 20 June 2007 respectively.

The consideration was determined after commercial negotiations on an arm's length basis, by reference to a price to earnings ratio of 20 times and the fact that Birmingham City Football Club has been promoted to the Premier League for the 2007-2008 year which translates into higher television revenue, gate receipts, sales and sponsorship.

UNDERTAKING

The Acquisition was introduced to the Company by Mr. Yeung. Mr. Yeung has undertaken to the Company that in the event that the Acquisition is not approved by Independent Shareholders at the EGM and/or the Company is unable to obtain third party financing for the Acquisition, he will personally purchase the Sale Shares from the Company and indemnify the Company for all costs incurred by it as a result (including the repayment of the £1,009,200 amount paid upon the signing of the MOU). The Company has no binding commitment that it must transfer the Sale Shares to Mr. Yeung in the event of failure to obtain Shareholders' approval for the Sale Shares although Mr. Yeung must purchase the Sale Shares if the Company puts the Sale Shares to him for purchase. In the event that the Sale Shares are transferred to Mr. Yeung, a further announcement will be made and the Company will comply with the relevant requirements of the Listing Rules.

Furthermore, Mr. Yeung has agreed to grant the Company an interest-free, security-free bridging loan in the amount of up to HK$250,000,000 for a period of 6 months in order that the Company can proceed with the Acquisition. This is an exempt connected transaction for the Company pursuant to Rule 14A.65(4) of the Listing Rules.

The Company had conducted a due diligence investigation including but not limited to the assets, liabilities, financial condition, contracts, operations, books, records, commitments, business and prospects of Birmingham City Plc and its subsidiaries and was satisfied with its results and had therefore exercised the Right on 16 July 2007.

COMPLETION

Upon exercising the Right, Completion took place immediately. The Acquisition will be subject to Shareholders's approval (other than those (if any) who are required to abstain from voting under the Listing Rules) at a general meeting of the Company to approve and ratify the Company's entry into the MOU, the Acquisition and the performance of the transactions contemplated thereunder.

Completion had taken place upon the exercise of the Right on 16 July 2007. Given the tight timeframe for Completion imposed on the Company by the Vendors and the arrangements to safeguard the Company and its Shareholders in the event that Independent Shareholders' approval cannot be obtained for the Acquisition, as detailed in the section headed "Undertaking" above, the Company believes it is in the best interest that the Company proceed directly to Completion upon exercise of the Right and prior to the EGM.

BIRMINGHAM CITY PLC.

Birmingham City Plc. is a company whose shares are listed on the Alternative Investment Market of the London Stock Exchange and is engaged in the activity of a premier football league club.

According to the audited financial information of the BCP Group prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, the BCP Group recorded (i) a turnover of approximately £42,706,000 (equivalent to approximately HK$677,317,000) and £40,117,000 (equivalent to approximately HK$636,256,000) for the years ended 31 August 2005 and 31 August 2006 respectively; (ii) a net profit before tax of approximately £2,694,000 (equivalent to approximately HK$42,727,000) and £1,464,000 (equivalent to approximately HK$23,219,000) for the years ended 31 August 2005 and 31 August 2006 respectively and (iii) the net profit after tax of approximately £2,349,000 (equivalent to approximately HK$37,255,000) and £932,000 (equivalent to approximately HK$14,782,000) for the years ended 31 August 2005 and 31 August 2006 respectively. The net asset value of the BCP Group amounted to approximately £11,293,000 (equivalent to approximately HK$179,107,000) and £12,225,000 (equivalent to approximately HK$193,889,000) respectively as at 31 August 2005 and 31 August 2006 respectively.

There are adjustments between the financial information prepared under the United Kingdom Generally Accepted Accounting Principles set out in the Company's announcement dated 29 June 2007 and that prepared under the Hong Kong Financial Reporting Standards for the compliance of the Hong Kong Financial Reporting Standards set out in this circular. The adjustments are mainly made to adjust for (i) understatement of intangible assets as at each balance sheet date of the relevant periods; and (ii) corresponding understatement of amortisation for each of the relevant periods. Details of the accountants' report on the BCP Group are set out in Appendix II to this circular.

REASONS FOR THE ACQUISITION

The Group is principally engaged in the business of (i) apparel sourcing, (ii) apparel trading, and (iii) sale support services. This business has been competitive and demanding and the Board believes that the Acquisition is a good opportunity to diversify the Group's business and to look for additional income sources. Furthermore, following Completion, it is contemplated that the Group could supply and source apparel, accessories and related products for Birmingham Football Club.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE PERFORMANCE OF BIRMINGHAM CITY PLC.

The following discussion and analysis of the financial conditions and results of operations for each of the three financial years ended 31 August 2006 and the nine months ended 31 May 2007 are prepared on the basis audited financial statements of the BCP Group as set out in Appendix II to this circular.

Result

The turnover of the BCP Group comprised (i) income from season and matchday tickets and corporate hospitality income; (ii) television and broadcasting income; and (iii) sponsorship income, merchandising, conference and banqueting and other sundry revenue. For each of the three years ended 31 August 2006 and the nine months ended 31 May 2007, the turnover of the BCP Group was approximately £45.3 million, £42.7 million, £40.1 million and £20.5 million respectively.

The BCP Group recorded a net profit attributable to Shareholders of approximately £5.5 million, £2.3 million and £0.9 million respectively for each of the three years ended 31 August 2006 and incurred a net loss attributable to Shareholders of approximately £0.6 million for the nine months ended 31 May 2007. The drop of net profit of the BCP Group during the three years ended 31 August 2006 and the nine months ended 31 May 2007 was a direct result of the low position in the Premier Football League Club for the football season from 2004/2005 to 2005/2006 and becoming a member of the Championship Football League Club for the season 2006/2007.

Liquidity, Financial Resources and Funding

As at 31 August 2004, 2005 and 2006 and 31 May 2007, the adjusted net current assets/(liabilities) position of the BCP Group amounted to approximately £(0.1 million), £4.5 million, £(0.5 million) and £(10.2 million) respectively, which comprise the net current liabilities of the BCP Group of approximately £19.6 million, £15.1 million , £11.3 million and £14.3 million respectively, after deducting the aggregate amount of deferred income and deferred capital grants of approximately £19.5 million, £19.6 million, £10.8 million and £4.1 million respectively, which represented the amounts to be recognised as income in the next financial year, as at the respective balance sheet dates. Deferred income and deferred capital grants included under the current liabilities are the balances to be recognised as income in the forthcoming financial year and there are no cash outflow arising from deferred income and deferred capital grants and therefore they are added back in the net current liabilities of the BCP Group for the purpose of liquidity analysis. There are only marginal adjusted net current liabilities as at 31 August 2004 and 2006. The adjusted net current liabilities greatly increased from approximately £0.5 million as at 31 August 2006 to approximately £10.2 million as at 31 May 2007 mainly because there was much less receipt from operations of the BCP Group during May of each year due to the seasonal factor of the football industry in the United Kingdom.

As at 31 August 2004, 2005 and 2006 and 31 May 2007, the BCP Group had cash reserves of approximately £8.8 million, £6.4 million, £4.3 million and £0.1 million respectively.

The gearing ratio of the BCP Group, derived by dividing the aggregate of bank borrowings by the amount of shareholders' equity, as at 31 August 2004, 2005 and 2006 and 31 May 2007, was 4.9%, 3.5%, 3.2% and 31.4% respectively. The current ratio of the BCP Group, represented by a ratio between current assets over current liabilities, as at 31 August 2004, 2005 and 2006 and 31 May 2007, was 45.9%, 55.5%, 58.8% and 51.2% respectively.

The BCP Group generally finances its operation by internal resources and external facilities and/or borrowings.

Share Capital

The authorized share capital of BCP as at 31 August 2004, 2005 and 2006 and 31 May 2007 was £12 million, £12 million, £12 million and £12 million respectively and the issued and fully paid share capital of BCP as at 31 August 2004, 2005 and 2006 and 31 May 2007 was £8 million, £8.075 million, £8.075 million and £8.075 million respectively.

Foreign Exchange Exposure

As at 31 August 2004, 2005 and 2006 and 31 May 2007, substantially all of the monetary assets of the BCP Group was comprised of cash and bank balances and trade and other receivables, which were denominated in pound sterling, hence exchange risk of the BCP Group is minimal. In addition, the BCP Group did not have any foreign currency investment which has been hedged by currency borrowings and other hedging instruments.

The BCP Group has no significant exposure in its trading operations to the risk of changes in foreign currency exchange rates.

Capital Commitment and Charge on Assets

There was no material capital commitment for the BCP Group as at 31 August 2004 and 2005. As at 31 August 2006 and 31 May 2007, the BCP Group had capital commitments of approximately £0.7 million and £0.05 million respectively. The BCP Group has pledged freehold properties at 31 August 2004, 2005 and 2006 and 31 May 2007 to secure bank loan facility granted to the BCP Group.

Contingent Liabilities

Under the terms of certain contracts with other football clubs in respect of player transfers, additional amounts would become payable if certain specific performance conditions are met. The maximum that could be payable and not provided for in the Financial Information in respect of transfers as at 31 August 2004, 2005 and 2006 and 31 May 2007 are approximately £2.4 million, £10.1 million, £2.1 million and £2.1 million respectively.

The maximum possible commitments in respect of signing-on fees and image rights due to players under contracts as at 31 August 2004, 2005 and 2006 and 31 May 2007, which are payable on future dates specified in their contracts and not provided for in the Financial Information, amounted to approximately £5.0 million, £5.3 million, £3.3 million and £4.2 million respectively.

HM customs and excise has issued an assessment for repayment of approximately £Nil, £0.2 million, £0.6 million and £0.9 million of input VAT previously recovered which relates to payments made under the contractual arrangements between the BCP Group and certain football agents as at 31 August 2004, 2005 and 2006 and 31 May 2007 respectively. HM Revenue & Customs is mainly responsible for collecting and administering taxes as well as paying tax credits and child benefits in the U.K. The BCP Group considers the VAT concerned has been properly recovered and, an appeal has been lodged against the assessment, consequently no provision has been made within these accounts.

Employee and Remuneration

The average number of employees including directors for the BCP Group for the three years ended 31 August 2006 and the nine months ended 31 May 2007 are approximately 134, 140, 150 and 135 in the UK respectively. The BCP group also employs temporary staff of approximately 362, 346, 376 and 389 on match for the three years ended 31 August 2006 and the nine months ended 31 May 2007 respectively. The total of staff costs for the three years ended 31 August 2006 and the nine months ended 31 May 2007 amounted to approximately £23.0 million, £27.4 million, £26.8 million and £14.8 million respectively. Employees are remunerated according to their performance and work experience.

Significant Investments, Material Acquisition and Disposal

So far as the Directors are aware, the BCP Group had no significant investments, acquisitions and/or disposals for the three years ended 31 August 2006 and the nine months ended 31 May 2007.

FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

The Group is principally engaged in the business of (i) apparel sourcing, (ii) apparel trading, and (iii) sale support services. In view of both Hong Kong and Macau are experiencing an impressive economic growth, the purchasing power from customers is anticipated to increase in coming years. Although the Group's apparel sourcing and apparel trading business faced a comprehensive challenge from local competitors, the Group will take every step to overcome the challenge by restructuring the cost structure as well as formulating new business plans to expand revenue by entering into trading of high margin apparel products in the future. The business of BCP's football club has been competitive and demanding. The Board believes that the Acquisition is a good opportunity to diversify the Group's business and to look for additional income sources. The Group will continue to explore and identify investment opportunities to add to the Group's investment portfolio in order to enhance Shareholders' value by its organic growth. Furthermore, following Completion, the Group will benefit from the supplying and sourcing of apparel, accessories and related products for Birmingham Football Club in the future.

As set out in the circular of the Company dated 23 August 2007, the Company is acquiring 51% equity interest in GMF which is principally engaged in operating café and bar as well as providing catering services in the PRC. The Board believes that the acquisition of GMF provides a good opportunity for the Group to diversify its business and to look for additional income sources. Following completion of the sale and purchase agreement for the above acquisition, it is contemplated that the café and restaurant chains will be operated in the PRC.

FINANCIAL EFFECTS OF THE ACQUISITION

Set out in Appendix IV to this circular is the unaudited pro forma financial information of the Enlarged Group based on (i) the audited financial statements of the Group as at 31 March 2007 set out in Appendix I to this circular; (ii) the audited financial consolidated balance sheet of the BCP Group as at 31 May 2007 set out in Appendix II to this circular with appropriate translation of presentation currency from Pound sterling to Hong Kong dollars at an exchange rate of £1: HK$15.86 and the audited balance sheet of GMF as at 30 June 2007 in Appendix III to this circular with appropriate translation of presentation currency from Renminbi to Hong Kong dollars at an exchange rate of RMB1:HK$1.03; and (iii) the audited consolidated income statement and audited consolidated cash flow statement of the BCP Group for the year ended 31 August 2006 set out in Appendix II to this circular with appropriate translation of presentation currency from Pound sterling to Hong Kong dollars at an exchange rate of £1: HK$15.86 and the audited income statement and audited cash flow statement of GMF for the year ended 31 December 2006 in Appendix III to this circular with appropriate translation of presentation currency from Renminbi to Hong Kong dollars at an exchange rate of RMB1:HK$1.03, and taking into account certain adjustments to reflect the Acquisition and the GMF Acquisition.

Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to this circular, the respective pro forma total assets and total liabilities of the Enlarged Group following the Acquisition (without taking into account the GMF Acquisition) would increase by approximately HK$244 million and HK$141 million respectively. The respective unaudited pro forma net loss of the Enlarged Group following the Acquisition (without taking into account the GMF Acquisition) would decrease by approximately HK$4 million. The unaudited pro forma loss per share of the Group following the Acquisition (without taking into account the GMF Acquisition) would have been HK$0.010 based on 636,668,493 Shares comprising weighted average number of Shares of 329,468,493 in issue during the year ended 31 March 2007 and 307,200,000 Shares issued in an open offer and placing of Shares during the period from 1 April 2007 to the Latest Practicable Date as compared to HK$0.034 before the Acquisition and the GMF Acquisition.

Upon completion of the Acquisition, the BCP Group will be effectively beneficially owned as to approximately 29.9% by the Company. Accordingly, the BCP Group will be treated as an associate of the Company and the financial results of the BCP Group will be shared in the Group's consolidated income statement under equity method of accounting after the completion of the Acquisition.

LISTING RULES IMPLICATIONS

Upon exercise of the Right, the Acquisition would constitute a very substantial acquisition of the Company under the Listing Rules and as Mr. Yeung is deemed to have an interest different from other Shareholders as it is possible he may transact with the Company to purchase the Sale Shares in the event the Acquisition is not approved by the Independent Shareholders at the EGM or financing cannot be obtained, Mr. Yeung and his associates are required to be abstained from voting for the approval of the Acquisition at the EGM where voting will be conducted by way of poll. The Directors are not aware that any Shareholder (other than Mr. Yeung) has a material interest in the Acquisition which is different from the other Shareholders, therefore, save for Mr. Yeung, no Shareholder is required to abstain from voting in respect of the proposed ordinary resolution to approve and ratify the MOU and the Acquisition at the EGM.

So far as is known to the Directors, as at the Latest Practicable Date, there was (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholders; and (ii) no obligation or entitlement of any Shareholders, whereby he/she/it has or may have temporarily or permanently passed control over the exercise of the voting rights in respect of his/her/its Shares to a third party, either generally or on a case-by-case basis.

So far as is known to the Directors, as at the Latest Practicable Date, there was no discrepancy between any Shareholder's beneficial shareholding interest in the Company as disclosed in this circular and the number of Shares in respect of which it will control or will be entitled to exercise control over the voting rights at the EGM.

EGM

Set out on pages 156 to 157 is a notice convening the EGM to be held at JW Marriott Ballroom (Aberdeen), Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Friday, 23 November 2007 at 9:30 a.m. at which an ordinary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, approve and ratify the MOU and the Acquisition by way of poll.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend and/or vote at the EGM in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

RECOMMENDATION

The Directors are of the opinion that the terms of the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favor of the ordinary resolution to be proposed at the EGM to approve and ratify the MOU and the Acquisition.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular.

By Order of the Board
Grandtop International Holdings Limited
Hui Ho Luek, Vico
Executive Director

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following information has been extracted from the audited consolidated financial statements of the Group for each of the three years ended 31 March 2007. HLB Hodgson Impey Cheng, being the Company's auditors for the year ended 31 March 2006, has issued qualified opinion on the Group's financial statements for the year ended 31 March 2006. Save for the above, the Company's auditors, have not issued any qualified opinion or modified opinion on the Group's financial statements for the three years ended 31 March 2007.

Consolidated Income Statement
For the year ended 31 March

	2007	**2006**	**2005**
	HK$'000	*HK$'000*	*HK'000*
			(Restated)
Turnover	42,813	48,428	101,974
Cost of sales	(36,597)	(38,892)	(73,674)
Gross profit	6,216	9,536	28,300
Other revenue	3,683	431	380
Selling expenses	(1,924)	(2,911)	(4,636)
Administrative expenses	(16,745)	(19,413)	(10,092)
Impairment loss on trade receivables	(583)	(4,685)	—
Impairment loss on goodwill	—	(5,524)	—
Impairment loss on prepayments, deposits and other receivables	—	(4,745)	—
Impairment loss on available-for-sale financial assets	(1,320)	(33,245)	—
(Loss)/profit from operations	(10,673)	(60,556)	13,952
Finance costs	(48)	(149)	(193)
Gain/(loss) on disposal of a subsidiary	(329)	1,098	(2,585)
(Loss)/profit before taxation	(11,050)	(59,607)	11,174
Taxation	—	(20,003)	(1,293)
(Loss)/profit for the year	(11,050)	(79,610)	9,881
Attributable to:			
Equity holders of the Company	(11,050)	(79,610)	2,160
Minority interests	—	—	7,721
	(11,050)	(79,610)	9,881
Dividend	—	—	—
(Loss)/earnings per share for (loss)/profit attributable to the equity holders of the Company during the year			
Basic	(HK$0.034)	(HK$0.249)	HK$0.007
Diluted	N/A	N/A	N/A

Set out below are the qualified opinion for preparing the Group's financial statements for the year ended 31 March 2006 issued by the Company's auditors as extracted from the Company's annual report 2006. Save for the qualified opinion referred below, the Company's auditors have not issued any qualified or modified opinion on the Group's financial statements for the three years ended 31 March 2007.

HLB 國衛會計師事務所
Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

Auditors' report to the Shareholders of
Grandtop International Holdings Limited
(incorporated in the Cayman Islands with limited liability)

We have audited the financial statements on pages 25 to 75 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective Responsibilities of Directors and Auditors

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Basis of Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion, we have considered the adequacy of the disclosure made in note 2 to the financial statements which explains that the circumstances giving rise to the fundamental uncertainties relating to the net loss and net current liability position of the Group and possible obligation arising from tax liabilities (the "Tax Obligations") imposed by the Inlands Revenue Department of the Hong Kong Special Administrative Region (the "HKIRD"). These financial statements have been prepared on a going concern basis, the validity of which depends upon the outcome of the Tax Obligations on the Group and upon the continuing financial support from the controlling shareholder of the Company. The financial statements do not include any adjustments that if the Group failed to obtain the necessary financial support from its controlling substantial shareholder. We have considered that appropriate disclosures have been made in the financial statements concerning this situation, but the evidence available to us was limited. In the absence of sufficient documentary evidence, we were unable to ascertain as to whether the assumption made by the directors of the Company in preparing the financial statements on a going concern basis, as set out in note 2 to the financial statements, are fair and reasonable. There were no other satisfactory audit procedures that we could adopt to satisfy ourselves as to the appropriateness of the going concern basis, which may have a consequential significant effect on the results for the year and its liquidity position as at 31 March 2006. These fundamental uncertainties relating to whether the going concern basis is appropriate is so extreme that we have disclaimed our opinion.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Qualified Opinion: Disclaimer on View Given by the Financial Statements

Because of the significance of the possible effect of the limitation in the evidence available to us relating to the matter referred to above, we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 March 2006 and of its loss and cash flows of the Group for the year then ended and as to whether the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

In respect alone of the limitation on our work relating to the matter referred to above, we have not obtained all the information and explanation that we considered necessary for the purpose of our audit.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
Hong Kong, 26 July 2006

2. CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE YEAR ENDED 31 MARCH 2007.

The following are the audited consolidated accounts of the Group for the two years ended 31 March 2007 as extracted from the 2007 annual report of the Company.

Consolidated Balance Sheet
At 31 March 2007

	Note	2007 HK$'000	2006 HK$'000
Non-current assets			
Property, plant and equipment	7	4,594	12,103
Leasehold land	8	720	5,757
Available-for-sale financial assets	10	—	2,695
		5,314	20,555
Current assets			
Inventories	11	3,656	8,951
Trade receivables	12	5,613	5,392
Prepayment, deposit and other receivables	13	1,835	4,038
Cash and cash equivalents		6,757	2,488
		17,861	20,869
Total assets		23,175	41,424
Equity			
Capital and reserves attributable to the equity holders of the Company			
Share capital	14	3,840	3,200
Reserves	15	(3,895)	51
		(55)	3,251
Non-current liabilities			
Interest-bearing bank borrowings, secured	16	—	5,689
Deferred tax liabilities	17	167	167
		167	5,856
Current liabilities			
Interest-bearing bank borrowings, secured	16	—	261
Trade and other payables	18	3,066	3,345
Amount due to a director	19	—	8,261
Tax payables		19,997	20,450
		23,063	32,317
Total liabilities		23,230	38,173
Total equity and liabilities		23,175	41,424
Net current liabilities		(5,202)	(11,448)
Total assets less current liabilities		112	9,107
Net (liabilities)/assets		(55)	3,251

Balance Sheet

At 31 March 2007

	Note	2007 HK$'000	2006 HK$'000
Non-current assets			
Property, plant and equipment	7	115	145
Interests in subsidiaries	9	6,274	15,274
		6,389	15,419
Current assets			
Prepayments, deposits and other receivables	13	105	226
Cash and cash equivalents		1,206	31
		1,311	257
Total assets		7,700	15,676
Equity			
Capital and reserves attributable to the equity holders of the Company			
Share capital	14	3,840	3,200
Reserves	15	(3,326)	731
		514	3,931
Current liabilities			
Amounts due to subsidiaries	9	5,241	8,484
Trade and other payables	18	1,945	469
Amount due to a director	19	—	2,792
		7,186	11,745
Total liabilities		7,186	11,745
Total equity and liabilities		7,700	15,676
Net current liabilities		(5,875)	(11,488)
Total assets less current liabilities		514	3,931
Net assets		514	3,931

Consolidated Income Statement
For the year ended 31 March 2007

	Note	2007 HK$'000	2006 HK$'000
Turnover	6	42,813	48,428
Cost of sales		(36,597)	(38,892)
Gross profit		6,216	9,536
Other revenue	6	3,683	431
Selling expenses		(1,924)	(2,911)
Administrative expenses		(16,745)	(19,413)
Impairment of goodwill		—	(5,524)
Impairment loss on trade receivables		(583)	(4,685)
Impairment loss on prepayments, deposits and other receivables		—	(4,745)
Impairment loss on available-for-sale financial assets		(1,320)	(33,245)
Loss from operations	20	(10,673)	(60,556)
Finance costs	22	(48)	(149)
(Loss)/gain on disposal of subsidiaries		(329)	1,098
Loss before taxation		(11,050)	(59,607)
Taxation	23	—	(20,003)
Loss for the year		(11,050)	(79,610)
Attributable to:			
Equity holders of the Company		(11,050)	(79,610)
Dividends	25	—	—
Loss per share for loss attributable to the equity holders of the Company during the year			
Basic	26	HK$0.034	HK$0.249
Diluted		N/A	N/A

Consolidated Statement of Changes in Equity

For the year ended 31 March 2007

	Attributable to the equity holders of the Company						
	Share capital	Contributed surplus	Share premium	Retained profit/ (Accumulated losses)	Sub-total	Minority interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2005	3,200	(85)	25,146	54,600	82,861	2,262	85,123
Disposal of a subsidiary	—	—	—	—	—	(2,262)	(2,262)
Loss for the year	—	—	—	(79,610)	(79,610)	—	(79,610)
At 31 March 2006 and at 1 April 2006	3,200	(85)	25,146	(25,010)	3,251	—	3,251
Placing of shares	640	—	—	—	640	—	640
Share premium arising on placing of shares	—	—	7,104	—	7,104	—	7,104
Loss for the year	—	—	—	(11,050)	(11,050)	—	(11,050)
At 31 March 2007	3,840	(85)	32,250	(36,060)	(55)	—	(55)

Consolidated Cash Flow Statement

For the year ended 31 March 2007

	2007	2006
	HK$'000	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(11,050)	(59,607)
Adjustments for:		
Depreciation	1,226	3,147
Amortisation of leasehold land	450	484
Impairment of property, plant and equipment	907	169
Provision on obsolete inventories	—	6,689
Written back of provision on obsolete inventories	(2,597)	—
Impairment loss on loan receivables	—	2,000
Impairment loss on investment deposits	—	2,745
Impairment of goodwill	—	5,524
Impairment loss on available-for-sale financial assets	1,320	33,245
Impairment loss on trade receivables	583	4,685
Reversal of impairment loss on trade receivables	(3,659)	—
Dividend income received from available-for-sale financial assets	—	(191)
Loss/(gain) on disposal of subsidiaries	329	(1,098)
Interest income	(24)	(240)
Finance cost	48	149
Operating cash flows before movements in working capital	(12,467)	(2,299)
Decrease/(increase) in inventories	7,892	(4,337)
Increase in trade receivables	(211)	(1,108)
Decrease in prepayment, deposit and other receivables	5,582	2,029
Decrease in trade and other payables	(279)	(3,060)
Cash generated from/(used in) in operations	517	(8,775)
Interest received	24	240
Profits tax paid	(453)	(727)
Net cash generated from/(used in) operating activities	88	(9,262)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(286)	(723)
Dividend received from available-for-sales financial assets	—	191
Cash effect on disposal of subsidiaries	105	174
Net cash used in investing activities	(181)	(358)

	2007	2006
	HK$'000	*HK$'000*
FINANCING ACTIVITIES		
Proceeds from placing of shares	7,744	—
Repayment of mortgage loan	(46)	(250)
Advance from a director	—	8,261
Repayment of advance from a director	(3,288)	—
Finance costs	(48)	(149)
Net cash generated from financing activities	4,362	7,862
Net increase/(decrease) in cash and cash equivalents	4,269	(1,758)
Cash and cash equivalents at beginning of the year	2,488	4,246
Cash and cash equivalents at the end of the year		
Bank balance and cash	6,757	2,488

Notes to the Financial Statements

31 March 2007

1. General

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on Stock Exchange. The registered office of the Company is Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at Unit 3008, 30/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are engaged in provision of apparel trading, apparel sourcing and sale support services.

In the opinion of the Directors, the holding company of the Company is Huge Gain Development Limited, which is incorporated in British Virgin Islands.

These consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

2. Application of New and Revised Hong Kong Financial Reporting Standards

In current year, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRS"), amendments of Hong Kong Accounting Standards ("HKASs") and interpretations ("INT") (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective either for accounting periods beginning on or after 1 December 2005 or 1 January 2006 or 1 March 2006. The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting period have been prepared and presented. Accordingly, no prior period adjustment has been required.

The HKICPA has issued the following new standards, amendments and interpretations that are not yet effective for the year ended 31 March 2007 and which have not been adopted in these consolidated financial statements. The Group has considered the following new standards, amendments and interpretations but does not expect they will have a material effect on the results of operations and financial position of the Group.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKFRS 7	Financial Instruments: Disclosures[1]
HKFRS 8	Operating Segments[2]
HK(IFRIC) — INT 8	Scope of HKFRS 2[3]
HK(IFRIC) — INT 9	Reassessment of Embedded Derivatives[4]
HK(IFRIC) — INT 10	Interim Financial Reporting and Impairment[5]
HK(IFRIC) — INT 11	HKFRS 2 — Group and Treasury Share Transactions[6]
HK (IFRIC) — INT 12	Service Concession Arrangement[7]

1. Effective for annual periods beginning on or after 1 January 2007.
2. Effective for annual periods beginning on or after 1 January 2009.
3. Effective for annual periods beginning on or after 1 May 2006.
4. Effective for annual periods beginning on or after 1 June 2006.
5. Effective for annual periods beginning on or after 1 November 2006.
6. Effective for annual periods beginning on or after 1 March 2007.
7. Effective for annual periods beginning on or after 1 January 2008.

3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with HKFRSs issued by HKICPA under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, which are carried at fair value. The consolidated financial statements also include applicable disclosures required by Listing Rules and by the Hong Kong Companies Ordinance.

The preparation of financial statements in accordance with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies of the Group. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 5 to the financial statements.

For the year ended 31 March 2007, the Group incurred a loss of HK$11,050,000 (2006: HK$79,610,000) and as of that date, the Group's current liabilities exceed its current assets by approximately HK$5,202,000 (2006: HK$11,448,000). Notwithstanding the adverse financial position of the Group as at 31 March 2007, the Directors have prepared these financial statements on a going concern basis after considering the following future liquidity of the Group:

(i) On 23 April 2007, the Company entered into an underwriting agreement to raise approximately HK$38,400,000, before expenses, by issuing 192,000,000 offer shares at a price of HK$0.20 per offer share by way of open offer, on the basis of one offer share for every two shares held. The open offer had been completed on 7 June 2007; and

(ii) On 20 June 2007, the Company entered into a placing agreement to raise approximately HK$65,700,000, before expenses, by issuing 115,200,000 placing shares at a price of HK$0.57 each and completed on 11 July 2007.

(iii) On 13 July 2007, the Company entered into the placing agreement with the placing agent pursuant to which the Company appointed the placing agent as sole and exclusive placing agent to procure not fewer than six placees to subscribe for up to 138,240,000 warrants, on a fully underwritten basis, at the issue price of HK$0.10 per warrant. The net proceeds of approximately HK$13,200,000 has been raised by the issuance of warrants.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operation policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

All significant inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted by the Company on the basis of dividend received or receivables.

(c) Business combination

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 Business Combinations are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

(d) Foreign currency translation

i. Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK dollars, which is the Company's functional and presentation currency.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation difference on non-monetary items are included in the fair value reserve in equity.

iii. Group companies

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation current currency of the Group at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

The cost of an asset 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 the 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 the property, plant and equipment, the expenditure is capitalised as an additional cost of that asset.

Depreciation is provided to write off the cost of property, plant and equipment, using the straight line method, over their estimated useful lives. The principal annual rates are as follows:

Buildings	2.5%
Leasehold improvements	20%
Office equipment	20%
Furniture, fixtures	20%
Motor vehicles	20%

The gain or loss arising from disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

(f) Leasehold land

Leasehold land represents prepaid lease payment made for leasehold land. Interest in leasehold land is stated at cost less subsequent accumulated amortisation and any accumulated impairment losses. The cost of leasehold land is amortised on a straight-line basis over the unexpired lease terms.

(g) Financial assets

i. Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve months of the balance sheet date.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

iii. Held-to-maturity investment

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. During the year, the Group did not hold any investments in this category.

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains or losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement — is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

(i) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment loss on trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(j) Cash and cash equivalent

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(k) Impairment of assets

Internal and external sources of information are reviewed at each balance sheet date to determine whether there is any indication of impairment of assets, or whether there is any indication that an impairment loss previously recognised no longer exists or may have decreased. If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the income statement in the year in which it arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant policy for that revalued asset.

i. Calculation of recoverable amount

The recoverable amount of an asset is the higher of its net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of any asset and from its disposal at the end of its useful life. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of asset that generates cash inflows independently (i.e. a cash-generating unit).

ii. *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been change in the estimates used to determine the recoverable amount. An impairment loss of goodwill is reversed only if the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates the reversal effect of that specific event.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

(l) Provision

A provision is recognised when the Group has a present legal or constructive obligation, as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value money is material, the amount of a provision is the present value at the balance sheet date of the expenditures expected to be required to settle the obligation.

(m) Borrowing costs

Borrowing costs are interests and other costs incurred in connection with the borrowing and funds. All borrowing costs are charged to the income statement in the year in which the costs are incurred.

(n) 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:

i. Revenue derived from the provision of sales support services is recognised when services are performed and upon each shipment made by the Group's Hong Kong garment and fashion manufacturing clients to the United States of America;

ii. Service income is recognised when services are provided;

iii. Sales of merchandise are recognised when goods are delivered and title is passed;

iv. Interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable; and

v. Dividend income from available-for-sale financial assets are recognised when the shareholder's right to receive payment is established.

(o) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit is the profit for the year, determined in accordance with the rules established by the taxation authorities, upon which income taxes are payable.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary difference can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investment in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(p) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under operating leases are charged to the income statement on a straight-line basis over the relevant lease term.

(q) Employee benefits

i. Bonuses

The Group recognises a liability for bonuses when there is a contractual obligation and the amount can be estimated reliably.

ii. Retirement benefit obligations

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employee's basic salaries and other allowances and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

iii. *Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after balance sheet date are discounted to present value.

iv. *Share-based compensation*

The fair value of the employee services received in exchange for the grant of the share options and restricted share awards is recognised as an expense in the income statement.

The total amount to be expensed over the vesting period is determined with reference to the fair value of the share options and restricted share awards granted. At each balance sheet date, the Company revises its estimates of the number of share options that are expected to become exercisable and the number of restricted share awards that become vested. It recognises the impact of the revision of original estimates, if any, in the profit and loss account, and a corresponding adjustment to equity in the balance sheet will be made over the remaining vesting periods.

The proceeds received, net of any directly attributable transaction costs, are credited to share capital and share premium accounts when the share options are exercised and when the restricted share awards are vested.

(r) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent asset is not recognised but is disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(s) Related parties transactions

A party is considered to be related 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 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);

(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); or

(g) the party is a post-employment benefit plan for the benefit or the employees of the Group, or of any entity that is related party of the Group.

4. Financial Risk Management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group's treasury function operates as a centralised service for managing financial risks and for providing cost efficient funding to the Group.

Market risk

(a) Foreign exchange risk

The Group operates mainly in both the Macau and Hong Kong and majority of transactions are dominated in Hong Kong dollars and United States dollars. Therefore, the Group is exposed to foreign exchange risk arising from these currency exposures. Hong Kong dollars are pegged to United States dollars and the foreign exchange exposure between them are considered limited.

(b) Cash flow and fair value interest rate risk

Borrowings at variable interest rates expose the Group to cash flow interest rate risk and those at fixed rates expose the Group to fair value interest rate risk.

The Group monitors the interest rate risk exposure on a continuous basis and adjusts the portfolio of borrowings where necessary.

(c) Price risk

The Group is not exposed to commodity price risk.

Credit risk

The Group's credit risk is primarily attributable to trade receivables. The Group has no significant concentrations of credit risk. It has policies in place to ensure that sales of apparel products are made to customers with an appropriate credit history. The exposures to these credit risks are monitored on an ongoing basis.

Liquidity risk

The Group manages its liquidity risk by regularly monitoring current and expected liquidity requirements and ensuring sufficient liquid cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet the Group's liquidity requirements in the short and long term.

5. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions 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.

(a) Provision for impairment of receivables

The aged debt profile of trade debtors is reviewed on a regular basis to ensure that the trade debtor balances are collectible and follow up actions are promptly carried out if the agreed credit periods have been exceeded. However, from time to time, the Group may experience delays in collection. Where recoverability of trade debtor balances are called into doubts, specific provisions for bad and doubtful debts are made based on credit status of the customers, the aged analysis of the trade receivable balances and write-off history. Certain receivables may be initially identified as collectible, yet subsequently become uncollectible and result in a subsequent write-off of the related receivable to the income statement. Changes in the collectibility of trade receivables for which provisions are not made could affect our results of operations.

(b) Useful lives of property, plant and equipment

In accordance with HKAS 16, the Group estimates the useful lives of property, plant and equipment that to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, and technical obsolescence arising from changes in the market demands or service output of the assets. The Group also performs annual reviews on whether the assumptions made on useful lives continue to be valid.

(c) Net realisable of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience and selling goods of similar nature. It could change significantly as a result of change in market condition. Management will reassess the estimations at the balance sheet date.

6. Turnover And Segment Information

Turnover

The Group's turnover comprised of the followings:

	The Group	
	2007	**2006**
	HK$'000	*HK$'000*
Apparel sourcing	982	4,524
Apparel trading	41,831	43,904
	42,813	48,428

Other Revenue

	The Group	
	2007	**2006**
	HK$'000	*HK$'000*
Bank interest income	24	240
Dividend income received from available-for-sales financial assets	—	191
Reversal of provision for impairment loss on trade receivables	3,659	—
	3,683	431

Segment Information

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has determined that business segments as the primary reporting because this is more relevant to the Group in making operating and financial decisions.

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

Business Segments

The following table provides an analysis of the Group's revenues, results and certain assets, liabilities and expenditure information by business nature:

	Apparel Sourcing		Apparel Trading		Sales Support Services		Consolidated Total	
	2007	2006	2007	2006	2007	2006	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue								
Sales to external customer	982	4,524	41,831	43,904	—	—	42,813	48,428
Segment results	(2,773)	(3,252)	(3,457)	(14,236)	—	—	(6,230)	(17,488)
Other revenue							24	431
Unallocated expenses							(4,467)	(43,499)
Loss from operation							(10,673)	(60,556)
(Loss)/Gain on disposal of subsidiaries							(329)	1,098
Finance costs							(48)	(149)
Loss before taxation							(11,050)	(59,607)
Taxation							—	(20,003)
Loss for the year							(11,050)	(79,610)
Loss from ordinary activities attributable to the equity holders of the Company							(11,050)	(79,610)
Assets								
Segment assets	5,525	3,654	13,656	25,524	—	52	19,181	29,230
Unallocated assets							3,994	12,194
Total assets							23,175	41,424
Liabilities								
Segment liabilities	269	2,821	894	9,317	19,918	—	21,081	12,138
Unallocated liabilities							2,149	26,035
Total liabilities							23,230	38,173
Other segment information:								
Capital expenditure	—	—	260	439	—	—	260	439
Unallocated capital expenditures							26	284
							286	723

	Apparel Sourcing		Apparel Trading		Sales Support Services		Consolidated Total	
	2007	2006	2007	2006	2007	2006	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Depreciation and amortisation	365	722	676	1,824	—	426	1,041	2,972
Unallocated depreciation and amortisation							635	659
							1,676	3,631
Impairment loss on property, plant and equipment	909	—	—	—	—	169	909	169
Other non-cash expenses	583	3,595	—	11,241	—	169	583	15,005
Unallocated other non-cash expenses							1,320	43,514
							1,903	58,519

Geographical Segments

	Segment Revenue		Segment Results	
	2007	2006	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	3,291	13,202	(2,574)	(4,653)
Russia	—	1,052	—	(253)
South Korea	—	1,545	—	(1,541)
Panama	—	1,006	—	(562)
USA	—	1,421	—	(1,428)
PRC	19,290	8,954	(937)	(1,062)
Macau	20,232	21,248	(2,719)	(7,989)
	42,813	48,428	(6,230)	(17,488)

	Segment Assets		Segment Liabilities	
	2007	2006	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	16,272	31,692	21,316	29,995
Macau	6,903	9,732	1,914	8,178
	23,175	41,424	23,230	38,173

7. Property, Plant and Equipment

The Group

	Buildings	Leasehold improvements	Furniture and fixtures	Office equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At cost:						
At 1 April 2005	7,015	7,806	2,248	1,827	753	19,649
Additions	—	383	284	56	—	723
Disposal of a subsidiary	—	(2,043)	(859)	(836)	—	(3,738)
At 31 March 2006 and at 1 April 2006	7,015	6,146	1,673	1,047	753	16,634
Additions	—	162	83	41	—	286
Disposals	—	—	—	—	(753)	(753)
Disposal of subsidiaries	(4,915)	(1,277)	(299)	—	—	(6,491)
At 31 March 2007	2,100	5,031	1,457	1,088	—	9,676
Accumulated depreciation:						
At 1 April 2005	403	626	719	669	753	3,170
Charge for the year	175	2,065	522	385	—	3,147
Disposal of a subsidiary	—	(1,192)	(382)	(381)	—	(1,955)
At 31 March 2006 and at 1 April 2006	578	1,499	859	673	753	4,362
Charge for the year	75	899	178	74	—	1,226
Disposals	—	—	—	—	(753)	(753)
Disposals of subsidiaries	(382)	(362)	(87)	—	—	(831)
At 31 March 2007	271	2,036	950	747	—	4,004
Impairment:						
At 1 April 2005	—	—	—	—	—	—
Charge for the year	—	—	49	120	—	169
At 31 March 2006 and at 1 April 2006	—	—	49	120	—	169
Charge for the year	—	909	—	—	—	909
At 31 March 2007	—	909	49	120	—	1,078
Net book value:						
At 31 March 2007	1,829	2,086	458	221	—	4,594
At 31 March 2006	6,437	4,647	765	254	—	12,103

Notes:

(i) All the Group's buildings are located in Hong Kong under long-term leases.

(ii) As at 31 March 2007, the Group's buildings with carrying amount of HK$Nil (2006: HK$4,612,000) were pledged to secure a mortgage loan granted to the Group (Note 16).

The Company

	Furniture and fixtures *HK$'000*	Office equipment *HK$'000*	Total *HK$'000*
Cost:			
At 1 April 2005, 31 March 2006 and at 1 April 2006	157	127	284
Additions	—	26	26
At 31 March 2007	157	153	310
Accumulated depreciation:			
At 1 April 2005	31	25	56
Charge for the year	52	31	83
At 31 March 2006 and at 1 April 2006	83	56	139
Charge for the year	31	25	56
At 31 March 2007	114	81	195
Net book value:			
At 31 March 2007	43	72	115
At 31 March 2006	74	71	145

8. **Leasehold Land**

The Group

	2007 *HK$'000*	**2006** *HK$'000*
Cost:		
At 1 April 2006/2005	7,115	7,115
Disposal of subsidiaries	(4,765)	—
At 31 March 2007/2006	2,350	7,115
Accumulated amortisation:		
At 1 April 2006/2005	1,358	874
Charge for the year	450	484
Disposal of subsidiaries	(178)	—
As at 31 March 2007/2006	1,630	1,358
Net Book Value:		
At 31 March 2007/2006	720	5,757

The Group's interests in leasehold land represented prepaid operating lease payments in respect of leasehold land in Hong Kong under long-term lease. Its net book value is analysed as follows:

	2007	**2006**
	HK$'000	*HK$'000*
Land held in Hong Kong on:		
Long-term leases	720	5,757

Note: As at 31 March 2007, the Group's leasehold land with carrying amount of HK$Nil (2006: HK$4,606,000) were pledged to secure a mortgage loan granted to the Group (Note 16).

9. Interests In Subsidiaries

The Company

	2007	**2006**
	HK$'000	*HK$'000*
Unlisted shares, at cost	22,316	22,316
Less: Impairment loss on interests in subsidiaries	(16,042)	(7,042)
	6,274	15,274
Amounts due from subsidiaries	—	22,641
Less: Impairment loss on amounts due from subsidiaries	—	(22,641)
	—	—
	6,274	15,274

Name of subsidiary	**Place of incorporation/ registration**	**Particular of issued and paid up capital**	**Percentage of equity attributable to the Company**		**Principal activities**
			2007	*2006*	
Directly held					
Sun Ace Group Limited	British Virgin Islands ("BVI")	US$1 Ordinary	100%	100%	Investment holding
Fanlink Far East Limited	BVI	US$1 Ordinary	100%	100%	Investment holding
Indirectly held					
Sun Tai Hing Garment Making Company Limited	Hong Kong	HK$115,000 Ordinary	100%	100%	Provision of sales support services
East Step Trading Limited	Hong Kong	HK$1 Ordinary	100%	100%	Apparel trading (Hong Kong based)
Gala Consultants Group Limited	BVI	US$1 Ordinary	100%	100%	Apparel sourcing and trading (Overseas based)

The above table listed the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

The amounts due from/(to) subsidiaries are unsecured, non-interest bearing and recoverable/(repayable) on demand.

10. Available-For-Sale Financial Assets

The Group

	2007	**2006**
	HK$'000	*HK$'000*
Held for non-trading purpose:		
Listed equity securities — Hong Kong, at cost	1,320	31,260
Listed equity securities — outside Hong Kong, at cost	—	4,680
	1,320	35,940
Impairment loss on available-for-sale financial assets	(1,320)	(33,245)
	—	2,695

11. Inventories

The Group

	2007	**2006**
	HK$'000	*HK$'000*
Finished goods	7,748	15,640
Less: Provision of obsolete inventories	(4,092)	(6,689)
	3,656	8,951

Note: At the balance sheet date, all inventories were carried at cost.

12. Trade Receivables

The Group

The Group's general credit terms granted to its customers ranged from 0-60 days (2006: 0-60 days). The following is an aged analysis of the trade receivables at the balance sheet date.

	2007	**2006**
	HK$'000	*HK$'000*
Within 30 days	4,291	3,586
Between 31 days to 60 days	1,636	1,806
Between 61 days to 1 year	1,295	4,685
	7,222	10,077
Less: Provision for impairment loss on trade receivables	(1,609)	(4,685)
	5,613	5,392

Note: The carrying amount of trade receivables approximately to their fair value.

13. Prepayment, Deposit and other Receivables

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Prepayment	1,536	2,096	105	226
Rental and utility deposits	299	1,910	—	—
Other receivables	—	32	—	—
	1,835	4,038	105	226

Note: The fair value of the Group's prepayment, deposit and other receivables as at 31 March 2007 approximately to the corresponding carrying amount.

14. Share Capital

The Company

Ordinary shares of HK$0.01 each	**Number of shares**	**Nominal value**
	'000	*HK$'000*
Authorised:		
31 March 2007/2006	10,000,000	100,000
Issued and fully paid:		
At 1 April 2005, 31 March 2006 and at 1 April 2006	320,000	3,200
Placing of shares *(Note i)*	64,000	640
At 31 March 2007	384,000	3,840

Notes:

(i) On 6 February 2007, the Company entered into a subscription agreement, pursuant to which the Company conditionally agreed to issue an aggregate of 64,000,000 ordinary shares at a price of HK$0.121 each. The placing of shares had been completed on 5 March 2007.

(ii) All new shares issued ranked pari passu with the then existing shares in all respects.

15. Reserves

The Group

	Contributed surplus	Share premium	Retained profits/ (Accumulated losses)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Note i)			
At 1 April 2005	(85)	25,146	54,600	79,661
Loss for the year	—	—	(79,610)	(79,610)
At 31 March 2006 and At 1 April 2006	(85)	25,146	(25,010)	51
Share premium arising on placing of shares	—	7,104	—	7,104
Loss for the year	—	—	(11,050)	(11,050)
At 31 March 2007	(85)	32,250	(36,060)	(3,895)

The Company

	Contributed surplus	Share premium	Retained profits/ (Accumulated losses)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Note ii)			
At 1 April 2005	22,116	25,146	(5,004)	42,258
Net loss for the year	—	—	(41,527)	(41,527)
At 31 March 2006 and At 1 April 2006	22,116	25,146	(46,531)	731
Share premium arising on placing of shares	—	7,104	—	7,104
Loss for the year	—	—	(11,161)	(11,161)
At 31 March 2007	22,116	32,250	(57,692)	(3,326)

Notes:

(i) The contributed surplus of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the Group Reorganisation on 22 October 2002 over the nominal value of the Company's shares issued in exchange thereof.

(ii) The contributed surplus of the Company represents the difference between the fair value of the shares of Sun Ace Group Limited acquired pursuant to the Group Reorganisation on 22 October 2002 over the nominal value of the Company's share issued in exchange thereof.

Under the Companies Law (2001 Second Revision) of the Cayman Islands, the contributed surplus account is distributable to the shareholders of the Company under certain circumstances.

(iii) In the opinion of the directors, the Company did not have any reserves available for distribution to shareholders at 31 March 2007 and 2006.

16. Interest-Bearing Bank Borrowings — Secured

The Group

	2007	**2006**
	HK$'000	*HK$'000*
Mortgage loan repayable:		
Within one year or on demand	—	261
In the second year	—	264
In the third to fifth years, inclusive	—	827
Beyond five years	—	4,598
	—	5,950
Portion classified as current liabilities	—	(261)
Long term portion	—	5,689

Notes:

(i) As at 31 March 2007, the Group does not have any interest-bearing bank borrowings.

(ii) As at 31 March 2006, the Group's interest-bearing bank borrowings was secured by the followings:

(a) Legal charge over the leasehold land and buildings of the Group with an aggregate net book value of approximately HK$9,218,000 and

(b) Personal guarantee executed by a director of the Company.

17. Deferred Taxation

The Group

The movement of deferred tax liabilities arising from accelerated tax depreciation is as follows:

	2007	**2006**
	HK$'000	*HK$'000*
At 1 April 2006/2005	167	167
Deferred tax charged for the year	—	—
At 31 March 2007/2006	167	167

At 31 March 2007, there was no significant unrecognised deferred tax liabilities (2006: HK$ Nil) for taxes that would have been payable on the unremitted earnings of certain of the Group's subsidiaries as the Group had no liabilities to additional tax should amounts be remitted.

18. Trade and other Payables

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables				
Within 90 days	727	1,628	—	—
Within 91 days to 180 days	190	727	—	—
	917	2,355	—	—
Accrued expenses due within 30 days or on demand	2,149	990	1,945	469
	3,066	3,345	1,945	469

Note: The carrying amount of trade and other payables approximately to their fair value.

19. Amount due to a Director

Amount due to a director is unsecured, non-interest bearing and repayable on demand. The amount was secured by the corporate guarantee executed by the Company. The corporate guarantee had been released upon the full settlement of the amount due to a director during the year.

20. Loss from Operations

Loss from operations is arrived at after charging:

	The Group	
	2007	**2006**
	HK$'000	*HK$'000*
Amortisation of leasehold land	450	484
Auditors' remuneration	450	660
Cost of goods sold	36,597	38,892
Depreciation	1,226	3,147
Employee benefit expenses *(Note 21)*	5,577	3,172
Impairment loss on loan receivables	—	2,000
Impairment loss on investment deposits	—	2,745
Operating lease rental in respect of rental premises	1,113	1,163
Provision for obsolete inventories	—	6,689

21. Employee Benefit Expenses

The Group

(a) Employee benefit expenses are analysed as follows:

	2007	2006
	HK$'000	*HK$'000*
Wages, salaries and allowance	5,329	2,981
Retirement benefit contributions	248	191
	5,577	3,172

(b) Directors' emoluments

	Fee		Salaries, bonus and other benefits		Pension scheme contributions		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors								
Lee Yiu Tung (i)	—	—	90	—	—	—	90	—
Bessie Siu (ii)	—	—	160	—	8	—	168	—
Mao Yue (iii)	—	—	—	240	—	12	—	252
Tsai Lai Wa, Jenny (iv)	—	—	—	—	—	—	—	—
Edmund Siu (v)	—	—	—	120	—	6	—	126
	—	—	250	360	8	18	258	378
Non-executive director								
Fu Wing Kwok, Ewing (vi)	—	—	—	—	—	—	—	—
Alternate director								
Peter Christopher Tashjian (vii)	—	—	—	—	—	—	—	—
Independent non-executive directors								
Chang Kin Man (viii)	—	—	90	—	—	—	90	—
Ip Wing Lun (ix)	—	—	30	—	—	—	30	—
Zhou Han Ping (x)	—	—	10	—	—	—	10	—
Fu Wing Kwok, Ewing	—	100	—	—	—	—	—	100
Lo Wing Yan, Emmy (xi)	—	100	—	—	—	—	—	100
Liang Kwong Lim (xii)	—	100	—	—	—	—	—	100
	—	300	130	—	—	—	130	300
	—	300	380	360	8	18	388	678

Notes:

(i) Mr. Lee Yiu Tung (appointed on 13 June 2006)

(ii) Ms. Bessie Siu (appointed on 25 April 2006)

(iii) Ms. Mao Yue (resigned on 28 February 2007)

(iv) Ms. Tsai Lai Wa, Jenny (resigned on 21 August 2006)

(v) Mr. Edmund Siu (resigned on 12 July 2006)

(vi) Mr. Fu Wing Kwok, Ewing (re-designated from independent non-executive director to non-executive director on 12 July 2006)

(vii) Mr. Peter Christopher Tashjian (appointed on 11 July 2006 and resigned on 21 August 2006)

(viii) Mr. Chang Kin Man (appointed on 13 June 2006)

(ix) Mr. Ip Wing Lun (appointed on 5 December 2006)

(x) Mr. Zhou Han Ping (appointed on 28 February 2007)

(xi) Ms. Lo Wing Yan, Emmy (resigned on 5 December 2006)

(xii) Mr. Liang Kwok Lim (resigned on 28 February 2007)

The remuneration of all of the directors fell within the nil to HK$500,000 band for the two years ended 31 March 2007 and 2006.

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2006: one) director whose emoluments are reflected in the analysis presented above. The emoluments of the remaining four (2006: four) individuals were follows:

	2007	**2006**
	HK$'000	*HK$'000*
Wages, salaries and allowance	629	580
Retirement benefit contributions	34	21
	663	601

The emoluments on each of the remaining four (2006: four) highest paid individuals fell within the nil to HK$500,000 band for the two years ended 31 March 2007 and 2006.

22. Finance Costs

The Group

	2007	2006
	HK$'000	*HK$'000*
Bank charges	7	15
Mortgage loan interest wholly repayable over five years	41	134
	48	149

23. Taxation

The Group

	2007	2006
	HK$'000	*HK$'000*
Current — Hong Kong		
Charge for the year — Hong Kong	—	85
Charge for the year — overseas	—	—
Provision for estimated assessments of tax liabilities	—	19,918
Total tax charge for the year	—	20,003

No provision for Hong Kong profits tax has been made in the financial statements as the Company and its subsidiaries either incurred taxation loss or had no assessable profit for the year (2006: 17.5%).

For the year ended 31 March 2006, the Hong Kong Inland Revenue Department ("IRD") issued certain estimated assessments for tax liabilities of aggregate approximately HK$19,918,000 to a subsidiary on the non-taxable claim of non-Hong Kong sourced income for the years of assessment of 1998/1999, 1999/2000, 2000/2001, 2001/2002, 2002/2003 and 2003/2004 ("Estimated Assessments"). The concerned subsidiary has formally filed objections to the IRD against the Estimated Assessments and the concerned subsidiary is still in the process of answering queries from the IRD. The directors of the Company considered that full provision on the tax liabilities of the Estimated Assessments was required as the result of the objections regarding the Estimated Assessments is uncertain. For the year ended 31 March 2007, no further estimated assessment has been issued by the IRD against the subsidiary of the Company.

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

	Hong Kong		Overseas		Total	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Loss before taxation	(7,587)	(49,322)	(3,463)	(10,285)	(11,050)	(59,607)
Tax at domestic tax rate	(1,328)	(8,631)	(519)	(1,543)	(1,847)	(10,174)
Tax effect of expenses not deductable for tax purpose	604	8,791	101	1,063	705	9,854
Tax effect of income not taxable for tax purpose	—	(75)	(549)	—	(549)	(75)
Provision for tax liabilities	—	19,918	—	—	—	19,918
Tax effect of unrecognised tax losses	724	—	967	480	1,691	480
Tax charge for the year	—	20,003	—	—	—	20,003

24. Loss from Ordinary Activities Attributable to Shareholders

The Group's consolidated loss attributable to shareholders was approximately HK$11,050,000 (2006: HK$79,610,000) of which net loss of approximately HK$11,161,000 (2006: HK$41,527,000) was dealt with in the financial statements of the Company.

25. Dividends

The directors do not recommend the payment of any dividend in respect for the year ended 31 March 2007 (2006: Nil).

26. Loss Per Share

The calculation of the basic loss per share is based on the loss attributable to the Company's equity holders of approximately HK$11,050,000 (2006: HK$79,610,000) and on weighted average number of shares of approximately 329,468,493 (2006: 320,000,000) shares in issue during the year.

There were no potential shares in existence for the year ended 31 March 2007 and 2006, and, accordingly, no diluted loss per share has been presented.

27. Disposal of Subsidiaries

The Group

	2007	**2006**
	HK$'000	*HK$'000*
Net assets disposed of:		
Property, plant and equipment	5,660	1,783
Leasehold land	4,587	—
Available-for-sales financial assets	1,376	—
Prepayments, deposits and other receivables	154	59
Cash and cash equivalent	15	26
Interest bearing bank borrowings	(5,950)	—
Trade and other payables	(5,393)	(504)
Minority interests	—	(2,262)
	449	(898)
(Loss)/Gain on disposal of subsidiaries	(329)	1,098
Consideration satisfied by cash	120	200

Analysis of the net cash inflow in respect of the disposal of subsidiaries is set out below:

	2007	**2006**
	HK$'000	*HK$'000*
Cash consideration received	120	200
Cash and cash equivalent disposed of	(15)	(26)
Net cash inflow in respect of the disposal of subsidiaries	105	174

The subsidiaries disposed of during both years ended 31 March 2007 and 2006 did not contribute significantly to the Group's cashflow and did not have material impact on the Group's results as a whole.

28. Employee Benefits

Retirement Benefit Scheme

The Group joined the MPF Scheme for its employees whose employed in Hong Kong after 1 December 2000. The MPF Scheme is registered with the Mandatory Provident Fund Authority under the Mandatory Provident Fund Schemes Ordinance in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the Group and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. No forfeited contribution is available to reduce the contribution payable in the future years.

Share Option Scheme

The Company's existing share option scheme ("Share Option Scheme") became effective on 22 October 2002. The major terms of the Share Option Scheme, in conjunction with the requirements of Chapter 17 of the Listing Rules on the Stock Exchange, are set out as follows:

(a) Purpose

The purpose of Share Option Scheme is providing incentives rewards to full-time employees of the Group in recognition of their contribution to the Group.

(b) Participants of the Share Option Scheme

Subject to the terms of the Share Option Scheme, the Directors may, at its absolute discretion, invite full-time employees of the Group including executive directors of the Company or any of its subsidiaries ("Eligible Persons") to take up options to subscribe for Shares.

(c) Total number of shares available for issue under the Share Option Scheme

The total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option scheme and any other scheme of the Company must not exceed 30% of the total issued share capital of the Company from time to time.

(d) Maximum entitlement of each Eligible Persons

The total number of shares issued and to be issued on the exercise of options granted and to be granted (including both exercised and outstanding options) in any 12-month period up to the date of grant to each Eligible Person shall not exceed 1% of the total issued share capital of the Company in issue unless (i) a shareholders' circular is dispatched to the shareholders; (ii) the shareholders approve the grant of the options in excess of the limit referred to herein; and (iii) the relevant Eligible Person and its associates abstain from voting on the resolution.

(e) Time of acceptance and exercise of the Share Option Scheme

An offer of the grant of an option shall be made to Eligible Persons by letter in such form as the Board may from time to time determine and shall remain open for acceptance by the Eligible Person concerned for a period of 28 days from the date upon which it is made provided that no such offer shall be open for acceptance after the 10th anniversary of the Adoption Date or after the Share Option Scheme has been terminated.

(f) Amount payable upon acceptance of the option

A non-refundable nominal consideration of $1.00 is payable by the grantee upon acceptance of an option. An option shall be deemed to have been accepted when the duplicate letter comprising acceptance of the option duly signed by the Eligible Person together with the said consideration of $1.00 is received by the Company.

(g) Basis of determining the exercise price of the option

The exercise price for Shares under the Share Option Scheme may be determined by the Board at its absolute discretion but in any event will not be less than the higher of:

(i) the closing price of the shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant, which must be a business day;

(ii) the average closing price of the Shares as stated in daily quotations sheets of the Stock Exchange for the five business days immediately preceding the date of grant; and

(iii) nominal value of Shares.

(h) Period of the Share Option Scheme

Unless otherwise provided in the terms of the Share Option Scheme, an option may be exercised at any time during the period commencing on the expiry of six calendar months after the date on which the option is deemed to be granted and accepted and expiring on a date to be determined and notified by the Board to each grantee, but in any event not later than 10 years from the date of grant of option but subject to the early termination of the Share Option Scheme.

(i) Details of option granted

During the year under review and up the date of this report, no share option was granted or agreed to be grantee under the Share Option Scheme.

Subsequent to the balance sheet date, on 7 June 2007, the Company granted a total of 24,000,000 options under the Share Option Scheme. Details of which are set out as follows:

Holder	**Number of options**	**Exercise price per share**	**Date of grant**	**Expiry date**	**Price of Company's share at date of grant**
		HK$			*HK$*
Li Bo	3,840,000	0.50	7 June 2007	6 June 2017	0.49
Suen Wei Ming	3,840,000	0.50	7 June 2007	6 June 2017	0.49
Li Mei	3,840,000	0.50	7 June 2007	6 June 2017	0.49
Xie Hai Bing	3,840,000	0.50	7 June 2007	6 June 2017	0.49
Zhu Hong Wei	3,840,000	0.50	7 June 2007	6 June 2017	0.49
Jiang Feng	3,840,000	0.50	7 June 2007	6 June 2017	0.49
Li Chuan Zhong	960,000	0.50	7 June 2007	6 June 2017	0.49

29. Operating Lease Commitment

The Group

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

As at 31 March 2007, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2007	**2006**
	HK$'000	*HK$'000*
Within one year	319	842
In the second to fifth years, inclusive	288	1,096
	607	1,938

30. Contingent Liabilities

A writ was 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 26 July 2006. The Company was not aware of such alleged payments and had instructed lawyers to deal with the matter. The Board of directors is in the opinion the claim is not justifiable and without merit.

Save as disclosed above, the Group did not have any material contingent liabilities as at 31 March 2007 and 2006.

31. Material Related Party Transactions

During the year, the Group had significant transaction with the following related parties, together with balances with them at the respective balance sheet date, details of which are as follows:

(i) Balances with related parties

	2007	**2006**
	HK$'000	*HK$'000*
Amount due to a director	—	8,261

The amount due to a director was secured by the corporate guarantee provided by the Company. The corporate guarantee had been released following on the full settlement of the balance to the director during the year.

(ii) Key management personnel

Compensation for key management personnel, including amount paid to the Company's directors and certain of the highest paid employee, as disclosed in Note 21 to the financial statements, is as follows:

	2007	**2006**
	HK$'000	*HK$'000*
Salaries and other short-term benefits	380	660
Pension scheme contributable	8	18
	388	678

32. Subsequent Events

(i) On 23 April 2007, the Company entered into an underwriting agreement to raise approximately HK$38,400,000, before expenses, by issuing 192,000,000 offer shares at a price of HK$0.20 per offer share by way of open offer, on the basis of one offer share for every two shares held. The open offer had been completed on 7 June 2007;

(ii) On 20 June 2007, the Company entered into a placing agreement to raise approximately HK$65,600,000, before expenses, by issuing 115,200,000 placing shares at a price of HK$0.57 each and completed on 11 July 2007;

(iii) On 27 June 2007, the Company entered into the binding Memorandum of Understanding with Mr. David Sullivan, Mr. David Gold, Mr. Ralph Gold, Ms. Karren Brady and Mr. Roger Bannister (collectively the "Vendor") whereby the Vendors have granted the Company the right to purchase an aggregate 29.9% of the issued capital of Birmingham City Plc. from them or their nominees for an aggregate price of approximately HK$233,220,000. The transaction on the acquisition of 29.9% issued capital of Birmingham City Plc. has been completed on 16 July 2007; and

(iv) On 13 July 2007, the Company entered into the placing agreement with the placing agent pursuant to which the Company appointed the placing agent as sole and exclusive placing agent to procure not fewer than six placees to subscribe for up to 138,240,000 warrants, on a fully underwritten basis, at the issue price of HK$0.10 per warrant. The net proceeds of approximately HK$13,200,000 has been raised by the issuance of warrants.

33. Approval of Financial Statements

The financial statements were approved by the Board on 26 July 2007.

3. INDEBTEDNESS

As at the close of business on 31 August 2007, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group and GMF had total outstanding borrowing of approximately HK$40,733,000, representing an unsecured amount due to a third party.

A writ was filed against the Company in respect of a claim for reimbursement of expenses paid on behalf of the Group amounting to approximately HK$3,000,000 on 26 July 2006. The Company was not aware of such alleged payments and had instructed lawyers to deal with the matter. The Board is of the opinion that the claim is not justifiable and without merit.

A writ was filed by Siu Ban & Sons Limited ("Siu Ban") against Sun Tai Hing Garment Making Co. Limited ("Sun Tai Hing"), a subsidiary of the Company on 11 September 2007 in respect of a claim for the return of the property of Sun Tai Hing located in Hong Kong ("the Property") and the damage for the loss of the cost and interest of Siu Ban as it was claimed by Siu Ban that Sun Tai Hing did not pay the purchase consideration for the acquisition of the Property in May 2002. The Board is of the opinion that the claim is not justifiable and without merit. Details are set out in the section headed "Litigation" in Appendix VI to this circular.

Save as aforesaid if any or as otherwise mentioned herein, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, at the close of business on 31 August 2007, the Group and GMF did not have any outstanding indebtedness, loan capital, bank overdrafts and liabilities under acceptances or other similar indebtedness, debenture, mortgages, charges or loans or acceptance credits or hire purchase or finance lease commitment, guarantees or contingent liabilities.

No additional bank loan facility has been obtained by the Group and GMF subsequent to 31 August 2007.

The Directors confirm that, save as disclosed herein, there has not been any material change in the indebtedness or contingent liabilities of the Group and GMF since 31 August 2007.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 March 2007, the date to which the latest audited financial statements of the Company were made up.

5. WORKING CAPITAL

Taking into consideration the financial resources available to the Group and GMF, including their internally generated funds and financial supports from one of beneficial and substantial shareholders of the Company and the vendor in the GMF Acquisition on the working capital requirements of the Group and GMF respectively, and in the absence of unforeseen circumstances, the Directors are of the opinion that the Group and GMF have sufficient working capital for their present requirements, that is for at least twelve months from the date of this circular.

6. MANAGEMENT DISCUSSION AND ANALYSIS OF THE PERFORMANCE OF THE GROUP FOR EACH OF THE THREE YEARS ENDED 31 MARCH 2005, 2006 AND 2007

For the year ended 31 March 2005

Financial review

During the year under review, the Group recorded a turnover of approximately HK$101,974,000 (2004: HK$119,410,000), representing a decrease of approximately 15% as compared to the previous year. It was mainly due to the discontinuance of the marketing and compliance monitoring services and deceleration of the growth of the operation of apparel sourcing, quality assurance and social compliance monitoring services (hereinafter referred to as "Apparel Sourcing") during the year.

Net profit from ordinary activities decreased by 91% from approximately HK$23,497,000 to HK$2,160,000. This was due to closure of the operating of marketing and compliance monitoring service which contributed a high profit margin to the Group in previous year. Due to the pass away of Mr Garry Siu, the former chairman of the Group who was responsible for the marketing and compliance monitoring services, the Group has gradually faded out from this industry and concentrated on Apparel Sourcing and trading. In addition, more resources have been allocated to the operation of Apparel Sourcing which declined the gross profit margin and net profit margin of the Group during the year. Earnings per share for the year ended 31 March 2005 were HK0.68 cents (2004: HK7.34 cents).

In respect of the geographical analysis, Russia, South Korea, Panama, the United States of America ("USA"), the PRC, Macau and Hong Kong accounted for approximately 31%, 29%, 9%, 12%, 9%, 4% and 6% of the Group's turnover respectively (2004: 34%, 29%, 6%, 6%, 0%, 0% and 25% respectively). The Group has successfully developed the Macau market by commencing its apparel trading operation in Macau during the year. Turnover attributable from Hong Kong decreased significantly during the year by 80% as compared to last financial year. It is mainly due to the closure of marketing and compliance monitoring services during the year.

Divisional Operating Performance

The Group's operation are divided into four main operating divisions: (i) Apparel Sourcing, (ii) marketing and compliance monitoring services (iii) sales support services and (iv) apparel trading. Turnover derived from these divisions accounted for approximately 80%, 0%, 0% and 20% (2004: 75%, 22%, 3% and 0%) of the Group's turnover respectively. The details on the review of each business operation are discussed below:

Business review

Apparel Sourcing

During the year, the Group has allocated significant resources in the operation of Apparel Sourcing. For the year ended 31 March 2005, the turnover and net profit for the Group's Apparel Sourcing was approximately HK$81,984,000 (2004: HK$89,523,000) and HK$8,823,000 (2004: HK$9,167,000). The decrease was due to the deceleration of the growth of the operation of Apparel Sourcing which faced fierce competition among the industry resulting from the rebound in economy across the region.

Geographically, the revenue generated from Apparel Sourcing, namely, Russia, South Korea, Panama and the USA remained stable. This was attributable to the established network of the Group in the industry of Apparel Sourcing.

Marketing and Compliance Monitoring Services

Due to the pass away of Mr Garry Siu, the former chairman of the Group, the operation of Marketing and Compliance Monitoring Service has been adversely affected and was discontinued during the year under review. No revenue was generated from the operation of marketing and compliance monitoring services and incurred a loss of approximately HK$2,985,000 during the year under review. (2004: the turnover and net profit were approximately HK$26,266,000 and HK$19,724,000 respectively).

Sales Support Services

During the year under review, no turnover derived from the provision of sales support services (2004: approximately HK$3,621,000). The quota system for textile products export to USA ceased during the year. There was no barrier for textile trading/

manufacturing companies to export to USA. As a result, the Group lost its unique features for provision of the sales support services. For the purpose of cost effectiveness, the Group scaled down the operation of sales support service to minimum level.

Apparel Trading

During the year under review, the Group has commenced the operation of apparel trading which included wholesales and retails of garment products. Turnover attributable to the operation of apparel trading amounted to approximately HK$19,990,000 and net profit for the Group's Apparel Trading amounted to approximately HK$8,114,000. Currently, the Group has rented two shops in Hong Kong and Macau.

Prospect

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 division in the future to minimize and better use of the Group's resources.

Following the continuing rebound of the Hong Kong economy which strengthens consumer sentiment and relaxation of travel policy of PRC citizens to Hong Kong and Macau, the directors of the Company anticipate that retail business will be booming with outstanding growth. To reap these development opportunities, the Group commenced operation of apparel trading in its leased outlets in Hong Kong and Macau. In addition, in view of the grand opening of the Disneyland in Hong Kong and existing attraction in gambles in Macau which is expected to boost more tourist business in Hong Kong and Macau, the Group has planned to open more outlets in Hong Kong and Macau for retail of garment products. The directors of the Company believe that the commencement of the operation of apparel trading will diversify not only the business of the Group, but also revenue source.

The Group will continue to explore and identify investment opportunities so as to enhance shareholders' value by organic growth.

Dividend

The directors do not recommend the payment of a final dividend for the year. (2004: HK$Nil).

The directors considered to retain additional cash for apparel trading development in view of long term benefits of the shareholders of the Group.

Capital structure

It is the intention of the Group to maintain a strong and stable financial position to ensure an efficient capital structure over time. As at 31 March 2005, the Group had total assets of approximately HK$99,573,000 (2004: HK$99,170,000), comprising non-current assets of approximately HK$64,184,000 (2004: HK$66,612,000) and current assets of approximately HK$35,389,000 (2004: HK$32,558,000).

Total debts remained at a low level of approximately HK$14,450,000 (2004: HK$9,228,000), comprising mainly the interests bearing bank borrowing related to a mortgage loan of approximately HK$6,200,000 (2004: HK$6,358,000) in respect of a land and building. The directors of the Company considered that the Group has sufficient cash flow to settle all the debts when they fall due.

At 31 March 2005, the shareholders' equity was approximately HK$82,861,000 (2004: HK$80,702,000), representing an increase of 2.7%.

The current ratio deteriorated from last year's 10.99 to 4.24 and the quick ratio also declined from last year's 10.81 to 2.89 this year. Due to the fact that the Group remained low level of debts, the directors of the Company considered that the Group has sufficient cash flow to settle all the debts when they fall due.

The debt to equity ratio remained stable at 0.17 while it was 0.11 last year. The ratio was calculated by dividing the total liabilities of approximately HK$14,450,000 (2004: HK$9,228,000) by the total shareholders' equity of approximately HK$82,861,000 (2004: HK$80,702,000).

The gearing ratio expressed as a percentage of total bank borrowings to total shareholders' equity was 7.5% for the year ended 31 March 2005. (2004: 7.9%)

All the ratio analysis showing the Group remained a healthy and stable financial position. Thus, at this stage, with continuing healthy cash flows, there is no immediate requirements for debt finance.

Liquidity and financial resources

It is the intention to manage its cash and bank balances and maintains a high level of liquidity to ensure that the Group is well placed to take advantage of growth opportunities for the business. Cash and bank balances of the Group as at 31 March 2005 were approximately HK$4,246,000 (2004: HK$9,168,000), representing a decrease of 54% compared to previous year. The decrease is mainly due to the fact that additional cash has been used for development of apparel trading business during the year. Except for a long term mortgage loan of approximately HK$6,200,000 (2004: HK$6,358,000), the management considered that the Group maintained a healthy liquidity position.

Borrowings and banking facilities

The Group generally financed its operations with internally generated cash flows, except for one mortgage loan amounted to approximately HK$6,200,000 (2004: HK$6,358,000) for the purpose of facilitating a land and building. The mortgage loan is not at fixed interest rates. Except for this, no banking facility has been obtained by the Group.

The Group serviced its debts primarily through cash generated by operations. The Group does not have any bank overdraft for the year under review.

Contingent liabilities

The Group did not have any capital commitments and the details of contingent liabilities are set out in note 32 to the financial statement.

Foreign exchange exposure

As at 31 March 2005, substantially all of the monetary assets of the Group was comprised of cash and bank balances, which denominated in Hong Kong dollars and Renminbi, hence exchange risk of the Group is minimal. In addition, the Group did not have any foreign currency investments which has been hedged by currency borrowings and other hedging instruments.

Pledge and charge of group assets

As at 31 March 2005, a property with net book value of approximately HK$9,289,000 is pledged to secure a mortgage loan. (2004: HK$9,436,000)

Human resources

As at 31 March 2005, the Group employed 22 full time employees. The Group's emolument policies are formulated on the performance of individual employee and will be reviewed regularly every year. The Group also participates in a defined contribution retirement benefits scheme for its qualified employees. Since 22 October 2002, the Group established a share option scheme for its employees and other eligible participants with a view to provide an incentive to or as a reward for their contribution to the Group. No option has been granted for the year ended 31 March 2005.

For the year ended 31 March 2006

Financial review

For the year ended 31 March 2006, the Group recorded a turnover of approximately HK$48,428,000 (2005: HK$101,974,000) representing a decrease of approximately 53% as compared to the previous year. It was mainly due to the deceleration of the growth of the Group's apparel sourcing service during the year.

The Group recorded a net loss of approximately HK$79,610,000 for the year ended 31 March 2006 while it was a profit of approximately HK$2,160,000 for the year ended 31 March 2005. The major reasons for the loss incurred during the year was mainly due to (i) the change in the Group's accounting policies which an aggregate impairment loss of approximately HK$48,199,000 were recognised for the year ended 31 March 2006; (ii) a provision of tax liabilities of approximately HK$19,918,000 has been provided in respect of the potential tax liabilities imposed on a subsidiary of the Group for non-taxable claim of non-Hong Kong sourced income for the years of assessments of 1998/1999 to 2003/2004 and (iii) the provision of obsolete stock of approximately HK$6,689,000 during the current year. Without accounting for the above one-off non cash impairments, provision for tax liabilities and provision for slow moving stock, the operating loss for the year was only approximately HK$4.8 million.

The operating loss for the current year is mainly due to the decrease in gross profit margin and increase in operating costs as compared to last year. The Group's gross profit margin was approximately 20% for the current year while it was approximately 28% in last year. The decrease in gross profit margin was mainly due to the fierce competition in price which the Group required to mark down its selling price in order to maintain the market shares of the apparel sourcing services.

In respect of the geographical analysis, Russia, South Korea, Panama, USA, the PRC, Macau and Hong Kong accounted for approximately 2%, 3%, 2%, 3%, 19%, 44% and 27% respectively (2005: 31%, 29%, 9%, 12%, 9%, 4% and 6% respectively). Following on the disposal of a subsidiary during the year, the Group's geographical market will be concentrated on both Hong Kong and Macau in the foreseeable future.

Divisional Operating Performance

The Group's principal activities are engaged in (i) apparel source services, (ii) apparel trading and (iii) sales support services. Turnover derived from these three operations are accounted from approximately 9%, 91% and 0% (2005: 80%, 20% and 0%) of the Group's total turnover respectively. The details on the review of each business operation are discussed below:

Apparel Sourcing

For the year ended 31 March 2006, turnover of the Group's apparel sourcing operation was approximately HK$4,524,000 (2005: HK$81,984,000), representing a decrease of approximately 94% as compared to the last financial year. The Group also recorded a loss of approximately HK$3,252,000 (2005: profit of HK$8,823,000) in respect of the Group's apparel sourcing operation for the current year. The Group recorded a loss in results of this segment is mainly due to the increase in price competition in the market which leads to the decrease in profit margin for the current year. The segment turnover and results of this operation were in 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 has scaled down this operation by disposed of a subsidiary of the Group which engaged in the apparel sourcing operation in the second half of the year in order to avoid further loss incurred from this operation.

Sales Support Services

For the year ended 31 March 2006, no turnover derived from the provision of sales support services (2005: Nil). With the fact that the quota system for textile products export to the US ceased in last year and the Group lost its unique features for the sales support services. Therefore, the sales support services operation remain inactive during the year.

Apparel Trading

Apparel trading operation of the Group comprise of wholesales and retails of garment products in both Hong Kong and Macau. For the year ended 31 March 2006, turnover derived from the apparel trading operation was approximately HK$43,904,000 (2005: HK$19,990,000), representing an increase of approximately 120% as compared to the previous year. However, the Group recorded a loss from this segment of approximately HK$14,236,000, while it was a profit of approximately HK$7,734,000 in last year. The significant decrease in the results of apparel trading operation is mainly due to increase in operating costs during the year and the impairment loss recognised for obsolete inventories and trade receivables of approximately HK$6.7 million and HK$4.7 million respectively.

Prospect

Following on the continuing rebound of the Hong Kong economy which strengthens consumer sentiment and relaxation of travel policy of the PRC citizens to Hong Kong, the directors of the Company anticipate that retails business will be booming with outstanding growth. On the other hand, Macau become a main focus in recent year, its existing attraction in gambles is expected to boost more tourist business in Macau. In order to reap these development opportunities, the Group intended to allocate more resources in its apparel trading operation in the future. In addition, the Group will continue to explore and identify investment opportunities so as to enhance shareholders' value by organic growth.

Dividend

The directors do not recommend the payment of a final dividend for the year ended 31 March 2006 (2005: Nil).

Capital structure

It is the intention of the Group to maintain a strong and stable financial position to ensure an efficient capital structure over time. As at 31 March 2006, the Group had total assets of approximately HK$41,424,000 (2005: HK$99,573,000), comprising non-current assets of approximately HK$20,555,000 (2005: HK$64,184,000) and current assets of approximately HK20,869,000 (2005: HK$35,389,000).

As at 31 March 2006, total debts of the Group amounted to approximately HK$38,173,000, representing an increase of approximately 164% as compared to previous year of approximately HK$14,450,000. The significant increase is mainly due to a provision of tax liabilities of approximately HK$19,918,000 recognised during the year. Except for the provision of tax liabilities, total debts remained fairly stable as compared to previous year. The total debts as at 31 March 2006 mainly comprise of interests bearing bank borrowing related to a mortgage loan of approximately HK$5,950,000 (2005: HK$6,200,000) in respect of a leasehold land and building.

As at 31 March 2006, the shareholders' equity was approximately HK$3,251,000 (2005: HK$82,861,000), representing a decrease of approximately 96%. The current ratio deteriorated from last year's 4.25 to 0.65 and the quick ratio also declined from last year's 2.9 to 0.37 this year. The decrease in quick ratio is mainly due to the provision of tax liabilities, except for this, the Group remained fairly low level of debts, the directors of the considered that the Group has sufficient cash flow to settle all the debts when they fall due.

The debt to equity ratio was 11.7 while it was 0.17 in last year. The ratio was calculated by dividing the total liabilities of approximately HK$38,173,000 (2005: HK$14,450,000) by the total shareholders' equity of approximately HK$3,251,000 (2005: HK$82,861,000).

The gearing ratio expressed as a percentage of total bank borrowings to total shareholders' equity was 183% for the year ended 31 March 2006 while it was 7.5% in last year.

Liquidity and financial resources

It is the intention to manage its cash and bank balances and maintains a high level of liquidity to ensure that the Group is well placed to take advantage of growth opportunities for the business. Cash and bank balances of the Group as at 31 March 2006 were approximately HK$2,488,000 (2005: HK$4,246,000), representing a decrease of approximately 41% compared to previous year. Except for the long term mortgage loan of approximately HK$5,950,000 (2005: HK$6,200,000) and the provision of tax liabilities of approximately HK$19,918,000, the management considered that the Group maintained a healthy liquidity position.

Borrowings and banking facilities

The Group generally financed its operations with internally generated cash flows. As at 31 March 2006, interest bearing bank borrowing represents a mortgage loan amounted to approximately HK$5,950,000 (2005: HK$6,200,000) for the purpose of facilitating a leasehold land and building. The mortgage loan is not at fixed interest rates. Except for this, no banking facility has been obtained by the Group during the year ended 31 March 2006.

The Group serviced its debts primarily through cash generated by its operations. The Group does not have any bank overdraft for the year under review.

Contingent liabilities

Apart from the Tax Obligations imposed by the Hong Kong Inland Revenue Department against to the Group of approximately HK$19,918,000 as disclosed in note 37 to the financial statements, the Group does not have any material contingent liabilities as at 31 March 2006.

Subsequent events

On 2 June 2006, the Group entered into a sales and purchases agreement with an independent third party for the disposal of the entire interest in Fair Good Limited, Elite Team Inc. and Easy Billion International Enterprises Limited for a cash consideration of approximately HK$120,000.

Foreign exchange exposure

As at 31 March 2006, substantially all of the monetary assets of the Group was comprised of cash and bank balances, which denominated in Hong Kong dollars and Renminbi, hence exchange risk of the Group is minimal. In addition, the Group did not have any foreign currency investments which has been hedged by currency borrowings and other hedging instruments.

Pledge and charge of group assets

As at 31 March 2006, the Group's leasehold land and buildings with carrying amounts approximately HK$4,606,000 and HK$4,612,000 respectively were pledged to secure a mortgage loan (2005: HK$4,639,000 and HK$4,650,000).

Human resources

As at 31 March 2006, the Group employed 28 employees. The Group's emolument policies are formulated on the performance of individual employee and will be reviewed regularly every year. The Group also participates in a defined contribution retirement benefits scheme for its qualified employees. Since 22 October 2002, the Group established a share option scheme for its employees and other eligible participants with a view to provide an incentive to or as a reward for their contribution to the Group. As at 31 March 2006, no option has been granted.

For the year ended 31 March 2007

Results

For the year ended 31 March 2007, the Group recorded a consolidated turnover of approximately HK$42.8 million, which represented an approximately 11.6% decrease as compared to the previous year of approximately HK$48.4 million. Such decrease was mainly due to a change in the Group's focus from apparel sourcing to apparel trading business during the year. In current year, apparel sourcing business accounted for approximately 2.3% to the Group's total turnover while it was approximately 9.3% in previous year. Such change was to minimise further loss attributable to the apparel sourcing business.

During the year under review, the gross profit margin of the Group was approximately 14.5% while it was approximately 19.7% in previous year. The decrease in the gross profit margin was mainly due to increase in cost of sales in the Group's apparel trading business which faced a fierce competition in price and increase in demand of quality in both Hong Kong and Macau markets during the year.

In view of the increase in cost of sales from the Group's apparel trading business, the Group had implemented several remedial measures to better control in its operating costs. In particular, the Group had formulated a credit and inventories control team to closely monitor outstanding debts and inventories level. As a result, the impairment loss on trade receivables and provision of obsolete inventories were significantly reduced during the year under review.

By implementing those remedial measures, both operating and administrative expenses had been successfully controlled and improved during the year and the Group's net loss in current year had been narrowed from approximately HK$79.6 million in previous year to approximately HK$11.1 million in current year. Consequently, the loss per share attributable to the shareholders of the Company had been improved from HK$0.249 in previous year to HK$0.034 for the current year.

During the year under review, most of the Group's revenue was mainly derived from the PRC, Hong Kong, and Macau markets and accounted for approximately 45%, 7.7% and 47.3% to the Group's total turnover.

Review of Operations

Divisional Operating Performance

The Group's principal activities are engaged in (i) apparel sourcing, (ii) apparel trading and (iii) provision of sales support services. Turnover derived from these three operations are accounted for approximately 2.3%, 97.7% and 0% of the Group's total turnover respectively (2006: 9.3%, 90.7% and 0% respectively). During the year under review, the Group had minimised the apparel sourcing and sales support businesses and focused on apparel trading business. The details on the review of each business operation are discussed below:

Apparel Sourcing

During the year under review, turnover derived from the Group's apparel sourcing business was approximately HK$1.0 million, represented a decrease of approximately 78% as compared to the previous year of approximately HK$4.5 million. The Group also recorded a loss of approximately HK$2.8 million from the apparel sourcing business in the current year.

Following on booming economic condition in both Hong Kong and Macau, the purchasing power from customers in both Hong Kong and Macau markets increased significantly during the year under review. Such booming market condition attracts local competitors entering into the apparel sourcing market and lead to the increase in competition in terms of price and quality of the apparel products, consequently, the profit margin of the Group's apparel sourcing business was adversely affected.

In view of low profit margin and significant resources were required to operate the apparel sourcing business such as sales team and other operating costs, the Group's decided to mininise the apparel sourcing business in order to avoid further losses. As a result, turnover derived from the Group's apparel sourcing business was significantly decreased as compared to previous year. The Group will closely monitor the market situation in both Hong Kong and Macau and will reallocate more resources in the apparel sourcing business in the future when the adverse effect from the increase in competition has diminished.

Sales Support Services

During the year under review, the sales support services business remained inactive during the year and therefore no turnover derived from the provision of sales support services. Following from the cessation of the quota system for textile products export to the United States, there was a lack of demand from customers for the Group's sales support services. The Group is currently in the process to consider the restructuring of the sales support services business by providing other additional value added services for customers to export their products to the United States and other countries.

Apparel Trading

Apparel trading business was the core business of the Group which comprised of wholesales and retails of apparel products in the PRC, Hong Kong and Macau. For the year ended 31 March 2007, turnover derived from the apparel trading business was approximately HK$41.8 million, represented a decrease of approximately 5% as compared to previous year. Such decrease was mainly due to closure of retails outlet in Hong Kong during the year under review. The main reason was due to the expiry of the rental lease and a significant increase in rental anticipated for renewing the lease. After considering the cost budget of the retails section in Hong Kong, the Group decided to close down the retails outlet in Hong Kong. The Group will closely monitor the market condition in Hong Kong and will look for other suitable place to resume the retails section in Hong Kong.

During the year under review, the Group's apparel trading business recorded a loss of approximately HK$3.5 million which was mainly due to the increase in the cost of apparel products and significant increase in salaries and allowances. Nevertheless, the loss of approximately HK$3.5 million has been improved from approximately HK$14.2 million in previous year. The reason for such improvement was mainly due to significant decrease in the impairment of trade receivable and provision of obsolete inventories which was as a result of better control of the inventories level and recovery of the outstanding debts.

Future Business Prospects and Plans

In view of both Hong Kong and Macau are experiencing an impressive economic growth, the purchasing power from customers is anticipated to increase in coming years. Although the Group's apparel sourcing and apparel trading business faced a comprehensive challenge from local competitors, the Group will take every step to overcome the challenge by restructuring the cost structure as well as formulating new business plans to expand revenue by entering into trading of high margin apparel products in the future.

In addition to focusing on the Group's apparel trading business, the Group will implement new business strategy to expand the Group's business model in the future. In July 2007, the Group has completed the acquisition of approximately 29.9% equity interests in Birmingham City Plc. which operates a well established football club and play in the top division — Premier League in England. Following on the acquisition, the Group will be benefited from supply and source apparel, accessories and related products for Birmingham Football Club in the future. Moreover, the Company has appointed a former England international football player - Steven McManaman to be an executive director of the Company. Mr. McManaman played in a career spanning two of European Football's biggest clubs in Liverpool F.C. and Real Madrid F.C. and accumulated substantial experience in the management of football club and its continuing development. Together with his indepth knowledge in football industry, the Group is confident that the newly acquired associate — Birmingham City Plc. will bring positive return to the Group and its shareholders in the future.

Furthermore, apart from the acquisition of approximately 29.9% equity interests in Birmingham City Plc., the Group will continue to explore and identify investment opportunities to add to the Group's investment portfolio so as to enhance shareholders' value by organic growth.

Dividend

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2007 (2006: Nil).

Capital Structure

It is the intention of the Group to maintain a strong and stable financial position to ensure an efficient capital structure over time. As at 31 March 2007, the Group had total assets of approximately HK$23.2 million (2006: HK$41.4 million), comprising non-current assets of approximately HK$5.3 million (2006: HK$20.6 million) and current assets of approximately HK$17.9 million (2006: HK$20.9 million).

As at 31 March 2007, total debts of the Group amounted to approximately HK$23.2 million, represented a decrease of approximately 39.1% as compared to previous year of approximately HK$38.2 million. Such decrease was mainly due to release of mortgage loan upon disposal of certain subsidiaries during the year. Apart from this, there was no significant change in the Group's debt structure and the current year's total debts remained fairly stable as compared to that of previous year. As at 31 March 2007, total debts of the Group mainly consisted of trade payables and other payables of approximately HK$3.1 million and tax payable (including current and deferred taxation) of approximately HK$20.2 million.

The current ratio, representing current assets divided by current liabilities, has been improved from previous year of 0.65 to the current year of 0.77. The quick ratio also improved from last year of 0.37 to the current year of 0.62. The improvement in both current ratio and quick ratio was mainly as a result of increase in cash and bank balances and the reduction in current liabilities during the current year. The Group remained fairly low level of debts and the directors considered that the Group has sufficient cash flow to settle all the debts when they fall due.

As at 31 March 2007, the shareholders have deficit of approximately HK$55,000 while it was approximately HK$3.3 million surplus in the previous year.

The gearing ratio expressed as a percentage of total bank borrowings to total shareholders' equity was Nil for the year ended 31 March 2007 while it was 183% in last year.

Liquidity and Financial Resources

It is the intention to manage its cash and bank balances and maintains a high level of liquidity to ensure that the Group is well placed to take advantage of growth opportunities for the business. Cash and bank balances of the Group as at 31 March 2007 were approximately HK$6.8 million, represented an increase of 1.7 times as compared to the previous year of approximately HK$2.5 million. After considering the strong cash position as at 31 March 2007 and various fund raising exercises such as open offer and cash placement subsequent to the balance sheet date, the directors have considered that the Group maintains a healthy liquidity position and is able to settle all the debts when they fall due.

The Group generally financed its operations and serviced its debts primarily through internally generated cash flows from its operations. As at 31 March 2007, the Group did not have any outstanding bank borrowings (2006: approximately HK$6.0 million).

The Group had contingent liabilities of approximately HK$3 million as at balance sheet date which alleged claim for reimbursement of expenses paid by its former senior management on behalf of the Company and its subsidiary. Further details in connection with the above contingent liabilities have been disclosed in note 30 to the financial statements.

Exposure to Fluctuation in Exchange Rates and Related Hedges

As at 31 March 2007, substantially all of the monetary assets of the Group were comprised of cash and bank balance and trade receivables, which denominated in Hong Kong dollars and Renminbi. As the exchange rates of Hong Kong dollars against Renminbi were considered relatively stable during the year, the Group's exposure to fluctuations in exchange rates was minimal. In addition, the Group did not have any foreign currency investment which has been hedged by currency borrowings and other hedging instruments. The Group will closely monitor the foreign currency exposure and to arrange for hedging facilities when necessary.

Pledge and Charge of Group Assets

As at 31 March 2007, the Group did not have assets pledged to secure any outstanding borrowings (2006: approximately HK$9.2 million).

Human Resources

As at 31 March 2007, the Group employed 32 employees. The remuneration policy and package of the Group's employees are periodically reviewed and approved by the executive directors and the Company's remuneration committee. Apart from the provident fund scheme, medical insurance scheme, discretionary bonuses and share options may also be awarded to employees according to the assessment of individual performances. During the year under review, the Group has not encountered any problem with the recruitment of its employees. None of the companies in the Group has experienced any labour disputes during the year and the directors of the Company consider that the Group has maintained an excellent employment relationship.

A. ACCOUNTANTS' REPORT

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, Shu Lun Pan Horwath Hong Kong CPA Limited.

Horwath

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2 November 2007

The Board of Directors
Grandtop International Holdings Limited
Unit 3008
30th Floor
West Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Dear Sirs,

We set out below our report on the financial information of Birmingham City Plc. ("BCP") and its subsidiary (collectively referred as the "BCP Group") for the years ended 31 August 2004, 2005 and 2006 and nine months ended 31 May 2007 (the "Relevant Periods"), prepared for inclusion in the circular of Grandtop International Holdings Limited (the "Company") dated 2 November 2007 (the "Circular") in connection with the proposed acquisition of approximately 29.9% of the issued capital of BCP by the Company (the "Acquisition").

BCP was incorporated in the United Kingdom (the "U.K.") with limited liability and its shares are listed on the Alternative Investment Market of the London Stock Exchange. BCP's principal place of business is in the U.K. and is principally engaged in investment holding. During the Relevant Periods and up to the date of this report, BCP has one subsidiary, Birmingham City Football Club Plc. registered in the U.K. and it is principally engaged in operation of a football league club in the U.K.

The consolidated financial statements of the BCP Group for the Relevant Periods, which were prepared in accordance with the United Kingdom Generally Accepted Accounting Practise which included the United Kingdom Accounting Standards and applicable law (the "UK GAAP"), were jointly audited by Edwards, and Grant Thornton UK LLP (previously known as RSM Robson Rhodes LLP). These consolidated financial statements of the BCP Group prepared under the UK GAAP are referred as the Underlying Financial Statements.

We have, for the purpose of this report, carried out appropriate audit procedures in respect of the Underlying Financial Statements of the BCP Group for the Relevant Periods, in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The financial information and the notes thereto for the Relevant Periods (the "Financial Information") as set out on pages 70 to 98 have been prepared based on the Underlying Financial Statements of the BCP Group and in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA. For the purpose of this report, we have examined the Financial Information of the BCP Group and carried out such additional procedures as are necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

The directors of BCP are responsible for the preparation of the Underlying Financial Statements which give a true and fair view in accordance with the UK GAAP. The directors of the Company are responsible for the preparation and the true and fair presentation of the Financial Information in accordance with HKFRSs, and the contents of the Circular in which this report is included. In preparing the Financial Information and the Underlying Financial Statements which give a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently. It is our responsibility to form an independent opinion, based on our examination, on the Financial Information and to report our opinion to you.

The Financial Information does not contain comparative financial information of the BCP Group for the nine months ended 31 May 2006 as required by HKAS 1 "Presentation of Financial Statements". Except for the failure to provide such comparative information of the BCP Group, in our opinion, the Financial Information, for the purpose of this report, gives a true and fair view of the state of affairs of the BCP Group as at 31 August 2004, 2005 and 2006, and 31 May 2007 and of the results and cash flows of the BCP Group for each of the Relevant Periods.

Without qualifying our opinion, we draw attention to Note 1 of Section C which indicates that the BCP Group reported consolidated net current liabilities as at 31 August 2004, 2005 and 2006 and 31 May 2007. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the BCP Group's ability to continue as a going concern. The Financial Information has been prepared on a going concern basis, the validity of which depends upon the measures undertaken by the BCP Group to improve its working capital. Our opinion is not qualified in this respect.

B. FINANCIAL INFORMATION

The Financial Information of the BCP Group has been prepared on the basis set out in Note 1 of Section C, after making such adjustments as are appropriate.

Consolidated income statements

			Year ended 31 August		**Nine months ended 31 May**
		2004	**2005**	**2006**	**2007**
	Notes	*£'000*	*£'000*	*£'000*	*£'000*
Turnover	*5*	45,337	42,706	40,117	20,453
Operating expenses		(39,776)	(43,825)	(45,457)	(26,950)
Other revenue and other (loss)/gain, net	*6*	(82)	4,127	7,102	5,959
Profit/(loss) from operations		5,479	3,008	1,762	(538)
Finance costs	*7*	(236)	(314)	(298)	(244)
Profit/(loss) before taxation	*9*	5,243	2,694	1,464	(782)
Taxation	*10(a)*	259	(345)	(532)	163
Net profit/(loss) for the year/period		5,502	2,349	932	(619)
Earnings/(loss) per share attributable to the ordinary equity holder of BCP:	*11*				
Basic (pence)		6.88	2.93	1.15	(0.77)
Dilutive (pence)		6.74	2.92	1.15	(0.77)

Consolidated balance sheets

		As at 31 August			At 31 May
		2004	**2005**	**2006**	**2007**
	Note	*£'000*	*£'000*	*£'000*	*£'000*
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	*12*	13,097	12,856	12,529	12,972
Intangible assets	*13*	21,072	18,527	15,965	17,486
Deferred taxation	*10(c)*	—	—	—	110
		34,169	31,383	28,494	30,568
Current assets					
Inventories	*14*	336	194	360	364
Trade and other receivables	*15*	7,509	12,186	11,463	14,535
Tax recoverable		20	22	—	—
Cash at banks		8,774	6,404	4,308	71
		16,639	18,806	16,131	14,970
Current liabilities					
Trade and other payables	*16*	16,725	13,982	15,667	21,740
Bank and other borrowings	*17*	41	45	90	2,606
Deferred income	*18*	19,400	19,496	10,771	4,015
Deferred capital grants	*19*	57	57	57	57
Tax payable		—	316	855	812
		36,223	33,896	27,440	29,230
Net current liabilities		(19,584)	(15,090)	(11,309)	(14,260)
Total assets less current liabilities		14,585	16,293	17,185	16,308
Non-current liabilities					
Bank and other borrowings	*17*	393	349	300	1,036
Deferred income	*18*	3,081	2,419	2,514	1,573
Deferred capital grants	*19*	2,250	2,193	2,136	2,093
Deferred taxation	*10(c)*	—	39	10	—
		5,724	5,000	4,960	4,702
Net assets		8,861	11,293	12,225	11,606
EQUITY					
Share capital	*20*	8,000	8,075	8,075	8,075
Reserves		861	3,218	4,150	3,531
Total equity		8,861	11,293	12,225	11,606

Consolidated statements of changes in equity

	Share capital	Share premium	Revaluation reserve	Merger reserve	Accumulated losses	Total
	£'000	£'000	£'000	£'000 *(Note)*	£'000	£'000
As at 1 September 2003	8,000	10,065	313	(2,539)	(12,480)	3,359
Profit for the year	—	—	—	—	5,502	5,502
As at 31 August 2004 and 1 September 2004	8,000	10,065	313	(2,539)	(6,978)	8,861
Profit for the year	—	—	—	—	2,349	2,349
Exercise of share options	75	8	—	—	—	83
As at 31 August 2005 and 1 September 2005	8,075	10,073	313	(2,539)	(4,629)	11,293
Profit for the year	—	—	—	—	932	932
As at 31 August 2006 and 1 September 2006	8,075	10,073	313	(2,539)	(3,697)	12,225
Loss for the period	—	—	—	—	(619)	(619)
As at 31 May 2007	8,075	10,073	313	(2,539)	(4,316)	11,606

Note:

As at the balance sheet date, the merger reserve of the BCP Group represented the difference between the nominal value of share capital of the subsidiary of BCP acquired pursuant to the group reorganisation which became effective on 15 January 1997, over the nominal value of the shares of BCP issued in exchange therefor.

Consolidated Cash flow statements

	Year ended 31 August			Nine months ended 31 May
	2004	2005	2006	2007
	£'000	*£'000*	*£'000*	*£'000*
Operating activities				
Profit/(loss) before taxation	5,243	2,694	1,464	(782)
Adjustments for:				
Depreciation	460	548	555	407
Loss/(profit) on sale of players' registrations	180	(3,958)	(7,063)	(5,933)
Amortisation of players' registrations	9,073	9,685	11,108	5,446
Amortisation of deferred capital grants	(57)	(57)	(57)	(43)
Loss on disposal of property, plant and equipment	—	2	—	5
Interest income	(98)	(169)	(39)	(26)
Interest expenses	236	314	298	244
Operating cash flow before working capital change	15,037	9,059	6,266	(682)
(Increase)/decrease in inventories	(119)	142	(166)	(4)
(Increase)/decrease in trade and other receivables	(3,224)	(4,699)	745	(3,072)
Increase/(decrease) in trade and other payables	1,779	(1,246)	(3,066)	(1,589)
Net cash generated from/(used in) operation	13,473	3,256	3,779	(5,347)
Tax refund/(paid)	153	(22)	—	—
Interest paid	(73)	(32)	(111)	(72)
Net cash generated from/(used in) operating activities	13,553	3,202	3,668	(5,419)
Investing activities				
Interest received	98	169	39	26
Purchase of property, plant and equipment	(744)	(326)	(228)	(859)
Purchase of players' registrations	(10,411)	(12,875)	(12,671)	(4,879)
Sale of players' registrations	1,841	7,400	7,100	3,638
Proceeds from disposal of property, plant and equipment	—	17	—	4
Net cash used in investing activities	(9,216)	(5,615)	(5,760)	(2,070)
Financing activities				
Inception of bank loan	—	—	—	836
Capital contribution	—	83	—	—
Repayment of bank borrowings	(39)	(40)	(45)	(46)
Net cash (used in)/generated from financing activities	(39)	43	(45)	790
Net increase/(decrease) in cash and cash equivalents	4,298	(2,370)	(2,137)	(6,699)
Cash and cash equivalents at beginning of year/period	4,476	8,774	6,404	4,267
Cash and cash equivalents at end of year/period	8,774	6,404	4,267	(2,432)
Analysis of the balances of cash and cash equivalents:				
Cash at banks	8,774	6,404	4,308	71
Bank overdrafts	—	—	(41)	(2,503)
Total	8,774	6,404	4,267	(2,432)

C. NOTES TO THE FINANCIAL INFORMATION

1. Basis of presentation

The Financial Information set out in this report have been prepared in accordance with the accounting principles generally accepted in Hong Kong and complied with all applicable HKFRSs (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations), issued at the time of preparing the Financial Information, and effective for the accounting period commencing 1 September 2006.

The Financial Information also complies with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Financial Information is presented in Pound sterling ("£"), which is the same as the functional currency of the BCP Group.

The Financial Information has been prepared on a going concern basis notwithstanding the fact that the BCP Group reported consolidated net current liabilities as at 31 August 2004, 2005 and 2006 and 31 May 2007.

Based on the measures undertaken by the directors of BCP to improve the working capital of the BCP Group, the directors of BCP and the Company are satisfied that it is appropriate to prepare the Financial Information on a going concern basis.

2. Adoption of new and revised Hong Kong Financial Reporting Standards

For the purpose of preparing and presenting the Financial Information of the Relevant Periods, the BCP Group has early adopted all of the new and revised HKFRSs issued by the HKICPA that are effective for accounting periods beginning on 1 September 2006, at the beginning of the Relevant Periods.

The BCP Group has not early applied the following new standards and interpretations that have been issued but are not yet effective. The directors of BCP anticipate that the application of these Standards or Interpretations relevant to BCP will have no material impact on the Financial Information of the BCP Group.

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Capital Disclosures	1 January 2007
HKAS 23 (Revised)	Borrowing Costs	1 January 2009
HKFRS 7	Financial Instruments: Disclosures	1 January 2007
HKFRS 8	Operating segments	1 January 2009
HK(IFRIC) — Int 10	Interim Financial Reporting and Impairment	1 November 2006
HK(IFRIC) — Int 11	HKFRS 2 — Group and Treasury Share Transactions	1 March 2007
HK(IFRIC) — Int 12	Service Concession Arrangements	1 January 2008

3. Summary of significant accounting policies

(a) Basis of preparation and presentation

The Financial Information has been prepared on the historical cost basis, as modified for revaluation of certain freehold land and buildings which are carried at fair value.

(b) Consolidation

The consolidated financial statements incorporate the financial statements of BCP and its subsidiary made up during each of the Relevant Periods.

The results of subsidiary acquired and disposed of during the Relevant Periods are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions, balances and unrealised gains on transactions between group enterprises are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment on the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiary to bring its accounting policies into line with those used by other members of the BCP Group.

(c) Subsidiary

A subsidiary is an entity whose financial and operating policies BCP controls, directly or indirectly, so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the BCP Group controls another enterprise.

(d) Property, plant and equipment

Freehold land is stated at its revalued amount, being the fair value at the date of revaluation, less any accumulated impairment losses and is not depreciated. Freehold buildings held for use in provision of services, or for administrative purposes, are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount of these freehold land and buildings does not differ materially from that which would be determined using fair values at the balance sheet date except those exempted under HKAS 16. Other property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Any revaluation increase arising on the revaluation of such freehold land and buildings is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such freehold land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any held in the revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued freehold land and buildings is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings.

Historical cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance and overhaul costs, is charged to profit or loss 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 the assets, the expenditure is capitalised as an additional cost of the asset or a separate asset.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method. The useful lives are reviewed, and adjusted if appropriate, at each balance sheet date, and are set out as follows:

Freehold land	Not depreciated
Freehold buildings	50 years
Leasehold land and buildings	50 years
Furniture, fixtures and equipment	3 to 5 years
Motor vehicles	5 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(e) Intangible assets

Intangible assets represented player transfer costs which are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives, i.e. the period of the players' initial contracts ranging from one to five years, less any accumulated impairment losses.

The gain or loss arising on the disposal of an item of intangible assets is determined as the difference between the sales proceeds, and the carrying amount of the asset and any direct costs, and is recognised in profit or loss.

(f) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the BCP Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes cost of purchase of materials computed using the first-in-first-out method. Net realisable value is determined by reference to the anticipated sales proceeds of items sold in the ordinary course of business less estimated selling expenses after the balance sheet date or to management estimates based on prevailing market conditions.

(h) Financial instruments

Financial assets and financial liabilities are recognised on the BCP Group's consolidated balance sheet when BCP becomes a party to the contractual provisions of the instrument.

(i) Trade and other receivables

Receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate provisions for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The provision recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

(ii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the BCP Group's cash management are also included as a component of cash and cash equivalent for the purpose of the consolidated cash flow statement.

(iii) Financial liabilities and equity

Financial liabilities and equity instruments issued by the BCP Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the BCP Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(iv) Borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the BCP Group's accounting policy for borrowing costs.

Borrowings are classified as current liabilities unless the BCP Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(v) Redeemable preference shares

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. The dividends on these preference shares are recognised in profit or loss as interest expense.

(vi) Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

(vii) Equity instruments

Equity instruments issued by the BCP Group are recorded at the proceeds received, net of direct issue costs.

(i) Grants

Grants and donations received in respect of safety work and ground developments are credited to deferred capital grants and are released to profit or loss over the anticipated useful lives of the assets to which they relate. Football trust grants received towards revenue expenditure are released to profit or loss as the related expenditure is incurred.

(j) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the BCP Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the BCP Group's policy on borrowing costs.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term. When the lease payments cannot be allocated reliably between the leasehold land and buildings elements, the entire lease payments are included in the cost of the leasehold land and buildings as a finance lease in property, plant and equipment.

(k) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the BCP Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Signing-on fees are due to players if they are still in the service of the BCP Group on future dates specified in their contracts. They are charged to profit or loss in the accounting period in which the liability becomes payable. Possible instalments due in the future, on continued service, are not provided but are noted as contingent liabilities. Where a player's registration is transferred, any signing-on fees payable in respect of future periods are charged against the profit or loss on disposal of player's registrations in the period in which the disposal is recognised.

(l) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The BCP Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet dates.

Deferred tax liabilities are provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. However, such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Taxation rates enacted or substantively enacted by the balance sheet dates are used to determine deferred taxation.

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities are recognised for taxable temporary differences arising on investment in subsidiary, except where the BCP Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the BCP Group intends to settle its current tax assets and liabilities on a net basis.

(m) Related parties

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant equity holders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the BCP Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the BCP Group or of any entity that is a related party of the BCP Group.

(n) Translation of foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are expressed in Pound sterling which is the functional currency of BCP, and the presentation currency for the consolidated financial statements.

Foreign currency transactions are translated into Pound sterling, being the functional currency at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period.

(o) Employees' benefits

(i) Short term benefits

Salaries and annual bonuses are accrued in the year/period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present value.

(ii) Pension

Eligible employees of the BCP Group are required to participate in a central pension scheme operated by the government in the U.K. The BCP Group is required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

(iii) *Share-based payments*

The BCP Group issues equity-settled and share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the BCP Group's estimate of the shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on BCP management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

(p) Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

(q) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and exclude value added tax or other sales related taxes.

(i) Revenue from match receipts, F.A. and league distributions, and commercial activities is recognised when the services have been rendered.

(ii) Revenue from television and radio coverage is recognised to the extent of services rendered and according to the terms of the agreements.

(iii) Revenue from the sale of products is recognised when the BCP Group has delivered products to the customer, the customer has accepted the products, and collectibility of the related receivable is reasonably assured.

(iv) Interest income is accrued on a time-apportioned basis by reference to the principal outstanding using the effective interest rate method.

(r) Deferred income

Deferred income represents the proceeds received and receivable on the sale of season ticket and sponsorship income received in respect of the forthcoming year/period. Such income is deferred and recognised in the income statement over the tenure of the relevant season or sponsorship periods on the straight-line basis.

4. Critical accounting estimates and judgments

Estimates and judgments used in preparing the Financial Information are evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The BCP Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment on assets

If circumstances indicate that the carrying amount of an asset may not be recoverable, the asset may be impaired and an impairment loss may be recognised in accordance with accounting policy for impairment on asset as described in Note 3 (f) above. The carrying amounts of assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the net selling price and the value in use. In determining the value in use, expected future cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to the level of revenue and amount of operating costs. The BCP Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and amount of operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

(b) Impairment for bad and doubtful debts

The policy for impairment of bad and doubtful debts of the BCP Group is based on the evaluation of collectibility and aging analysis of accounts and on the BCP Group's management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of debtors of the BCP Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

5. Turnover and segment information

The BCP Group derived income from operation of a football league club in the U.K. during the Relevant Periods. Turnover is analysed as follows:

	Year ended 31 August		**Nine months ended 31 May**	
	2004	**2005**	**2006**	**2007**
	£'000	*£'000*	*£'000*	*£'000*
Match receipt, F.A. and league distribution	21,476	20,870	17,913	9,680
Television and radio coverage	16,725	13,965	13,984	5,214
Commercial activities	7,136	7,871	8,220	5,559
	45,337	42,706	40,117	20,453

Operation of a football league club in the U.K. is the BCP Group's only business segment throughout the Relevant Periods. All assets and operations of the BCP Group for the Relevant Periods are located in the U.K. Accordingly no separate segment information is presented.

6. Other revenue and other (loss)/gain, net

		Year ended 31 August		**Nine months ended 31 May**
	2004	**2005**	**2006**	**2007**
	£'000	*£'000*	*£'000*	*£'000*
Interest income	98	169	39	26
(Loss)/profit on sales of players' registrations	(180)	3,958	7,063	5,933
	(82)	4,127	7,102	5,959

7. Finance costs

		Year ended 31 August		**Nine months ended 31 May**
	2004	**2005**	**2006**	**2007**
	£'000	*£'000*	*£'000*	*£'000*
Interest on deferred payments on players registrations	163	282	187	172
Interest expenses on bank borrowings	73	32	111	72
Total	236	314	298	244

8. Directors' remuneration

Directors' remuneration for the Relevant Periods is as follows:

		Year ended 31 August		**Nine months ended 31 May**
	2004	**2005**	**2006**	**2007**
	£'000	*£'000*	*£'000*	*£'000*
Wages and salaries	212	598	536	1,236
Social security costs	—	—	—	—
	212	598	536	1,236

During the Relevant Periods, no emoluments were paid by the BCP Group to any of the directors of BCP as an inducement to join or upon joining the BCP Group or as compensation for loss of office. There were no arrangements under which any director of BCP waived or agreed to waive any emoluments in respect of each of the Relevant Periods.

9. Profit/(loss) before taxation

Profit/(loss) before taxation is arrived at after charging or (crediting):

	Year ended 31 August			Nine months ended 31 May
	2004	**2005**	**2006**	**2007**
	£'000	*£'000*	*£'000*	*£'000*
Auditor's remuneration	21	21	24	24
Staff costs				
— Wages and salaries, signing on fees	20,840	24,765	24,436	13,393
— Social security costs	2,135	2,615	2,319	1,387
Amortisation of players' registrations	9,073	9,685	11,108	5,446
Amortisation of deferred capital grants	(57)	(57)	(57)	(43)
Rental on equipment leased under operating lease	78	106	122	107
Rental on premises leased under operating lease	84	84	84	63
Loss on disposal of property, plant and equipment	—	2	—	5
Depreciation	460	548	555	407

10. Taxation

(a) Taxation in the income statement represents:

	Year ended 31 August			Nine months ended 31 May
	2004	**2005**	**2006**	**2007**
	£'000	*£'000*	*£'000*	*£'000*
United Kingdom:				
Current tax	(259)	306	561	(43)
Deferred tax	—	39	(29)	(120)
Total tax (credit)/charge	(259)	345	532	(163)

No provision has been made for Hong Kong profits tax as the BCP Group has no assessable profits arising in Hong Kong for the Relevant Periods.

The BCP Group is subject to U.K. corporate income tax at 30% for the Relevant Periods.

(b) Taxation for the Relevant Periods can be reconciled to the accounting profit/(loss) as follows:

		Year ended 31 August		Nine months ended 31 May
	2004	**2005**	**2006**	**2007**
	£'000	*£'000*	*£'000*	*£'000*
Profit/(loss) before taxation	5,243	2,694	1,464	(782)
Calculated at the U.K. corporate income tax rates	1,573	808	440	(234)
Tax effect of expenses not deductible	5	13	18	15
Utilisation of tax losses	(1,793)	46	(87)	—
Excess of capital allowances over depreciation for the year/period	121	143	(47)	(3)
Roll-over relief for intangible assets	—	(677)	—	—
Clawback of tax relief for amortisation of players' registrations with rollover relief	—	—	237	179
Deferred tax recognised	—	39	(29)	(120)
Others	(165)	(27)	—	—
Taxation for the year/period	(259)	345	532	(163)

(c) The following are the major deferred tax liabilities/(assets) recognised by the BCP Group and movements thereon during each of the Relevant Periods:

	Accelerated tax depreciation	**Roll-over relief for intangible assets**	**Tax losses**	**Total**
	£'000	*£'000*	*£'000*	*£'000*
At 1 September 2003, 31 August 2004 and 1 September 2004	—	—	—	—
(Credit)/charge to profit or loss for the year	(551)	677	(87)	39
At 31 August 2005 and 1 September 2005	(551)	677	(87)	39
(Credit)/charge to profit or loss for the year	121	(237)	87	(29)
At 31 August 2006 and 1 September 2006	(430)	440	—	10
(Credit)/charge to profit or loss for the period	60	(180)	—	(120)
At 31 May 2007	(370)	260	—	(110)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax relates to the same fiscal authority. The following is the analysis of the deferred tax balances (after offset) for balance sheet purposes:

	As at 31 August			As at 31 May
	2004	**2005**	**2006**	**2007**
	£'000	*£'000*	*£'000*	*£'000*
Deferred tax liabilities	—	677	440	260
Deferred tax assets	—	(638)	(430)	(370)
Net deferred tax (assets)/liabilities	—	39	10	(110)

At 31 August 2004, 2005 and 2006 and 31 May 2007, the BCP Group has unused tax losses of £138,000, £291,000, £Nil and £ 143,000 respectively available for offset against future profits. At 31 August 2004, 2005 and 2006 and 31 May 2007, deferred tax asset has been recognised for the above losses in the amounts of £Nil, £291,000, £Nil and £Nil respectively. No deferred tax asset has been recognised in respect of the remaining balance due to the unpredictability of future profit streams.

At 31 August 2004, the BCP Group has unused accelerated tax depreciation of £1,583,000 and deferred tax asset has not been recognised in respect thereof as the utilisation of such accelerated tax depreciation was considered not probable.

Save for the above unrecognised deferred tax, there was no material unprovided deferred tax in respect of the Relevant Periods and as at 31 August 2004, 2005 and 2006, and 31 May 2007.

11. Earnings/(loss) per share

The calculation of basic earnings/(loss) per share amounts is based on the net profit/(loss) for the Relevant Periods attributable to ordinary equity holders of BCP, and the weighted average number of ordinary shares in issue.

The calculation of diluted earnings/(loss) per share amounts is based on the net profit for the Relevant Periods attributable to ordinary equity holders of BCP. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the Relevant Periods, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 August			Nine months ended 31 May
	2004	2005	2006	2007
	£'000	*£'000*	*£'000*	*£'000*
Earnings/(loss)				
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings/(loss) per share calculation:	5,502	2,349	932	(619)
Shares				
Weighted average number of ordinary shares in issue during the Relevant Periods used in the basic earnings per share calculation	80,000,000	80,262,699	80,755,000	80,755,000
Effect of dilution — weighted average number of ordinary shares on share options	1,625,000	149,125	50,238	—
Weighted average number of ordinary shares in issue during the Relevant Periods used in the dilutive earnings/(loss) per share calculation	81,625,000	80,411,824	80,805,238	80,755,000

Diluted loss per share amount for the nine months ended 31 May 2007 has not been disclosed, as the share options outstanding during the period had an anti-dilutive effect on the basic loss per share for the period.

12. **Property, plant and equipment**

	Freehold land and buildings £'000	Leasehold land and buildings £'000	Fixtures and equipment £'000	Motor vehicles £'000	Total £'000
Cost:					
At 1 September 2003	12,835	1,425	2,436	78	16,774
Additions	9	214	521	—	744
At 31 August 2004 and 1 September 2004	12,844	1,639	2,957	78	17,518
Additions	89	30	143	64	326
Disposal	—	—	—	(33)	(33)
At 31 August 2005 and 1 September 2005	12,933	1,669	3,100	109	17,811
Additions	—	130	98	—	228
At 31 August 2006 and 1 September 2006	12,933	1,799	3,198	109	18,039
Additions	—	796	63	—	859
Disposal	—	—	(19)	—	(19)
At 31 May 2007	12,933	2,595	3,242	109	18,879
Accumulated depreciation:					
At 1 September 2003	1,853	44	2,050	14	3,961
Charge for the year	265	29	152	14	460
At 31 August 2004 and 1 September 2004	2,118	73	2,202	28	4,421
Charge for the year	257	33	239	19	548
Disposal	—	—	—	(14)	(14)
At 31 August 2005 and 1 September 2005	2,375	106	2,441	33	4,955
Charge for the year	259	33	241	22	555
At 31 August 2006	2,634	139	2,682	55	5,510
Charge for the period	194	35	162	16	407
Disposal	—	—	(10)	—	(10)
At 31 May 2007	2,828	174	2,834	71	5,907
Net book value:					
At 31 August 2004	10,726	1,566	755	50	13,097
At 31 August 2005	10,558	1,563	659	76	12,856
At 31 August 2006	10,299	1,660	516	54	12,529
At 31 May 2007	10,105	2,421	408	38	12,972

The freehold and leasehold land and buildings are located in the U.K. The leasehold land and buildings are held by the BCP Group under the long term leases.

Revaluation of the freehold land and buildings of the BCP Group was carried out in 1991 by Messrs Chestertons, independent Chartered Surveyors on an open market value, existing use basis. Since 1991, no further revaluations of the BCP Group's freehold land and buildings have been carried out, as the BCP Group has relied upon the exemption granted under the transitional provisions in paragraph 80A of HKAS 16, from the requirement to carry out regular revaluation even if the carrying amounts of the revalued assets are materially different from the asset's fair values.

Had the freehold land and buildings been stated at historical cost less accumulated depreciation, the carrying amount of the BCP Group's freehold land and buildings at 31 August 2004, 2005 and 2006 and 31 May 2007 would have been £10,485,000, £10,320,000, £10,068,000 and £9,816,000 respectively. The BCP Group has pledged freehold properties at 31 August 2004, 2005 and 2006 and 31 May 2007 to secure bank loan facility granted to the BCP Group *(Note 17)*.

13. Intangible assets

	Players' registrations
	£'000
COST:	
At 1 September 2003	32,680
Additions	13,097
Disposal	(10,457)
At 31 August 2004 and 1 September 2004	35,320
Additions	11,265
Disposal	(12,625)
At 31 August 2005 and 1 September 2005	33,960
Additions	14,013
Disposal	(16,326)
At 31 August 2006 and 1 September 2006	31,647
Additions	7,686
Disposal	(8,771)
At 31 May 2007	30,562
ACCUMULATED AMORTISATION:	
At 1 September 2003	13,143
Charge for the year	9,073
Disposal	(7,968)
At 31 August 2004 and 1 September 2004	14,248
Charge for the year	9,685
Disposal	(8,500)
At 31 August 2005 and 1 September 2005	15,433
Charge for the year	11,108
Disposal	(10,859)
At 31 August 2006 and 1 September 2006	15,682
Charge for the period	5,446
Disposal	(8,052)
At 31 May 2007	13,076
NET BOOK VALUE:	
At 31 August 2004	21,072
At 31 August 2005	18,527
At 31 August 2006	15,965
At 31 May 2007	17,486

14. Inventories

	As at 31 August			As at 31 May
	2004	**2005**	**2006**	**2007**
	£'000	*£'000*	*£'000*	*£'000*
Goods for resale	336	194	360	364

15. Trade and other receivables

	As at 31 August			As at 31 May
	2004	**2005**	**2006**	**2007**
	£'000	*£'000*	*£'000*	*£'000*
Trade and players transfer fee receivables	4,806	10,332	9,651	12,277
Other receivables	213	86	43	37
Prepayment	2,490	1,768	1,769	1,641
Value added tax ("VAT") recoverable	—	—	—	580
	7,509	12,186	11,463	14,535

The directors of BCP consider that the fair values of the trade and other receivables at each of the balance sheet dates approximate to their corresponding carrying amounts. Trade receivables are non-interest-bearing.

The BCP Group has no formal credit policy, which is subject to the respective terms of contracts.

16. Trade and other payables

	As at 31 August			As at 31 May
	2004	**2005**	**2006**	**2007**
	£'000	*£'000*	*£'000*	*£'000*
Trade and players transfer fee payables	12,696	10,142	11,409	19,029
Taxation and society security cost	2,213	2,279	3,013	509
Other payable and accruals	1,816	1,561	1,245	2,202
	16,725	13,982	15,667	21,740

The directors of BCP consider that the carrying amount of trade and other payables approximates to their fair value at each of the balance sheet dates.

The trade payables are non-interest-bearing and are settled according to the terms of respective contracts.

17. Bank and other borrowings

	As at 31 August			As at 31 May
	2004	**2005**	**2006**	**2007**
	£'000	*£'000*	*£'000*	*£'000*
Bank overdrafts	—	—	41	2,503
Bank loans, secured	416	376	331	1,121
4.2% redeemable preference shares *(Note)*	18	18	18	18
	434	394	390	3,642
The borrowings are repayable as follows:				
On demand or within a year	41	45	90	2,606
More than one year, but not exceeding two years	45	49	53	113
More than two years, but not more than five years	157	170	182	393
More than five years	191	130	65	530
	434	394	390	3,642
Less: Amount due within one year shown under current liabilities	(41)	(45)	(90)	(2,606)
Non-current portion	393	349	300	1,036

All of the BCP Group's borrowings are denominated in Pound sterling. The bank overdrafts are unsecured, repayable on demand and arranged at floating rate based on the bank base rate of HSBC Plc. plus 1.5%, thus exposing the BCP Group to cash flow interest rate risk. The bank loans are secured by freehold properties *(Note 12)*, repayable on demand and arranged at fixed rate with a weighted average interest rate of 5.5% per annum throughout the Relevant Periods, thus exposing the BCP Group to fair value interest rate risk.

Note:

BCP issued 37,000 cumulative redeemable preference shares with par value of 50 pence per share. BCP may redeem the cumulative redeemable preference shares at par any time upon giving not less than three months previous notice in writing to the holders of the cumulative preference shares. On an earlier winding up of BCP, the cumulative redeemable preference shares carry priority over the ordinary shares to the extent of their par value plus any arrears of dividends (which are cumulative for a period of three years). The cumulative redeemable preference shares carry no votes except on a winding up or on variations of their rights.

18. Deferred income

	As at 31 August			As at 31 May
	2004	**2005**	**2006**	**2007**
	£'000	*£'000*	*£'000*	*£'000*
Total deferred income	22,481	21,915	13,285	5,588
Less: Amount due within one year shown under current liabilities	(19,400)	(19,496)	(10,771)	(4,015)
Non-current portion	3,081	2,419	2,514	1,573

The directors of BCP consider that the fair values of the deferred income at each of the balance sheet dates approximate to their corresponding carrying amounts.

19. Deferred capital grants

The grant is in respect of the substantial redevelopment of the stadium of BCP. The grant has been treated as a deferred capital grant and is being amortised in line with the depreciable assets to which it relates. The movements of deferred capital grants were as follows:

	As at 31 August			As at 31 May
	2004	**2005**	**2006**	**2007**
	£'000	*£'000*	*£'000*	*£'000*
Carrying amount at beginning of the year/period	2,364	2,307	2,250	2,193
Recognised during the year/period	(57)	(57)	(57)	(43)
Carrying amount at end of year/period	2,307	2,250	2,193	2,150
Less: current portion shown under current liabilities	(57)	(57)	(57)	(57)
Non-current portion	2,250	2,193	2,136	2,093

20. Share capital

	As at 31 August			As at 31 May
	2004	**2005**	**2006**	**2007**
	£'000	*£'000*	*£'000*	*£'000*
Authorised:				
120,000,000 ordinary shares of 10 pence each	12,000	12,000	12,000	12,000
Issued and fully paid:				
80,000,000, 80,755,000, 80,755,000 and 80,755,000 ordinary shares of 10 pence each as at 31 August 2004, 2005 and 2006 and 31 May 2007	8,000	8,075	8,075	8,075

During the year ended 31 August 2005, the issued share capital of BCP was increased to approximately £8,075,000 by the allotment of 755,000 shares of 10 pence each at par for cash upon the exercise of the share options to broaden the capital base. Such shares rank pari passu in all respects with the existing shares of BCP.

21. Commitments

	As at 31 August			As at 31 May
	2004	**2005**	**2006**	**2007**
	£'000	*£'000*	*£'000*	*£'000*
Capital expenditure as at the balance sheet date but not yet incurred for acquisition of leasehold land and buildings	—	—	706	47

22. Operating lease arrangements

At each of the balance sheet dates, the BCP Group has outstanding minimum commitments under non-cancellable operating leases, which fall due as follows:

Land and buildings

	As at 31 August			As at 31 May
	2004	**2005**	**2006**	**2007**
	£'000	*£'000*	*£'000*	*£'000*
Within one year	84	84	84	84
In the second to fifth years inclusive	336	336	336	336
After five years	7,418	7,334	7,250	7,166
	7,838	7,754	7,670	7,586

Plant and equipment

	As at 31 August			As at 31 May
	2004	**2005**	**2006**	**2007**
	£'000	*£'000*	*£'000*	*£'000*
Within one year	92	123	142	98
In the second to fifth years inclusive	308	235	213	151
	400	358	355	249

Operating lease payments represent rentals payable by the BCP Group for certain of its leased properties, plant and equipment.

23. Financial risk management

(a) Financial risk factors

The main risks arising from the BCP Group's financial instruments are credit risk, liquidity risk, and interest rate risk. These risks are evaluated and monitored by the BCP Group in accordance with the financial management policies and practices described below.

(i) Credit risk

The BCP Group's principal financial assets are cash at banks, trade and other receivables. The amounts presented in the balance sheets are net of provisions for doubtful receivables. A provision for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The BCP Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

(ii) Liquidity risk

The BCP Group will consistently maintain a prudent financial policy and ensure that it maintains sufficient cash to meet its liquidity requirements.

(iii) Interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The BCP Group's interest-rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the BCP Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the BCP Group to fair value interest-rate risk. The BCP Group's policy is to maintain appropriate mix of its fixed-rate and floating-rate borrowings.

(b) ***Fair value estimation***

All financial instruments are carried at amounts not materially different from their fair values as at each of the balance sheet dates.

24. Share-based payments

Share options over ordinary shares have been granted under BCP's share ownership scheme, of which 750,000 are exercisable at 11 pence each. They are exercisable at any time between 7 March 2004 and 6 April 2010 and were outstanding at 31 May 2007. The movement of share options during the Relevant Periods was as follows:

	Exercise price at 21.5p	***Exercise price at 20.5p***	***Exercise price a 11.0p***	***Total***
	000's	*000's*	*000's*	*000's*
At 1 September 2003	1,255	370	—	1,625
Lapsed	(755)	—	—	(755)
Granted	—	—	755	755
At 31 August 2004 and 1 September 2004	500	370	755	1,625
Lapsed	—	—	—	—
Granted	—	—	—	—
Exercised	—	—	(755)	(755)
At 31 August 2005 and 1 September 2005	500	370	—	870
Lapsed	(500)	—	—	(500)
Granted	—	—	500	500
At 31 August 2006 and 1 September 2006	—	370	500	870
Lapsed	—	(370)	—	(370)
Granted	—	—	250	250
At 31 May 2007	—	—	750	750

For these options, the fair value has been assessed, applying the Black-Scholes option pricing model. No accrual has been taken to the income statement for the Relevant Periods as the amounts are considered immaterial.

25. Related party transactions

Transactions between BCP and its subsidiary, which is a related party of BCP, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the BCP Group and other related parties are disclosed below.

(a) The BCP Group entered into the following significant transactions with related parties during the Relevant Periods in which, in the opinion of the directors of BCP, are entered into the ordinary course of business.

	Year ended 31 August			Nine months ended 31 May
Name of transactions	**2004**	**2005**	**2006**	**2007**
	£'000	*£'000*	*£'000*	*£'000*
Sale of goods and services provided to related companies in which certain directors of BCP have interests therein	28	29	4	—
Services provided by related companies in which certain directors of BCP and its subsidiary have interest therein	1,114	62	84	80

(b)(i) Included in the other receivables of the Group as at 31 August 2004, 2005 and 2006 and 31 May 2007 are amounts of £Nil, £26,500, £Nil, and £Nil, respectively, due from related companies which are owned by certain directors of BCP.

(ii) Included in the other payables of the Group as at 31 August 2004, 2005 and 2006 and 31 May 2007 are amounts of £52,000, £52,000, £52,000, and £76,000, respectively, due to related companies which are owned by certain directors of BCP.

(c) Members of key management during the Relevant Periods comprised only of the directors whose remuneration is set out in Note 8 of Section C to the Financial Information.

26. Contingent liabilities

(a) Player transfer cost

Under the terms of certain contracts with other football clubs in respect of player transfers, additional amounts would become payable if certain specific performance conditions are met. The maximum that could be payable and not provided for in the Financial Information in respect of transfers as at 31 August 2004, 2005 and 2006 and 31 May 2007 are £2,416,000, £10,051,000, £2,081,000 and £2,134,000 respectively.

(b) Signing-on fees and image rights payable

The maximum possible commitments in respect of signing-on fees and image rights due to players under contracts as at 31 August 2004, 2005 and 2006 and 31 May 2007, which are payable on future dates specified in their contracts and not provided for in the Financial Information, amounted to £4,985,000, £5,305,000, £3,280,000 and £4,195,000 respectively.

(c) HM customs and excise

HM customs and excise has issued an assessment for repayment of £Nil, £157,000, £608,000 and £947,000 of input VAT previously recovered which relates to payments made under the contractual arrangements between BCP and certain football agents as at 31 August 2004, 2005 and 2006 and 31 May 2007 respectively. The BCP Group considers the VAT concerned has been properly recovered and, an appeal has been lodged against the assessment, consequently no provision has been made within these accounts.

27. Significant post balance sheet events

There is no significant post balance sheet date event as of the date of this report.

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the BCP Group in respect of any period subsequent to 31 May 2007 and up to the date of this report. No dividend or other distribution has been declared, made or paid by the BCP Group in respect of any period subsequent to 31 May 2007.

Yours faithfully,
For and on behalf of

Shu Lun Pan Horwath Hong Kong CPA Limited
Certified Public Accountants
Hong Kong

Choi Man On
Director
Practising Certificate number P02410

(1) ACCOUNTANTS' REPORT

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, Horwath Hong Kong CPA Limited. A copy of the following report is available for inspection as described in the section headed "Documents available for inspection" in Appendix VI to this circular.

Horwath

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23 August 2007

The Board of Directors
Grandtop International Holdings Limited
Unit 3008
30th Floor
West Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Dear Sirs,

We set out below our report on the financial information of Guangzhou Yuexiu Music Factory Entertainment Ballroom ("GMF") for the years ended 31 December 2004, 2005 and 2006 and six months ended 30 June 2007 (the "Relevant Periods"), together with the unaudited financial information of GMF including the income statement, cash flow statement and statement of changes in equity for the six months ended 30 June 2006 (the "30 June 2006 Corresponding Information"), prepared for inclusion in the circular of Grandtop International Holdings Limited (the "Company") dated 23 August 2007 (the "Circular") in connection with the proposed acquisition of the 51% equity interest in the registered capital of GMF by the Company (the "Acquisition").

GMF was established in the People's Republic of China (the "PRC") with limited liability and its principal place of business is in the PRC. GMF is principally engaged in operation of cafe and bar as well as provision of catering services in the PRC.

The financial statements of GMF were prepared in accordance with the accounting principles and relevant financial regulations of the PRC (the "PRC GAAP"). No statutory audited financial statements of GMF for the years ended 31 December 2004, 2005 and 2006 were issued, and no audited financial statements of GMF have been prepared for the six months ended 30 June 2007 and the 30 June 2006 Corresponding Information.

For the purpose of this report, the directors of GMF have prepared the financial statements (the "Underlying Financial Statements") of GMF for the Relevant Periods in accordance with the PRC GAAP. We have, for the purpose of this report, carried out appropriate audit procedures in respect of the Underlying Financial Statements of GMF for the Relevant Periods, in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The financial information and the notes thereto for the Relevant Periods (the "Financial Information") as set out on pages 64 to 81 have been prepared based on the Underlying Financial Statements of GMF and in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA. For the purpose of this report, we have examined the Financial Information of GMF and carried out such additional procedures as are necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

The directors of GMF are responsible for the preparation of the Underlying Financial Statements which give a true and fair view in accordance with the PRC GAAP. The directors of the Company are responsible for the preparation and the true and fair presentation of the Financial Information in accordance with HKFRSs, and the contents of the Circular in which this report is included. In preparing the Financial Information and the Underlying Financial Statements which give a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently. It is our responsibility to form an independent opinion, based on our examination, on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information, for the purpose of this report, gives a true and fair view of the state of affairs of GMF as at 31 December 2004, 2005 and 2006, and 30 June 2007 and of the results and cash flows of GMF for each of the Relevant Periods.

For the purpose of this report, we have reviewed the 30 June 2006 Corresponding Information, which are prepared in accordance with accounting principles generally accepted in Hong Kong and for which the directors of GMF and the Company are responsible, in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the HKICPA. Our review consists principally of making enquiries of management and applying analytical procedures to the 30 June

2006 Corresponding Information, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the 30 June 2006 Corresponding Information.

For the purpose of this report and on the basis of our review of the 30 June 2006 Corresponding Information, which does not constitute an audit, we are not aware of any material modifications that should be made to the unaudited financial information presented for the six months ended 30 June 2006.

B. FINANCIAL INFORMATION

The Financial Information of GMF has been prepared on the basis set out in Note 1 of Section C, after making such adjustments as are appropriate.

Income statements

		Year ended 31 December			Six months ended 30 June	
		2004	**2005**	**2006**	**2006**	**2007**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(unaudited)	
Turnover	*5*	7,560	1,495	4,106	2,186	1,591
Cost of sales		(6,896)	(1,524)	(5,324)	(2,219)	(3,058)
Gross profit/(loss)		664	(29)	(1,218)	(33)	(1,467)
Other revenue and gain	*6*	5	3	535	161	168
Administrative expenses		(192)	(2,856)	(1,289)	(255)	(1,462)
Profit/(loss) before taxation	*8*	477	(2,882)	(1,972)	(127)	(2,761)
Taxation	*9*	(265)	(79)	(271)	(144)	(108)
Net profit/(loss) for the year/period		212	(2,961)	(2,243)	(271)	(2,869)

Balance sheets

		As at 31 December			At 30 June
		2004	**2005**	**2006**	**2007**
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	*10*	2,497	12,355	28,605	33,985
Current assets					
Trade, other receivables and deposits paid	*11*	248	33	2,574	2,360
Cash at banks		621	68	863	4,705
		869	101	3,437	7,065
Current liabilities					
Accounts payable	*12*	62	3	73	39
Other payables and accruals	*12*	409	189	6,597	8,127
Amount due to a third party	*13*	—	12,354	27,685	38,070
Tax payable		24	—	20	16
		495	12,546	34,375	46,252
Net current assets/(liabilities)		374	(12,445)	(30,938)	(39,187)
NET ASSETS/(LIABILITIES)		2,871	(90)	(2,333)	(5,202)
EQUITY					
Paid-up registered capital	*14*	3,500	3,500	3,500	3,500
Reserves		(629)	(3,590)	(5,833)	(8,702)
TOTAL EQUITY		2,871	(90)	(2,333)	(5,202)

Statements of changes in equity

	Paid-up registered capital	Accumulated losses	Total
	RMB'000 *(Note 14)*	*RMB'000*	*RMB'000*
At 1 January 2004	3,500	(841)	2,659
Profit for the year	—	212	212
At 31 December 2004 and 1 January 2005	3,500	(629)	2,871
Loss for the year	—	(2,961)	(2,961)
At 31 December 2005 and 1 January 2006	3,500	(3,590)	(90)
Loss for the year	—	(2,243)	(2,243)
At 31 December 2006	3,500	(5,833)	(2,333)
At 1 January 2006	3,500	(3,590)	(90)
Loss for the period (unaudited)	—	(271)	(271)
At 30 June 2006 (unaudited)	3,500	(3,861)	(361)
At 1 January 2007	3,500	(5,833)	(2,333)
Loss for the period	—	(2,869)	(2,869)
At 30 June 2007	3,500	(8,702)	(5,202)

Cash flow statements

	Year ended 31 December			Six months ended 30 June	
	2004	2005	2006	2006	2007
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Operating activities					
Profit/(loss) before taxation	477	(2,882)	(1,972)	(127)	(2,761)
Adjustments for:					
Depreciation	391	130	359	162	196
Write-off of property, plant and equipment	—	2,367	—	—	—
Write-off of bad debts	—	60	—	—	—
Interest income	(2)	(2)	(1)	(1)	(1)
Operating cash flow before working capital change	866	(327)	(1,614)	34	(2,566)
Decrease in inventories	191	—	—	—	—
(Increase)/decrease in trade, other receivables and deposits paid	(78)	155	(2,541)	(156)	214
(Decrease)/increase in accounts payable	(116)	(59)	70	76	(34)
(Decrease)/increase in other payables and accruals	(402)	(220)	6,408	7,644	1,530
Cash generated from/ (used in) operation	461	(451)	2,323	7,598	(856)
Income tax paid	(241)	(103)	(251)	(122)	(112)
Interest received	2	2	1	1	1
Net cash generated from/ (used in) operating activities	222	(552)	2,073	7,477	(967)
Investing activities					
Purchase of property, plant and equipment	—	(12,355)	(16,609)	(13,808)	(5,576)
Financing activities					
Increase in amount due to a third party	—	12,354	15,331	6,462	10,385

	Year ended 31 December			Six months ended 30 June	
	2004	**2005**	**2006**	**2006**	**2007**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Net increase/(decrease) in cash and cash equivalents	222	(553)	795	131	3,842
Cash and cash equivalents at beginning of year/period	399	621	68	68	863
Cash and cash equivalents at end of year/period	621	68	863	199	4,705
Analysis of the balances of cash and cash equivalents					
Cash at banks at end of year/period	621	68	863	199	4,705

C. NOTES TO THE FINANCIAL INFORMATION

1. Basis of presentation

The Financial Information and the 30 June 2006 Corresponding Information set out in this report have been prepared in accordance with the accounting principles generally accepted in Hong Kong and complied with all applicable HKFRSs (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations), issued at the time of preparing the Financial Information and the 30 June 2006 Corresponding Information, and effective for the accounting period commencing 1 January 2007.

The Financial Information and the 30 June 2006 Corresponding Information also complied with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Financial Information is presented in Renminbi ("RMB"), which is the same as the functional currency of GMF.

2. Adoption of new and revised Hong Kong Financial Reporting Standards

For the purpose of preparing and presenting the Financial Information of the Relevant Periods, GMF has early adopted all of the new and revised HKFRSs issued by the HKICPA that are effective for accounting periods beginning on 1 January 2007, at the beginning of the Relevant Periods.

GMF has not early applied the following new standards and interpretations that have been issued but are not yet effective. The directors of GMF anticipate that the application of these Standards or Interpretations relevant to GMF will have no material impact on the Financial Information of GMF.

		Effective for accounting periods beginning on or after
HK(IFRIC) — Int 11	HKFRS 2 — Group and Treasury Share Transactions	1 March 2007
HK(IFRIC) — Int 12	Service Concession Arrangements	1 January 2008
HKAS 23 (Revised)	Borrowing Costs	1 January 2009
HKFRS 8	Operating segments	1 January 2009

3. Summary of significant accounting policies

(a) Basis of preparation and presentation

The Financial Information and the 30 June 2006 Corresponding Information have been prepared on the historical cost basis.

A third party of GMF has confirmed that it will not demand for repayment of its amount due by GMF as disclosed in note 13 to the Financial Information unless and until when GMF has adequate cash flow to meet its working capital requirements. On the strength of this assurance, the Financial Information has been prepared on the going concern basis.

(b) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Leasehold improvements in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost less any recognised impairment losses. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with GMF's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Historical cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance and overhaul costs, is charged to profit or loss 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 the assets, the expenditure is capitalised as an additional cost of the asset or a separate asset.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The principal annual rates of depreciation are as follows:

Motor vehicles	10%
Leasehold improvements	Over the remaining term of the lease
Furniture, fixtures and equipment	12.5 — 20%

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss account.

(c) Impairment of assets

Assets that are subject to amortisation are reviewed for impairment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, GMF estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit and loss account.

(d) Financial instruments

Financial assets and financial liabilities are recognised on GMF's balance sheet when GMF becomes a party to the contractual provisions of the instrument.

(i) Trade and other receivables

Receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate provisions for estimated irrecoverable amounts are recognised in profit and loss account when there is objective evidence that the asset is impaired. The provision recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

(ii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(iii) Financial liabilities and equity

Financial liabilities and equity instruments issued by GMF are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of GMF after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(iv) Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

(v) Equity instruments

Equity instruments issued by GMF are recorded at the proceeds received, net of direct issue costs.

(e) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when GMF has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(f) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. GMF's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet dates.

Deferred tax liabilities are provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. However, such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Taxation rates enacted or substantively enacted by the balance sheet dates are used to determine deferred taxation.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and GMF intends to settle its current tax assets and liabilities on a net basis.

(g) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where GMF is the lessee, rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

(h) Related parties

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant equity holders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of GMF where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of GMF or of any entity that is a related party of GMF.

(i) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts.

(i) Catering service income and advertising service income are recognised when the services are rendered.

(ii) Interest income is accrued on a time-apportioned basis by reference to the principal outstanding using the effective interest rate method.

(j) Employees' benefits

(i) Short term benefits

Salaries and annual bonuses are accrued in the year/period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present value.

(ii) Pension obligations

The employees of GMF are required to participate in a central pension scheme operated by the local municipal government of the PRC. GMF is required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

4. Critical accounting estimates and judgments

Estimates and judgments used in preparing the Financial Information are evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. GMF makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment on assets

If circumstances indicate that the carrying amount of an asset may not be recoverable, the asset may be impaired and an impairment loss may be recognised in accordance with accounting policy for impairment on asset as described in Note 3 (c) above. The carrying amounts of assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the net selling price and the value in use. In determining the value in use, expected future cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to the level of revenue and amount of operating costs. GMF uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and amount of operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

(b) Impairment for bad and doubtful debts

The policy for impairment of bad and doubtful debts of GMF is based on the evaluation of collectibility and aging analysis of accounts and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of debtors of GMF were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

5. Turnover, segment information and earnings/loss per share

GMF derived income from operation of cafe and bar as well as provision of catering services in the PRC during the Relevant Periods.

Operation of cafe and bar as well as provision of catering services in the PRC is GMF's only business segment throughout the Relevant Periods. All assets and operations of GMF for the Relevant Periods are located in the PRC. Accordingly no separate segment information is presented.

No earnings/loss per share is presented as GMF is not a company registered with share capital and hence calculation of earnings/loss per share is not relevant.

6. Other revenue and gain

	Year ended 31 December			**Six months ended 30 June**	
	2004	**2005**	**2006**	**2006**	**2007**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest income	2	2	1	1	1
Others	3	1	14	—	7
Advertising service income	—	—	520	160	160
	5	3	535	161	168

7. Directors' remuneration and five highest paid individuals

(a) None of the directors received any fees or emoluments in respect of their services rendered to GMF for the Relevant Periods. During the Relevant Periods, no emoluments were paid by GMF to any of the directors as an inducement to join or upon joining GMF or as compensation for loss of office. No directors waived or agreed to waive any emoluments during the Relevant Periods.

(b) The emoluments payable to the five individuals whose emoluments were the highest in GMF during the Relevant Periods were as follows:

	Year ended 31 December			Six months ended 30 June	
	2004	**2005**	**2006**	**2006**	**2007**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Wages and salaries	261	309	449	171	514
Contributions to retirement benefit scheme	15	14	18	8	5
	276	323	467	179	519

The emoluments of each individual were all below HK$1,000,000 for the Relevant Periods. During the Relevant Periods, no amount was paid by GMF to any of the above individuals as an inducement to join or upon joining GMF or as compensation for losses of office.

8. Profit/(loss) before taxation

Profit/(loss) before taxation is arrived at after charging:

	Year ended 31 December			Six months ended 30 June	
	2004	**2005**	**2006**	**2006**	**2007**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Auditor's remuneration	—	—	—	—	—
Write-off of property, plant and equipment	—	2,367	—	—	—
Write-off of bad debts	—	60	—	—	—
Minimum lease payments under operating leases in respect of land and buildings	600	250	1,370	270	1,500
Staff costs					
— Wages and salaries	954	453	975	366	1,414
— Contributions to retirement benefit scheme	159	42	146	56	65
Depreciation	391	130	359	162	196

9. Taxation

Taxation in the income statement represents:

	Year ended 31 December			Six months ended 30 June	
	2004	**2005**	**2006**	**2006**	**2007**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Current tax — PRC	265	79	271	144	108

No provision has been made for Hong Kong profits tax as GMF has no assessable profits arising in Hong Kong for the Relevant Periods.

PRC corporate income tax of GMF is deemed by the PRC tax authorities at approximately 3.5%, 5%, 6.6%, 6.6% and 6.6% of the turnover of GMF for the years ended 31 December 2004, 2005 and 2006, and six months ended 30 June 2006 and 2007, respectively.

There was no unprovided deferred tax in respect of the Relevant Periods and as at each of the balance sheet dates.

10. Property, plant and equipment

	Construction in progress	Motor vehicles	Leasehold improvements	Furniture, fixtures and equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:					
At 1 January 2004	—	114	3,000	554	3,668
Additions	—	—	—	—	—
At 31 December 2004 and 1 January 2005	—	114	3,000	554	3,668
Additions	12,355	—	—	—	12,355
Write off	—	(114)	(3,000)	(554)	(3,668)
At 31 December 2005 and 1 January 2006	12,355	—	—	—	12,355
Additions	16,609	—	—	—	16,609
Transfer	(2,613)	—	451	2,162	—
Write off	—	—	—	—	—
At 31 December 2006	26,351	—	451	2,162	28,964
Accumulated depreciation:					
At 1 January 2004	—	33	585	162	780
Charge for the year	—	11	300	80	391
At 31 December 2004 and 1 January 2005	—	44	885	242	1,171
Charge for the year	—	4	100	26	130
Written back	—	(48)	(985)	(268)	(1,301)
At 31 December 2005 and 1 January 2006	—	—	—	—	—
Charge for the year	—	—	83	276	359
At 31 December 2006	—	—	83	276	359
Net book value:					
At 31 December 2004	—	70	2,115	312	2,497
At 31 December 2005	12,355	—	—	—	12,355
At 31 December 2006	26,351	—	368	1,886	28,605

	Construction in progress	Motor vehicles	Leasehold improvements	Furniture, fixtures and equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 30 June 2006 (unaudited)					
Cost:					
At 1 January 2006	12,355	—	—	—	12,355
Additions	11,212	—	434	2,162	13,808
Write off	—	—	—	—	—
At 30 June 2006	23,567	—	434	2,162	26,163
Accumulated depreciation:					
At 1 January 2006	—	—	—	—	—
Charge for the period	—	—	36	126	162
At 30 June 2006	—	—	36	126	162
Net book value:					
At 30 June 2006	23,567	—	398	2,036	26,001
Six months ended 30 June 2007					
Cost:					
At 1 January 2007	26,351	—	451	2,162	28,964
Additions	5,576	—	—	—	5,576
Written back	—	—	—	—	—
At 30 June 2007	31,927	—	451	2,162	34,540
Accumulated depreciation:					
At 1 January 2007	—	—	83	276	359
Charge for the period	—	—	45	151	196
At 30 June 2007	—	—	128	427	555
Net book value:					
30 June 2007	31,927	—	323	1,735	33,985

11. Trade, other receivables and deposits paid

	As at 31 December			As at 30 June
	2004	**2005**	**2006**	**2007**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	193	—	15	44
Other receivables	1	—	228	16
Rental and management service deposits paid	—	—	2,168	2,168
Others	54	33	163	132
	248	33	2,574	2,360

All of the trade receivables are aged within 1 month.

The directors of GMF consider that the fair values of the GMF's trade, other receivables and deposits paid at each of the balance sheet dates approximate to their corresponding carrying amounts.

12. Accounts payable, other payables and accruals

Other payables and accruals as at each of the balance sheet dates are as follows:

	As at 31 December			As at 30 June
	2004	**2005**	**2006**	**2007**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Construction payables	—	—	5,002	4,952
Rental payables	—	—	971	2,178
Other payables and accruals	409	189	624	997
	409	189	6,597	8,127

All of the accounts payable are aged within 1 month and are expected to be settled within one year.

The directors of GMF consider that the carrying amount of accounts payable, other payables and accruals approximates to their fair value at each of the balance sheet dates.

13. Amount due to a third party

The amount due to a third party was unsecured, interest free and has no fixed terms of repayment. Pursuant to an equity transfer agreement dated 22 July 2007 between the third party and the existing equity holders of GMF, the existing equity holders of GMF agree to transfer to the third party their entire 100% legal ownership of equity interest of GMF. The equity transfer agreement has not yet been completed as at the date of this report pending approval by the relevant government authority in the PRC. The directors of GMF consider that the carrying amount of amount due to the third party approximates to its fair value at each of the balance sheet dates.

14. Paid-up registered capital

	As at 31 December			At 30 June
	2004	**2005**	**2006**	**2007**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Registered and fully paid-up capital	3,500	3,500	3,500	3,500

GMF is a domestic limited liability company established in the PRC on 8 June 1999 with an authorised total investment of RMB30,000,000 and a fully paid-up registered capital of RMB3,500,000.

15. Capital and other commitments

At each of the balance sheet dates, GMF had the following commitments:

	As at 31 December			At 30 June
	2004	**2005**	**2006**	**2007**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Capital expenditure in respect of acquisition of property, plant and equipment:				
Contracted but not provided for	—	5,907	3,568	4,342

16. Operating lease arrangements

GMF as the lessee

At the balance sheet dates, GMF has outstanding minimum commitments under non-cancellable operating leases in respect of its office, cafe and bar, which fall due as follows:

	As at 31 December			At 30 June
	2004	**2005**	**2006**	**2007**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	—	600	2,800	3,424
In the second to fifth years inclusive	—	600	18,320	18,768
After five years	—	—	11,098	8,938
	—	1,200	32,218	31,130

Leases are negotiated for an average term of about approximately 2 to 8 years at fixed rental.

17. Financial risk management

(a) Financial risk factors

The main risks arising from GMF's financial instruments are credit risk and liquidity risk. These risks are evaluated and monitored by GMF in accordance with the financial management policies and practices described below.

(i) Credit risk

GMF's principal financial assets are trade and other receivables. The amounts presented in the balance sheets are net of provisions for doubtful receivables. A provision for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

GMF has no significant concentration of credit risk, with exposure spread over a large number of customers.

(ii) Liquidity risk

GMF will consistently maintain a prudent financial policy and ensure that it maintains sufficient cash to meet its liquidity requirements.

(b) Fair value estimation

All financial instruments are carried at amounts not materially different from their fair values as at each of the balance sheet dates.

18. Related party transaction

Key management of GMF comprised of its directors only whose remuneration during the Relevant Periods is disclosed in Note 7(a) to the Financial Information.

19. Significant post balance sheet event

There is no significant post balance sheet date event as of the date of this report.

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by GMF in respect of any period subsequent to 30 June 2007 and up to the date of this report. No dividend or other distribution has been declared, made or paid by GMF in respect of any period subsequent to 30 June 2007.

Yours faithfully,
For and on behalf of

Horwath Hong Kong CPA Limited
Certified Public Accountants
Hong Kong

Shiu Hong Ng
Director
Practising Certificate number P03752

(2) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP AND GMF

The following is the illustrative and unaudited pro forma financial information of the Group and Guangzhou Yuexiu Music Factory Entertainment Ballroom ("GMF") which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the proposed acquisition of the 51% equity interest in registered capital of GMF by the Company (the "GMF Acquisition") as if it had been taken place on 31 March 2007 for the pro forma balance sheet; and at the beginning of the year ended 31 March 2007 for the pro forma income statement.

The unaudited pro forma consolidated balance sheet and unaudited pro forma consolidated income statement of the Group and GMF is prepared based on the audited consolidated balance sheet of the Group as at 31 March 2007 and audited consolidated income statement of the Group for the year then ended as set out in the financial information on the Group in Appendix I; and the audited balance sheet of GMF as at 30 June 2007 and the audited income statement of GMF for the year ended 31 December 2006 in Appendix III, with appropriate translation of presentation currency from Renminbi to Hong Kong dollars at an exchange rate of RMB1:HK$1.03, after making pro forma adjustments as set out in notes thereto.

As the unaudited pro forma financial information of the Group and GMF was prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of the financial position or results of operations of the Group and GMF had the GMF Acquisition been completed as at the dates to which it is made up to or at any future date.

(I) Unaudited pro forma consolidated balance sheet

	Audited consolidated balance sheet of the Group as at 31 March 2007	Audited balance sheet of GMF as at 30 June 2007	Pro forma adjustments		Unaudited pro forma consolidated balance sheet of the Group and GMF
	HK$'000	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
Non-current assets					
Property, plant and equipment	4,594	35,036			39,630
Leasehold land	720	—			720
	5,314	35,036			40,350
Current assets					
Inventories	3,656	—			3,656
Trade and other receivables	7,448	2,433			9,881
Cash and bank balances	6,757	4,851		*1(i) & (ii)*	11,608
	17,861	7,284			25,145
Current liabilities					
Amount due to the GMF Minority Equity Holder	—	(39,248)	39,248	*1(iii)*	—
Trade and other payables	(3,066)	(8,419)	7,919	2	(3,566)
Tax payables	(19,997)	(16)	16	*1(iii)*	(19,997)
	(23,063)	(47,683)			(23,563)
Net current (liabilities)/assets	(5,202)	(40,399)			1,582
Total assets less current liabilities	112	(5,363)			41,932
Non-current liabilities					
Amount due to the GMF Minority Equity Holder	—	—	(15,773)	*1(ii)*	(15,773)
Deferred tax liabilities	(167)	—			(167)
	(167)	—			(15,940)
Net (liabilities)/assets	(55)	(5,363)			25,992
Capital and reserves					
Share capital/registered paid-in capital	3,840	3,608	(3,608)	*1(vi)*	3,840
Reserves	(3,895)	(8,971)	14,281	*1(iv)*	1,415
Minority interests	—	—	20,737	*1(v)*	20,737
Total equity	(55)	(5,363)			25,992

Notes:

1. Under Hong Kong Financial Standard 3 "Business Combinations" and Hong Kong Accounting Standard 27 "Consolidated and Separate Financial Statements", the Group will apply the purchase method to account for the acquisition of GMF as a subsidiary if the Group has the power, directly or indirectly, to govern the financial and operating policies of GMF, so as to obtain benefits from its activities after the completion of the GMF Acquisition. As of the date of this report, the directors of the Company consider that the Group will have the above control over GMF pursuant to the completion of the GMF Acquisition. In applying the purchase method, the identifiable assets, liabilities and contingent liabilities of GMF will be recorded on the consolidated balance sheet of the Group at their fair values at the date of completion of the GMF Acquisition. Any goodwill or discount arising on the GMF Acquisition will be determined as the excess or deficit of the purchase price to be incurred by the Group over the Group's interests in the net fair value of the identifiable assets, liabilities and contingent liabilities of GMF at the date of completion of the GMF Acquisition. Excess of the Group's interests in the net fair value of the identifiable assets, liabilities and contingent liabilities of GMF over consideration should be recognised immediately in the consolidated income statement.

   Since the net fair value of the identifiable assets, liabilities and contingent liabilities of GMF as at the date of the actual completion of the GMF Acquisition may be different from the fair values used in the preparation of the unaudited pro forma consolidated balance sheet above, the negative goodwill arising from the GMF Acquisition, if any, will be reassessed at time of actual completion.

   The adjustments reflect the following:

   (i) The cash consideration of RMB15,300,000, equivalent to approximately HK$15,773,000, shall be payable by the Group to the vendor who will become a 49%-minority equity holder of GMF (the "GMF Minority Equity Holder") after the completion of the GMF Acquisition.

   (ii) Each of the GMF Minority Equity Holder and the Group undertakes to extend a loan in principal amount of RMB15,300,000, equivalent to approximately HK$15,773,000, to GMF upon completion of the GMF Acquisition. As a result, there will be an intragroup balance of HK$15,773,000 between GMF and the Group which is eliminated on consolidation in the unaudited pro forma consolidated balance sheet, and there will be a loan of HK$15,773,000 from the GMF Minority Equity Holder in the unaudited pro forma consolidated balance sheet. The above loans are assumed by the directors of the Company to be unsecured, interest free and not repayable within twelve months after the balance sheet date of the unaudited pro forma consolidated balance sheet. Accordingly, after the adjustments (1)(i) and (1)(ii), there is no net cash flow of the Group and GMF arising from the GMF Acquisition.

   (iii) Among the conditions for the completion of the GMF Acquisition, the GMF Minority Equity Holder will ensure, upon completion of the GMF Acquisition, that (a) there are no outstanding accounts payable, loan and amount due to any other parties by GMF; and (b) the GMF Minority Equity Holder waives all the loans due to himself by GMF except for the loan of HK$15,773,000 extended to GMF as mentioned in note (ii) above.

   For the purpose of preparing the unaudited pro forma consolidated balance sheet, all amounts payable to any other parties by GMF as at 30 June 2007 are assumed to be paid by the GMF Minority Equity Holder on behalf of GMF and thereafter all amounts due to the GMF Minority Equity Holder by GMF is waived except for the loan of HK$15,773,000 extended to GMF as mentioned in note (ii) above. This results in the reduction in GMF's trade and other payables and tax payables by HK$8,419,000 and HK$16,000 respectively and increase of GMF's amount due to the GMF Minority Equity Holder by HK$8,435,000, which is capitalised by way of a waiver as mentioned in (iii)(b) above. Moreover, GMF's amount due to the GMF Minority Equity Holder of HK$39,248,000 as at 30 June 2007 is also capitalised by the same waiver.

(iv) The adjustments of approximately HK$14,281,000 represents (a) elimination of the pre-acquisition reserves of GMF of approximately HK$8,971,000 on consolidation and excess of HK$5,310,000 of the Group's interests in net fair value of the identifiable assets, liabilities and contingent liabilities of GMF over consideration as mentioned in note 1(i) above. For the purpose of preparing the unaudited pro forma consolidated balance sheet, the adjusted net assets of GMF of HK$42,320,000, which is arrived at after combining the carrying value of GMF's consolidated net liabilities of HK$5,363,000 as at 30 June 2007 and the capitalisation of amounts due to the GMF Minority Equity Holder of HK$47,683,000 as mentioned in note 1(iii) above, is taken as their fair value.

The excess of HK$5,310,000 represented the excess of the Group's 51% equity interest on the adjusted net assets of GMF of HK$42,320,000 over the sum of the cash consideration of approximately HK$15,773,000 as mentioned in note 1(i) and the professional and legal fees and other expenses of HK$500,000 capitalised as investment cost as mentioned in note 2 below.

(v) The adjustment represents the GMF Minority Equity Holder's 49% equity interest in the adjusted net assets of GMF of HK$42,320,000.

(vi) The adjustment represents the elimination of the registered paid-in capital of GMF of approximately HK$3,608,000 on consolidation.

2. The adjustment represents the reduction in GMF's trade and other payables of HK$8,419,000, partially set off by the professional and legal fees and other expenses of HK$500,000 in aggregate to be incurred by the Group in relation to the GMF Acquisition.

(II) Unaudited pro forma consolidated income statement

	Audited consolidated income statement of the Group for the year ended 31 March 2007	Audited income statement of GMF for the year ended 31 December 2006	Pro forma adjustment		Unaudited pro forma consolidated income statement of the Group and GMF
	HK$'000	*HK$'000*	*HK$'000*	*Note*	*HK$'000*
Turnover	42,813	4,229			47,042
Cost of sales	(36,597)	(5,484)			(42,081)
Gross profit/(loss)	6,216	(1,255)			4,961
Other revenue	3,683	551			4,234
Selling expenses	(1,924)	—			(1,924)
Administrative expenses	(16,745)	(1,328)			(18,073)
Impairment loss on trade receivables	(583)	—			(583)
Impairment loss on available-for-sale financial assets	(1,320)	—			(1,320)
Loss from operations	(10,673)	(2,032)			(12,705)
Finance costs	(48)	—			(48)
Share of results of associate	—	—			—
Loss on disposal of subsidiaries	(329)	—			(329)
Loss before taxation	(11,050)	(2,032)			(13,082)
Taxation	—	(279)			(279)
Loss for the year	(11,050)	(2,311)			(13,361)
Attributable to:					
Equity holders of the Company	(11,050)	(2,311)	1,132	*3*	(12,229)
Minority interest	—	—	(1,132)	*3*	(1,132)
	(11,050)	(2,311)			(13,361)

Note:

3. The net loss attributable to minority interest of approximately HK$1,132,000 is arrived at the net loss of GMF for the year ended 31 December 2006 of approximately HK$2,311,000 and the GMF Minority Equity Holder's 49% equity interest in GMF after the completion of the GMF Acquisition.

(3) COMFORT LETTER ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the text of a report from Shu Lun Pan Horwath Hong Kong CPA Limited, the reporting accountants of the Company, in respect of the unaudited pro forma financial information of the Group and GMF as set out in this Appendix and prepared for the sole purpose of inclusion in this circular.

Horwath

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2 November 2007

The Board of Directors
Grandtop International Holdings Limited
Unit 3008
30th Floor West Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Dear Sirs,

We report on the unaudited pro forma financial information (the "Unaudited Pro Forma Financial Information") of Grandtop International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") and Guangzhou Yuexiu Music Factory Entertainment Ballroom ("GMF") as set out on pages 119 to 123 under the heading of "Financial information of GMF (a company proposed to be acquired by the Group after the latest published audited accounts)" in Appendix III to the Company's circular (the "Circular") dated 2 November 2007, which have been prepared by the directors of the Company, solely for illustrative purposes only, to provide information about how the proposed acquisition of the 51% equity interest in registered capital of GMF by the Company (the "GMF Acquisition"), might have affected the financial information of the Group. The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages 119 to 123 of the Circular.

Respective Responsibilities of Directors of the Company and Reporting Accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information as set out in Appendices I and III of the Circular with the source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purpose only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

— the financial position of the Group and GMF as at 31 March 2007 or any future date; or

— the financial results of the Group and GMF for the year ended 31 March 2007 or for any future period.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
For and on behalf of

Shu Lun Pan Horwath Hong Kong CPA Limited
Certified Public Accountants
Hong Kong

Choi Man On
Director
Practising Certificate number P02410

The following is the text of a report, prepared for the purpose of incorporation in this circular, from Shu Lun Pan Horwath Hong Kong CPA Limited in respect of the pro forma financial information of the Enlarged Group as set out in this appendix:

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the illustrative and unaudited pro forma financial information of the Group, the BCP Group, an associate of the Company after the completion of the Acquisition (as defined below), and Guangzhou Yuexiu Music Factory Entertainment Ballroom ("GMF"), (together with the Group hereinafter referred to as the "Enlarged Group") which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the proposed acquisition of approximately 29.9% of the issued capital of Birmingham City Plc. ("BCP") by the Company (the "Acquisition"), and the proposed acquisition of the acquisition of the 51% equity interest in registered capital of GMF by the Company (the "GMF Acquisition") as if the Acquisition and the GMF Acquisition had been taken place on 31 March 2007 for the pro forma balance sheet; and at the beginning of the year ended 31 March 2007 for the pro forma income statement and the pro forma cash flow statement.

The unaudited pro forma consolidated balance sheet of the Enlarged Group is prepared based on the audited consolidated balance sheet of the Group as at 31 March 2007 as set out in the financial information of the Group in Appendix I; audited consolidated balance sheet of the BCP Group as at 31 May 2007 in Appendix II with appropriate translation of presentation currency from Pound sterling to Hong Kong dollars at an exchange rate of £1:HK$15.86; and the audited balance sheet of GMF as at 30 June 2007 in Appendix III with appropriate translation of presentation currency from Renminbi to Hong Kong dollars at an exchange rate of RMB1:HK$1.03, after making pro forma adjustments as set out in notes thereto. The unaudited pro forma consolidated income statement and unaudited pro forma consolidated cash flow statement of the Enlarged Group are prepared based on the audited consolidated income statement and cash flow statement of the Group for the year ended 31 March 2007 as set out in the financial information of the Group in Appendix I; the audited consolidated income statement of the BCP Group for the year ended 31 August 2006 in Appendix II with appropriate translation of presentation currency from Pound sterling to Hong Kong dollars at an exchange rate of £1:HK$15.86; and the audited income statement and audited cash flow statement of GMF for the year ended 31 December 2006 respectively in Appendix III with appropriate translation of presentation currency from Renminbi to Hong Kong dollars at an exchange rate of RMB1:HK$1.03, after making pro forma adjustments as set out in notes thereto.

As the unaudited pro forma consolidated financial information of the Enlarged Group was prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of the financial position, results of operations or cash flows of the Enlarged Group had the Acquisition and the GMF Acquisition been completed as at the respective dates to which it is made up to or at any future date.

(I) Unaudited pro forma consolidated balance sheet

	Audited consolidated balance sheet of the Group as at 31 March 2007	Audited balance sheet of GMF as at 30 June 2007	Pro forma adjustments for the GMF Acquisition		Unaudited pro forma consolidated balance sheet after the GMF Acquisition	Pro forma adjustments for the Acquisition		Unaudited pro forma consolidated balance sheet of the Enlarged Group after the GMF Acquisition and the Acquisition
	HK$'000	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
Non-current assets								
Property, plant and equipment	4,594	35,036			39,630			39,630
Interest in an associate	—	—			—	243,925	*3 & 4*	243,925
Leasehold land	720	—			720			720
	5,314	35,036			40,350			284,275
Current assets								
Inventories	3,656	—			3,656			3,656
Trade and other receivables	7,448	2,433			9,881			9,881
Cash and bank balances	6,757	4,851		*1(i)&(ii)*	11,608	339	*3*	11,947
	17,861	7,284			25,145			25,484
Current liabilities								
Amount due to the GMF Minority Equity Holder	—	(39,248)	39,248	*1(iii)*	—			—
Amount due to a director	—	—			—	(140,000)	*3*	(140,000)
Trade and other payables	(3,066)	(8,419)	7,919	*2*	(3,566)	(1,000)	*4*	(4,566)
Tax payables	(19,997)	(16)	16	*1(iii)*	(19,997)			(19,997)
	(23,063)	(47,683)			(23,563)			(164,563)
Net current (liabilities)/assets	(5,202)	(40,399)			1,582			(139,079)
Total assets less current liabilities	112	(5,363)			41,932			145,196
Non-current liabilities								
Amount due to the GMF Minority Equity Holder	—	—	(15,773)	*1(ii)*	(15,773)			(15,773)
Deferred tax liabilities	(167)	—			(167)			(167)
	(167)	—			(15,940)			(15,940)
Net (liabilities)/assets	(55)	(5,363)			25,992			129,256
Capital and reserves								
Share capital/registered paid-in capital	3,840	3,608	(3,608)	*1(vi)*	3,840	3,072	*3*	6,912
Reserves	(3,895)	(8,971)	14,281	*1(iv)*	1,415	100,192	*3*	101,607
Minority interests	—	—	20,737	*1(v)*	20,737			20,737
Total equity	(55)	(5,363)			25,992			129,256

Notes:

1. Under Hong Kong Financial Standard 3 "Business Combinations" and Hong Kong Accounting Standard 27 "Consolidated and Separate Financial Statements", the Group will apply the purchase method to account for the acquisition of GMF as a subsidiary if the Group has the power, directly or indirectly, to govern the financial and operating policies of GMF, so as to obtain benefits from its activities after the completion of the GMF Acquisition. As of the date of this report, the directors of the Company consider that the Group will have the above control over GMF pursuant to the completion of the GMF Acquisition. In applying the purchase method, the identifiable assets, liabilities and contingent liabilities of GMF will be recorded on the consolidated balance sheet of the Group at their fair values at the date of completion of the GMF Acquisition. Any goodwill or discount arising on the GMF Acquisition will be determined as the excess or deficit of the purchase price to be incurred by the Group over the Group's interests in the net fair value of the identifiable assets, liabilities and contingent liabilities of GMF at the date of completion of the GMF Acquisition. Excess of the Group's interests in the net fair value of the identifiable assets, liabilities and contingent liabilities of GMF over consideration should be recognised immediately in the consolidated income statement.

   Since the net fair value of the identifiable assets, liabilities and contingent liabilities of GMF as at the date of the actual completion of the GMF Acquisition may be different from the fair values used in the preparation of the unaudited pro forma consolidated balance sheet above, the negative goodwill arising from the GMF Acquisition, if any, will be reassessed at time of actual completion.

   The adjustments reflect the following:

   (i) The cash consideration of RMB15,300,000, equivalent to approximately HK$15,773,000, shall be payable by the Group to the vendor who will become a 49%-minority equity holder of GMF (the "GMF Minority Equity Holder") after the completion of the GMF Acquisition.

   (ii) Each of the GMF Minority Equity Holder and the Group undertakes to extend a loan in principal amount of RMB15,300,000, equivalent to approximately HK$15,773,000, to GMF upon completion of the GMF Acquisition. As a result, there will be an intragroup balance of HK$15,773,000 between GMF and the Group which is eliminated on consolidation in the unaudited pro forma consolidated balance sheet, and there will be a loan of HK$15,773,000 from the GMF Minority Equity Holder in the unaudited pro forma consolidated balance sheet. The above loans are assumed by the directors of the Company to be unsecured, interest free and not repayable within twelve months after the balance sheet date of the unaudited pro forma consolidated balance sheet. Accordingly, after the adjustments (1)(i) and (1)(ii), there is no net cash flow of the Enlarged Group arising from the GMF Acquisition.

   (iii) Among the conditions for the completion of the GMF Acquisition, the GMF Minority Equity Holder will ensure, upon completion of the GMF Acquisition, that (a) there are no outstanding accounts payable, loan and amount due to any other parties by GMF; and (b) the GMF Minority Equity Holder waives all the loans due to himself by GMF except for the loan of HK$15,773,000 extended to GMF as mentioned in note 1(ii) above.

For the purpose of preparing the unaudited pro forma consolidated balance sheet, all amounts payable to any other parties by GMF as at 30 June 2007 are assumed to be paid by the GMF Minority Equity Holder on behalf of GMF and thereafter all amounts due to the GMF Minority Equity Holder by GMF is waived except for the loan of HK$15,773,000 extended to GMF as mentioned in note 1(ii) above. This results in the reduction in GMF's trade and other payables and tax payables by HK$8,419,000 and HK$16,000 respectively and increase of GMF's amount due to the GMF Minority Equity Holder by HK$8,435,000, which is capitalised by way of a waiver as mentioned in note 1(iii)(b) above. Moreover, GMF's amount due to the GMF Minority Equity Holder of HK$39,248,000 as at 30 June 2007 is also capitalised by the same waiver.

(iv) The adjustments of approximately HK$14,281,000 represents (a) elimination of the pre-acquisition reserves of GMF of approximately HK$8,971,000 on consolidation and excess of HK$5,310,000 of the Group's interests in net fair value of the identifiable assets, liabilities and contingent liabilities of GMF over consideration as mentioned in note 1(i) above. For the purpose of preparing the unaudited pro forma consolidated balance sheet, the adjusted net assets of GMF of HK$42,320,000, which is arrived at after combining the carrying value of GMF's consolidated net liabilities of HK$5,363,000 as at 30 June 2007 and the capitalisation of amounts due to the GMF Minority Equity Holder of HK$47,683,000 as mentioned in note 1(iii) above, is taken as their fair value.

The excess of HK$5,310,000 represented the excess of the Group's 51% equity interest on the adjusted net assets of GMF of HK$42,320,000 over the sum of the cash consideration of approximately HK$15,773,000 as mentioned in note 1(i) and the professional and legal fees and other expenses of HK$500,000 capitalised as investment cost as mentioned in note 2 below.

(v) The adjustment represents the GMF Minority Equity Holder's 49% equity interest in the adjusted net assets of GMF of HK$42,320,000.

(vi) The adjustment represents the elimination of the registered paid-in capital of GMF of approximately HK$3,608,000 on consolidation.

2. The adjustment represents the reduction in GMF's trade and other payables of HK$8,419,000, partially set off by the professional and legal fees and other expenses of HK$500,000 in aggregate to be incurred by the Group in relation to the GMF Acquisition.

3. Under Hong Kong Financial Standard 3 "Business Combinations" and Hong Kong Accounting Standard 28 "Investments in Associates", the Group will apply the equity method of accounting to account for the acquisition of approximately 29.9% equity interest in the BCP Group as an associate if the Group is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the BCP Group after the completion of the Acquisition. As of the date of this report, the directors of the Company consider that the Group will have the above significant influence over the BCP Group pursuant to the completion of the Acquisition. Under the equity method of accounting, the Group's investment in the BCP Group is carried in the consolidated balance sheet at cost at the date of completion of the Acquisition as adjusted for post-acquisition changes in the Group's share of the net assets of the BCP Group, less impairment in the value of investment.

Losses of the BCP Group in excess of the Group's interest in that associate are not recognised. Any goodwill or discount arising on the Acquisition will be determined as the excess or deficit of the purchase price to be incurred by the Group over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the BCP Group at the date of completion of the Acquisition. The goodwill is included within the carrying amount of the investment in an associate and is assessed for impairment as part of the Group's investment in an associate. Excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the BCP Group over consideration should be recognised immediately in the consolidated income statement.

Since the net fair value of the identifiable assets, liabilities and contingent liabilities of the BCP Group as at the date of the actual completion of the Acquisition may be different from the fair values used in the preparation of the unaudited pro forma consolidated balance sheet above, the goodwill arising from the Acquisition, will be reassessed at time of actual completion.

The adjustments reflect the following:

The cash consideration of £14,950,029 and certain professional fees and stamp duty of £365,971, equivalent to approximately HK$242,925,000, shall be payable by the Group to the vendors after the completion of the Acquisition. The Acquisition will be financed by an open offer and placing of shares of the Company (which give rise to an aggregate working capital amount of approximately HK$103,264,000) and an advance from a director of the Company, Mr. Yeung, by the amounts of HK$102,925,000 and HK$140,000,000 respectively and the above advance is assumed by the directors of the Company to be unsecured, interest free and repayable within twelve months after the balance sheet date of the unaudited pro forma consolidated balance sheet. Taking into account the professional and legal cost of HK$1,000,000 as mentioned in note 4 below, the Group's aggregate interest in the BCP Group amounted to HK$243,925,000. The remaining proceeds from the open offer and placing of shares of the Company, after the above payment made for the Acquisition, will amount to HK$339,000.

Taking into account (i) the revaluation surplus of the BCP Group's properties of approximately HK$157,395,000 as at 31 August 2007, which represented the excess of the revalued amount of the BCP Group's freehold and leasehold properties of £22,450,000 (equivalent to approximately HK$356,057,000) as shown in Appendix V over the aggregate carrying value of the freehold and leasehold properties of £12,526,000 (equivalent to approximately HK$198,662,000) as at 31 May 2007 as shown in Appendix II, and (ii) the BCP Group's net assets of approximately HK$184,071,000 as at 31 May 2007, the fair value of net assets of the BCP Group amounted to HK$341,466,000 and the Group's share of net assets of the associate amounted to approximately HK$102,098,000 which represented the Group's approximately 29.9% equity interest on the above adjusted fair value of net assets of the BCP Group of approximately HK$341,466,000 as at 31 May 2007, and the remaining investment amount of HK$141,827,000 represented goodwill included within the carrying amount of the interest in an associate of the Group.

4. The adjustment represents the professional and legal cost of HK$1,000,000 in aggregate to be incurred by the Group in relation to the Acquisition, which will also be capitalised in the Group's interest in the BCP Group.

(II) Unaudited pro forma consolidated income statement

	Audited consolidated income statement of the Group for the year ended 31 March 2007	Audited income statement of GMF for the year ended 31 December 2006	Pro forma adjustment for the GMF Acquisition	Note	Unaudited pro forma consolidated income statement after the GMF Acquisition	Pro forma adjustment for the Acquisition	Note	Unaudited pro forma consolidated income statement of the Enlarged Group after the GMF Acquisition and the Acquisition
	HK$'000	*HK$'000*	*HK$'000*	*Note*	*HK$'000*	*HK$'000*	*Note*	*HK$'000*
Turnover	42,813	4,229			47,042			47,042
Cost of sales	(36,597)	(5,484)			(42,081)			(42,081)
Gross profit/(loss)	6,216	(1,255)			4,961			4,961
Other revenue	3,683	551			4,234			4,234
Selling expenses	(1,924)	—			(1,924)			(1,924)
Administrative expenses	(16,745)	(1,328)			(18,073)			(18,073)
Impairment loss on trade receivables	(583)	—			(583)			(583)
Impairment loss on available-for-sale financial assets	(1,320)	—			(1,320)			(1,320)
Loss from operations	(10,673)	(2,032)			(12,705)			(12,705)
Finance costs	(48)	—			(48)			(48)
Share of results of associate	—	—			—	4,420	6	4,420
Loss on disposal of subsidiaries	(329)	—			(329)			(329)
Loss before taxation	(11,050)	(2,032)			(13,082)			(8,662)
Taxation	—	(279)			(279)			(279)
Loss for the year	(11,050)	(2,311)			(13,361)			(8,941)
Attributable to:								
Equity holders of the Company	(11,050)	(2,311)	1,132	5	(12,229)			10,073
Minority interest	—	—	(1,132)	5	(1,132)			(1,132)
	(11,050)	(2,311)			(13,361)			(8,941)

Notes:

5. The net loss attributable to minority interest of approximately HK$1,132,000 is arrived at the net loss of GMF for the year ended 31 December 2006 of approximately HK$2,311,000 and the GMF Minority Equity Holder's 49% equity interest in GMF after the completion of the GMF Acquisition.

6. The results of an associate are incorporated in the unaudited pro forma financial information using the equity method of accounting. Based on the BCP Group's net profit for the year ended 31 August 2006 of approximately HK$14,782,000, the Group's approximately 29.9% share of the profit of the associate for the year amounted to approximately HK$4,420,000.

(III) Unaudited pro forma consolidated cash flow statement

	Audited consolidated cash flow statement of the Group for the year ended 31 March 2007 *HK$'000*	Audited cash flow statement of GMF for the year ended 31 December 2006 *HK$'000*	Unaudited pro forma consolidated cash flow statement after the GMF Acquisition *(Note 1(ii))* *HK$'000*	Pro forma adjustment for the Acquisition *HK$'000*	*Note*	Unaudited pro forma consolidated cash flow statement of the Enlarged Group after the GMF Acquisition and the Acquisition *HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES						
Loss before taxation	(11,050)	(2,032)	(13,082)	4,420	6	(8,662)
Adjustments for:						
Depreciation	1,226	370	1,596			1,596
Amortisation of leasehold land	450	—	450			450
Impairment of property, plant and equipment	907	—	907			907
Written back of provision on obsolete inventories	(2,597)	—	(2,597)			(2,597)
Impairment loss on available-for-sale financial assets	1,320	—	1,320			1,320
Impairment loss on trade receivables	583	—	583			583
Reversal of impairment loss on trade receivables	(3,659)	—	(3,659)			(3,659)
Share of results of associate	—	—	—	(4,420)	6	(4,420)
Loss on disposal of subsidiaries	329	—	329			329
Interest income	(24)	(1)	(25)			(25)
Finance cost	48	—	48			48
Operating cash flows before movements in working capital	(12,467)	(1,663)	(14,130)			(14,130)
Decrease in inventories	7,892	—	7,892			7,892
Decrease/(increase) in trade receivables, prepayments, deposit and other receivables	5,371	(2,617)	2,754			2,754
(Decrease)/increase in trade and other payables	(279)	6,672	6,393			6,393
Cash generated from operations	517	2,392	2,909			2,909
Interest received	24	1	25			25
Profits tax paid	(453)	(259)	(712)			(712)
Net cash generated from operating activities	88	2,134	2,222			2,222

	Audited consolidated cash flow statement of the Group for the year ended 31 March 2007	Audited cash flow statement of GMF for the year ended 31 December 2006	Unaudited pro forma consolidated cash flow statement after the GMF Acquisition	Pro forma adjustment for the Acquisition		Unaudited pro forma consolidated cash flow statement of the Enlarged Group after the GMF Acquisition and the Acquisition
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*Note*	*HK$'000*
CASH FLOWS FROM INVESTING ACTIVITIES						
Prepayment made for acquisition of an associate	—	—	—	(102,925)	*3*	(102,925)
Purchase of property, plant and equipment	(286)	(17,107)	(17,393)			(17,393)
Cash effect on disposal of subsidiaries	105	—	105			105
Net cash used in investing activities	(181)	(17,107)	(17,288)			(120,213)
FINANCING ACTIVITIES						
Increase in an amount due to the GMF Minority Equity Holder	—	15,791	15,791			15,791
Proceeds from placing of shares and open offer	7,744	—	7,744	103,264	*3*	111,008
Repayment of mortgage loan	(46)	—	(46)			(46)
Repayment of advance from a director	(3,288)	—	(3,288)			(3,288)
Finance costs	(48)	—	(48)			(48)
Net cash generated from financing activities	4,362	15,791	20,153			123,417
Net increase in cash and cash equivalents	4,269	818	5,087			5,426
Cash and cash equivalents at beginning of the year	2,488	70	2,558			2,558
Cash and cash equivalent at the end of the year						
Bank balance and cash	6,757	888	7,645			7,984

B. COMFORT LETTER ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the text of a report from Shu Lun Pan Horwath Hong Kong CPA Limited, the reporting accountants of the Company, in respect of the unaudited pro forma financial information of the Enlarged Group as set out in this Appendix and prepared for the sole purpose of inclusion in this circular.

Horwath®

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2 November 2007

The Board of Directors
Grandtop International Holdings Limited
Unit 3008
30/F West Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Dear Sirs,

We report on the unaudited pro forma financial information (the "Unaudited Pro Forma Financial Information") of Grandtop International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") and Birmingham City Plc. ("BCP") and its subsidiary (the "BCP Group"), an associate of the Company after the completion of the Acquisition (as defined below) and Guangzhou Yuexiu Music Factory Entertainment Ballroom ("GMF"), (together with the Group hereinafter referred to as the "Enlarged Group") as set out on pages 127 to 134 under the heading of "Unaudited Pro Forma Financial Information of the Enlarged Group" in Appendix IV to the Company's circular (the "Circular") dated 2 November 2007, which have been prepared by the directors of the Company, solely for illustrative purposes only, to provide information about how the proposed acquisition of approximately 29.9% of the issued capital of BCP by the Company (the "Acquisition") and the proposed acquisition of the acquisition of the 51% equity interest in registered capital of GMF by the Company (the "GMF Acquisition"), might have affected the financial information of the Group. The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages 127 to 134 of the Circular.

Respective Responsibilities of Directors of the Company and Reporting Accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information as set out in Appendices I, II and III of the Circular with the source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purpose only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

— the financial position of the Enlarged Group as at 31 March 2007 or any future date; or

— the financial results and cash flows of the Enlarged Group for the year ended 31 March 2007 or for any future period.

Opinion

In our opinion:

a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

b) such basis is consistent with the accounting policies of the Group; and

c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
For and on behalf of
Shu Lun Pan Horwath Hong Kong CPA Limited
Certified Public Accountants
Hong Kong

Choi Man On
Director

Practising Certificate number P02410

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this circular received from BMI Appraisals Limited, an independent valuer, in connection with its valuations of two properties located in the United Kingdom to be acquired by the Group and a property located in Hong Kong held by the Group.

BMI APPRAISALS
BMI Appraisals Limited 中和邦盟評估有限公司
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2 November 2007

The Board of Directors
Grandtop International Holdings Limited
Unit 3008, 30th Floor
West Tower, Shun Tak Centre
Nos. 168-200 Connaught Road Central
Sheung Wan
Hong Kong

Dear Sirs,

INSTRUCTIONS

We refer to your instructions for us to value two properties located in the United Kingdom to be acquired by Grandtop International Holdings Limited (the "Company") and/or its subsidiaries (hereinafter referred to as the "Group") and a property located in Hong Kong held by the Group. We confirm that we have carried out inspections, made relevant enquiries and obtained such further information, as we consider necessary for the purpose of providing you with our opinion of the market values of the properties as at 31 August 2007 (the "date of valuation").

BASIS OF VALUATION

Our valuations of the concerned properties have been based on the Market Value, which is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

PROPERTY CATEGORIZATION

In the course of our valuations, the portfolio of properties is categorized into the following groups:

Group I	—	Properties to be acquired by the Group for investment in the United Kingdom
Group II	—	Property held by the Group for owner-occupation in Hong Kong

VALUATION METHODOLOGIES

We have carried our valuations by using two approaches. They are Comparison Approach and Depreciated Replacement Cost Approach.

We have valued them on an open market basis by the Comparison Approach assuming sale in their existing state with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant market. Appropriate adjustments have then been made to account for the differences between each property and the comparables in terms of all relevant factors.

For Property Nos. 1 and 2, the properties have also been valued by the Depreciated Replacement Cost Approach. Depreciated replacement cost is defined as "the aggregate amount of the value of the land for the existing use or a notional replacement site in the same locality, and the new replacement cost of the buildings and other site works, from which appropriate deductions may then be made to allow for the age, condition, economic or functional obsolescence and environmental factors etc; all of these might result in the existing property being worth less to the undertaking in occupation than would a new replacement." This opinion of values do not necessarily represent the amounts that might be realized from the disposition of the properties in the open market and is subject to adequate profitability of the business compared to the values of the total assets employed.

TITLE INVESTIGATION

For the properties located in the United Kingdom, we have been provided with copies of title documents/tenancy agreements and advised by the Group that no further relevant documents have been produced. Moreover, due to the nature of the land registration system in the United Kingdom, we have not been able to examine the original documents to verify ownership or to ascertain the existence of any amendment documents, which may not appear on the copies handed to us.

For the property located in Hong Kong, we have caused land searches at the Urban Land Registry. However, we have not searched the original documents to verify ownership or to ascertain the existence of any amendments, which may not appear on the copies handed to us. All documents have been used for reference only.

VALUATION ASSUMPTIONS

Our valuations have been made on the assumption that the properties are sold in the open market without the benefit of deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to affect the values of the properties. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the properties and no forced sale situation in any manner is assumed in our valuations.

In valuing the properties, we have relied on the advice given by the Group that the Group has valid and enforceable titles to the properties which are freely transferable, and has free and uninterrupted right to use the same, for the whole of the unexpired term granted subject to the payment of annual government rent/land use fees and all requisite land premium/purchase consideration payable have been fully settled.

VALUATION CONSIDERATIONS

We have inspected the properties externally and where possible, the interior of the properties. In the course of our inspections, we did not note any serious defects. However, no structural surveys have been made. We are, therefore, unable to report whether the properties are free from rot, infestation or any other structural defects. No tests were carried out on any of its services.

In the course of our valuations, we have relied to a considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenures, particulars of occupancy and other relevant information.

Dimensions, measurements and areas included in the valuation certificates are based on information contained in the leases and other documents provided to us and are therefore only approximations.

We have no reason to doubt the truth and accuracy of the information provided to us by the Group and we have relied on your confirmation that no material facts have been omitted from the information so supplied.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties or for any expenses or taxation, which may be incurred in effecting a sale.

Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

Our valuations have been prepared in accordance with the HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors and the RICS Appraisal and Valuation Standards (5th Edition) published by The Royal Institution of Chartered Surveyors.

Our valuations have been prepared under the generally accepted valuation procedures and are in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

REMARKS

Unless otherwise stated, all monetary amounts stated are in Hong Kong Dollars (HK$). The exchange rate adopted is the average rate as at the date of valuation being HK$1=£0.0639. There has been no significant fluctuation in the exchange rate between that date and the date of this letter.

Our Summary of Values and the Valuation Certificates are attached herewith.

Yours faithfully,
For and on behalf of
BMI APPRAISALS LIMITED

Brian W. K. Li
BSc.(Est Man), MRICS, MHKIS, RPS(GP), CIREA
Associate Director

Dr. Tony C.H. Cheng
BSc, MUD, MBA, PhD(Hon), SIFM, MHKIS, MCIArb, DBM
Director

Joannau W.F. Chan
BSc. MSc. MRICS MHKIS RPS (GP)
Director

Notes:

Mr. Brian W.K. Li is a Chartered Surveyor who has over 26 years' experience in valuations of properties in Hong Kong and over 10 years' experience in valuations of properties in the United Kingdom.

Dr. Tony C. H. Cheng is a Chartered Surveyor who has over 15 years' experience in valuations of properties in Hong Kong and about 5 years in the United Kingdom.

Ms. Joannau W.F. Chan is a Chartered Surveyor who has over 15 years' experience in valuations of properties in Hong Kong.

SUMMARY OF VALUES

Group I — Properties to be acquired by the Group for investment in the United Kingdom

No.	Property	Market Value in existing state as at 31 August 2007	Interest attributable to the Group	Value attributable to the Group as at 31 August 2007
1.	St. Andrews Stadium located in between Garrison Street, Cattell Road and Tilton Road known as Small Health, Birmingham B9 4NH, Bordesley Green, England, the United Kingdom	£20,000,000 or HK$313,000,000	Approximately 29.9%	£5,980,000 or HK$93,584,000
2.	A club's training pitch located at Wast Hills Playing Fields, Wast Hill Lane, Birmingham B38 9EH, England, the United Kingdom	£2,450,000 or HK$38,300,000	Approximately 29.9%	£732,550 or HK$11,464,000
	Sub-total:	**£22,450,000**		**£6,712,550**
		or HK$351,300,000		**or HK$105,048,000**

Group II — Property held by the Group for owner-occupation in Hong Kong

No.	Property	Market Value in existing state as at 31 August 2007	Interest attributable to the Group	Value attributable to the Group as at 31 August 2007
3.	Flat B on 22nd Floor, Hove Court (No. 7 Perth Street) and Car Parking Space No. 67 on 3rd Floor, Ilford Court, Hove Court and Grave Court (Nos. 5, 7 and 9 Perth Street), Perth Garden, Ho Man Tin, Kowloon, Hong Kong	HK$6,700,000	100%	HK$6,700,000
	Sub-total:	**HK$6,700,000**		**HK$6,700,000**
	Grand Total:	**HK$358,000,000**		**HK$111,748,000**

VALUATION CERTIFICATE

Group I — Properties to be acquired by the Group for investment in the United Kingdom

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 August 2007
1.	St. Andrews Stadium located in between Garrison Street, Cattell Road and Tilton Road known as Small Health, Birmingham B9 4NH, Bordesley Green, England, the United Kingdom	The property comprises nine land parcels with a total site area of approximately 60,593 sq.m. upon which a football stadium (“Stadium”) and various building and structures were erected. The Stadium was built in 1905 and opened in 1906. Portions of the Stadium (i.e. the Main Stand and the Railway End) were substantially redeveloped and renovated in 1994 and 1999 respectively. The extent of the turfed area is about 123 yards by about 83 yards, providing a four-yard border around the playing surface of about 115 yards by about 75 yards. The turfed area is surrounded by a about six-yard wide cinder running track. The capacity of the Stadium is about 30,009. The total gross internal floor area of the buildings and structures of the Stadium including a main stand, a railway stand, a spion kop, a tilton road and a club shop but excluding car parking spaces is approximately 14,602.56 sq.m. The land status of the property is freehold.	The property is occupied as a football stadium and ancillary uses. Portions of the land parcels are subject to two leases with the latest term expiring on 28 September 2055.	£20,000,000 or HK$313,000,000 (Approximately 29.9% interest attributable to the Group: £5,980,000 or HK$93,584,000)

Notes:

1. The registered owner of the property is Birmingham City Football Club PLC (Company Registration No. 27318).

2. Pursuant to the six official copies of Register Entries issued by Land Registry, Coventry Office, the salient details of the nine land parcels are as follows:

Title Number	Number of Parcels	Date of Registration	Proprietorship	Date of Charge Registration	Bank Charged
WM681449	1	5-Jul-1972	Birmingham City Football Club Limited	9-Jul-1998	HSBC Bank PLC
WM681450	1	5-Jul-1972	Birmingham City Football Club Limited	9-Jul-1998	HSBC Bank PLC
WM205611	3	1-Dec-1980	Birmingham City Football Club Plc	30-Mar-1983	HSBC Bank PLC
WM679958	1	9-Jul-1998	Birmingham City Football Club Plc	9-Jul-1998	HSBC Bank PLC
WM683306	2	8-Sep-1998	Birmingham City Football Club Plc	15-Jun-1999	HSBC Bank PLC
WM718999	1	10-Apr-2000	Birmingham City Football Club Plc	—	—

3. We have prepared our valuation based on the following assumptions:

   a. Birmingham City Football Club PLC is in possession of a proper legal title to the property and are entitled to transfer the property at no extra land premium or other onerous payment payable to the government;

   b. All land premium and other costs of ancillary utility services have been settled in full;

   c. The property is not subject to mortgage or any other material encumbrances;

   d. The design and construction of the property is in compliance with the local planning regulations and have been approved by the relevant government authorities; and

   e. The property may be disposed of freely to both local and overseas purchasers.

4. Birmingham City Football Club PLC is a wholly-owned subsidiary of the Birmingham City PLC.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 August 2007
2.	A club's training Pitch located at Wast Hills Playing Fields, Wast Hill Lane, Birmingham B38 9EH, England, The United Kingdom	The property comprises a land parcel with a site area of approximately 211,800 sq.m. upon which a training pitch and ancillary buildings and structures including offices, gymnasium, adjoining link corridor and training rooms were erected in about 2001 and 2007 respectively. The total gross floor area ("GFA") of the buildings and structures of the property is approximately 2,700.169 sq.m. The land use rights of the property have been leased from University of Birmingham to Birmingham City Football Club PLC for a term of 99 years commencing on 1 September 1998. The annual rent payable for the property is £84,000, which is subject to review.	The property is occupied by Birmingham City Football Club PLC for training purpose.	£2,450,000 or HK$38,300,000 (Approximately 29.9% interest attributable to the Group: £732,550 or HK$11,464,000)

Notes:

1. The registered owner of the property is Birmingham City Football Club PLC (Company Registration No. 27318).

2. Pursuant to an official copy of Register Entries issued by the Land Registry, Coventry Office of Title Number WR56688, Birmingham City Football Club PLC leased the property from the University of Birmingham for a term of 99 years commencing on 1 September 1998 at an annual rent of £84,000 which is subject to review and additional rent.

3. We have prepared our valuation based on the following assumptions:

   a. Birmingham City Football Club PLC is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;

   b. All land premium and other costs of ancillary utility services have been settled in full;

   c. The property is not subject to mortgage or any other material encumbrances;

   d. The design and construction of the property is in compliance with the local planning regulations and have been approved by the relevant government authorities; and

   e. The property may be disposed of freely to both local and overseas purchasers.

4. Birmingham City Football Club PLC is a wholly-owned subsidiary of the Birmingham City PLC.

VALUATION CERTIFICATE

Group II — Property held by the Group for owner-occupation in Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 August 2007 *HK$*
3.	Flat B on 22nd Floor, Hove Court (No. 7 Perth Street) and Car Parking Space No. 67 on 3rd Floor, Ilford Court, Hove Court and Grave Court (Nos. 5, 7 and 9 Perth Street), Perth Garden, Ho Man Tin, Kowloon, Hong Kong 10/ 4,225th and 1/ 88th of 90/ 4,225th equal and undivided shares of and in the Remaining Portions of Sections C, H, I and the Remaining Portion of Kowloon Inland Lot No. 3303	The property comprises a residential unit on 22nd floor and a car parking space on the 3rd floor of a 21-storey residential building erected upon a 5-level car parking podium which was completed in 1980. The saleable area of the property (excluding the car parking space) is approximately 994 sq.ft. (or about 92.34 sq.m.). The property is held under Conditions of Sale No. 3555 for a term of 75 years renewable for 75 years commencing on 11 October 1933.	The property is occupied by the Group as staff quarters.	6,700,000 (100% interest attributable to the Group: 6,700,000)

Notes:

1. The registered owner of the property is Sun Tai Hing Garment Making Co. Limited by assignments vide Memorial No. UB8695417 dated 25 May 2002 (Flat B) and Memorial No. UB8695416 dated 22 May 2002 (the car parking space).

2. Sun Tai Hing Garment Making Co. Limited is a wholly-owned subsidiary of the Group.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

(A) Interests of Directors and Chief Executive

(a) As at the Latest Practicable Date, the interests and short positions of the Directors and the Company's chief executive in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Companies and which were required to be entered in the register required to be kept under section 352 of the SFO were as follows:

Name of Director	Nature of interests	Number or attributable number of Shares held or short positions	Approximate percentage or attributable percentage of shareholding
Mr. Yeung Ka Sing, Carson	Interest in a controlled corporation	115,200,000 (L) *(note 1)*	16.67%
	Personal interest	10,000,000 (L)	1.45%
		125,200,000	18.12%
Mr. Hui Ho Luek, Vico	Interest in a controlled corporation	96,000,000 (L) *(note 2)*	13.89%
	Family interest	18,975,000 (L) *(note 3)*	2.75%
		114,975,000	16.64%
Ms. Siu Bessie	Beneficiary of a discretionary trust	96,000,000 (L) *(note 4)*	13.89%

L: Long position

Notes:

1. These Shares were held by Great Luck Management Limited, a company incorporated in the British Virgin Islands and wholly owned by Mr. Yeung Ka Sing, Carson.

2. These Shares were held by Premier Rise Investments Limited, a company incorporated in the British Virgin Islands and wholly owned by Mr. Hui Ho Luek, Vico.

3. These Shares were held by Ms. Leung Choi Fan, the spouse of Mr. Hui Ho Luek, Vico.

4. These Shares were held by Huge Gain Development Limited which is wholly owned by Nerine Trust Company Limited ("Nerine Trust"). Nerine Trust is the trustee of SB Unit Trust and holds properties for the benefit of holders of units issued by SB Unit Trust. All the units issued by SB Unit Trust were held by the family members of Mr. Siu Ban, co-founder of the Group and the discretionary objects. Ms. Bessie Siu is one of the beneficiaries of the trust.

Save as disclosed above and certain nominee shares in subsidiaries of the Company held by certain Directors in trust for the Group, none of the Directors or nor the chief executive of the Company, as at the Latest Practicable Date, had or was deemed to have any interests or short positions in the Shares and underlying shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO): or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

(b) As at the Latest Practicable Date, an aggregate of 22,736,000 share options, representing 3.29% of the issued share capital of the Company were granted to the Directors under the new share option scheme adopted by the Company on 30 July 2007. Details of which are as follows:

Name of Director	Date of Grant	Number of options held as at the Latest Practicable Date	Exercise price per Share	Expiry Date
Lee Yiu Tung	21 August 2007	6,912,000	1.126	20 August 2017
Ip Wing Lun	21 August 2007	6,912,000	1.126	20 August 2017
Wong Po Ling, Pauline	21 August 2007	6,912,000	1.126	20 August 2017
Steven McManaman	21 August 2007	2,000,000	1.126	20 August 2017
		22,736,000		

(c) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 March 2007 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group and GMF, or which are proposed to be acquired or disposed of by or leased to any member of the Group and GMF; and

(d) As at the Latest Practicable Date, none of the Directors were materially interested in any contract or arrangement which was significant in relation to the business of the Group and GMF taken as a whole.

(B) Substantial Shareholders

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares and underlying shares and debenture of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register kept by the Company pursuant to section 336 of the SFO, or who were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying the right to vote in all circumstances at general meetings of the Company or any member of the Group and GMF:

Name of Shareholder	Nature of interests	Number or attributable number of Shares held or short positions	Approximate percentage or attributable percentage of shareholding
Mrs. Chu Yuet Wah	Interest in a controlled corporation	263,440,000(L) *(note 1)*	38.11%
Ms. Ma Siu Fong	Interest in a controlled corporation	263,440,000(L) *(note 1)*	38.11%
Kingston Securities Limited	Beneficial owner	138,240,000(L) *(note 1)*	20.00%
Kingston Finance Limited	Beneficial owner	125,200,000(L) *(note 1)*	18.11%
Great Luck Management Limited	Beneficial owner	115,200,000(L) *(note 2)*	16.67%
Huge Gain Development Limited	Beneficial owner	96,000,000(L) *(note 3)*	13.89%
Nerine Trust Company Limited	Trustee of a discretionary trust	96,000,000(L) *(note 3)*	13.89%
Ms. Tsai Lai Wa, Jenny	Beneficiary of a discretionary trust	96,000,000(L) *(note 3)*	13.89%
Premier Rise Investments Limited	Beneficial owner	96,000,000(L) *(note 4)*	13.89%

L: Long position

Notes:

1. Kingston Securities Limited and Kingston Finance Limited are owned as to 51% by Mrs. Chu Yuet Wah and as to 49% by Ms. Ma Siu Fong.

2. Great Luck Management Limited is wholly owned by Mr. Yeung Ka Sing, Carson, who is also a director of Great Luck Management Limited and the Company.

3. Huge Gain Development Limited is wholly owned by Nerine Trust. Nerine Trust is the trustee of SB Unit Trust and holds properties for the benefit of holders of units issued by SB Unit Trust. All the units issued by SB Unit Trust were held by the family members of Mr. Siu Ban, co-founder of the Group and the discretionary objects. Both of Ms. Bessie Siu and Ms. Tsai Lai Wa, Jenny are the beneficiaries of the trust.

4. Premier Rise Investments Limited is wholly owned by Mr. Hui Ho Luek, Vico, who is also a director of Premier Rise Investments Limited and the Company.

Save as disclosed above, according to the register kept by the Company under section 336 of the SFO and so far as was known to the Directors, there was no other persons (other than the Directors or chief executive of the Company as disclosed in the above) who, as at the Latest Practicable Date, had interests or short positions in the Shares and underlying shares and debenture of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register kept by the Company pursuant to section 336 of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other members of the Group and GMF.

3. LITIGATION

A writ was filed by the plaintiff (the "Plaintiff") against the Company in respect of a claim for reimbursement of expenses paid on behalf of the Company and Sun Tai Hing Garment Making Co. Limited ("Sun Tai Hing"), a subsidiary of the Company, amounting to approximately HK$3 million on 26 July 2006. Out of the expenses claimed, over HK$2.5 million was allegedly incurred on behalf of Sun Tai Hing and a sum of approximately HK$463,000 constituted expenses allegedly incurred on behalf of the Company. The Company was not aware of such alleged payments and had instructed lawyers to deal with the matter. The Plaintiff is the aunt of Ms. Bessie Siu, an executive Director. As at the Latest Practicable Date, the Company is reviewing information supplied by the Plaintiff in respect of the allegation. The Board is of the opinion the claim is unfounded and without merit. Hence, no provision has been made in respect of the allegation.

A writ was filed by Siu Ban & Sons Limited ("Siu Ban") against Sun Tai Hing Garment Making Co. Limited ("Sun Tai Hing"), a subsidiary of the Company on 11 September 2007 in respect of a claim for the return of the property of Sun Tai Hing located in Hong Kong ("the Property") and the damage for the loss of the cost and interest of Siu Ban as it was claimed by Siu Ban that Sun Tai Hing did not pay the purchase consideration for the acquisition of the Property in May 2002. The Board is of the opinion that the claim is not justifiable and without merit.

Save as disclosed above, as at the Latest Practicable Date, no member of the Group and GMF were engaged in any litigation or arbitration of material importance and there was no litigation or arbitration or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group and GMF.

4. SERVICE CONTRACTS

Mr. Steven McManaman, an executive Director, has entered into a service agreement with the Company for an initial fixed term of 3 years commencing from 2 July 2007 which is subject to termination with six months' notice in writing served by either party to the other party or payment in lieu of notice. Mr. McManaman is entitled to a monthly directors' fee of HK$100,000 which was determined by the Board on the basis of his qualification, experience and level of responsibilities and by reference to market benchmark. He is subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the Company's articles of association.

Mr. Christian Lali Karembeu, an non-executive Director, has entered into a service agreement with the Company for an initial fixed term of 3 years commencing from 7 August 2007 which is subject to termination with six months' notice in writing served by either party to the other party or payment in lieu of notice. Mr. Karembeu is entitled to a monthly directors' fee of HK$100,000 which was determined by the Board on the basis of his qualification, experience and level of responsibilities and by reference to market benchmark. He is subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the Company's articles of association.

As at the Latest Practicable Date, save for the service agreements as disclosed above, none of the Directors had entered into any service agreement with any member of the Group nor were there any other service agreements proposed which would not expire or be determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) had been entered into by members of the Group and GMF within the two years immediately preceding the date of this circular and are or may be material:

(i) a conditional subscription agreement dated 6 February 2007 and entered into between the Company and Premier Rise Investments Limited ("Premier Rise") in relation to the subscription of an aggregate 64,000,000 new Shares by Premier Rise;

(ii) an underwriting agreement dated 23 April 2007 entered into among the Company, Premier Rise and Kingston Securities Limited in relation to an open offer by the Company as detailed in the circular of the Company dated 18 May 2007;

(iii) a conditional placing agreement dated 20 June 2007 and entered into between the Company and Great Luck Management Limited ("Great Luck") in relation to the placing of an aggregate 115,200,000 new Shares to Great Luck;

(iv) the MOU;

(v) a conditional placing agreement dated 13 July 2007 and entered into between the Company and Kingston Securities Limited in relation to the private placing of a total number of 138,240,000 unlisted warrants (the "Placing Agreement");

(vi) a conditional sale and purchase agreement dated 23 July 2007 entered into between Far Grow Investments Limited and Chung Tat Fun in relation to the proposed acquisition of a 51% equity interest in GMF and the deed of variation dated 24 July 2007 in relation thereto;

(vii) the deeds of variation dated 24 August 2007, 14 September 2007 and 4 October 2007 in relation to further extension of the longstop date for satisfaction of the conditions precedent under the Placing Agreement and change of the subscription price; and

(viii) the deeds of variation dated 12 October 2007 in relation to further extension of the longstop date for satisfaction of the conditions precedent under the Placing Agreement and additional terms of 6-month lock-up period for exercising the subscription rights in relation to the warrants.

Save as aforesaid, no material contracts (not being contracts entered into in the ordinary course of business carried on by the Group and GMF) have been entered into by any member of the Group and GMF within the two years preceding the date of this circular.

6. PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS

Set forth below are the procedures for demanding a poll at general meeting of the Company. Pursuant to Article no. 66 of the Company's Articles of Association, every resolution put to the vote of a general meeting shall be decided on a show of hands unless (before or on the declaration of the results of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demand:

(a) by the chairman of such meeting; or

(b) by at least three members present in person or in the case of a member being a corporation by its duly authorized representative or by proxy for the time being entitled to vote at the meeting; or

(c) by a member or members present in person or in the case of a member being a corporation by its duly authorized representative or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or

(d) by a member or members present in person or in the case of a member being a corporation by its duly authorized representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

A poll which is duly demanded shall be then held in such manner prescribed by the Articles of Association of the Company.

7. COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest in a business which competes with the business of the Group.

8. EXPERTS AND CONSENTS

(a) The following are the qualifications of the experts who have given opinions and advice which are included in this circular:

Name	**Qualification**
Shu Lun Pan Horwath Hong Kong CPA Limited	Certified Public Accountants
BMI Appraisals Limited	Professional surveyors

(b) None of the experts above has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

(c) Each of the experts above has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of the references to its name and/or its opinion in the form and context in which they are included.

(d) None of the experts above has any direct or indirect interest in any assets which had been acquired, or disposed of by, or leased to any member of the Group or GMF, or was proposed to be acquired, or disposed of by, or leased to any member of the Group or GMF since 31 March 2007, the date to which the latest published audited consolidated financial statements of the Group were made up.

9. MISCELLANEOUS

(a) The qualified accountant of the Company is Ms. Wong Po Ling, Pauline, who is an associate member of both the Hong Kong Institute of Certified Public Accountants and the Institute on Chartered Accountants in England and Wales.

(b) The company secretary of the Company is Mr. Edmund Siu, who is an associate member of both the Institute of Chartered Accountants in Australia and the Hong Kong Institute of Certified Public Accountants.

(c) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the head office and principal place of business of the Company in Hong Kong is at Unit 3008, 30/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

(d) The principal share registrars and transfer office of the Company in the Cayman Islands is Butterfield Fund Services (Cayman) Limited, Butterfield House, 68 Fort Street, P.O. Box 705, Grand Cayman KY1-1107, Cayman Islands.

(e) The branch share registrar of the Company in Hong Kong is Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong.

(f) The English text of this circular and form of proxy shall prevail over their respective Chinese texts.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company in Hong Kong at Unit 3008, 30/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong during normal business hours on any business day from the date of this circular up to and including the date of the EGM:

(a) the memorandum and articles of association of the Company;

(b) the annual reports of the Company for the two years ended 31 March 2007;

(c) the accountants' report on Birmingham City Plc., and its subsidiary the text of which is set out in Appendix II to this circular;

(d) the accountants' report on GMF from Horwath Hong Kong CPA Limited and the letter from Shu Lun Pan Horwath Hong Kong CPA Limited, regarding the unaudited pro forma financial information of the Group as enlarged by the GMF Acquisition, as set out in Appendix III to this circular;

(e) the letter from Shu Lun Pan Horwath Hong Kong CPA Limited, regarding the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to this circular;

(f) the written statement setting out the adjustments made in arriving at the figures shown in (c) above;

(g) the letter, summary of values and valuation certificate prepared by BMI Appraisals Limited in relation to the property valuation on the Enlarged Group, the text of which is set out in Appendix V to this circular;

(h) the letters of consents referred to under the paragraph headed "Experts and consents" in this Appendix;

(i) the material contracts referred to under the paragraph headed "Material contracts" in this Appendix; and

(j) this circular and each of the circulars of the Company issued pursuant to the requirements set out in Chapter 14 of the Listing Rules which have been issued since 31 March 2007.

GRANDTOP INTERNATIONAL HOLDINGS LIMITED
泓 鋒 國 際 控 股 有 限 公 司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 02309)

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the "Extraordinary General Meeting") of the shareholders of Grandtop International Holdings Limited (the Company") will be held at JW Marriott Ballroom (Aberdeen), Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Friday, 23 November 2007 at 9:30 a.m. for the following purpose of considering and, if thought fit, passing with or without modification the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT** the memorandum of understanding dated 27 June 2007 entered into between Mr. David Sullivan, Mr. David Gold, Mr. Ralph Gold, Ms. Karren Brady, Mr. Roger Bannister and the Company ("MOU") (a copy of which has been produced to the meeting marked "A" and signed by the Chairman of the meeting for the purpose of identification), in relation to the acquisition of approximately 29.9% equity interest in Birmingham City Plc. be and are hereby approved, ratified and confirmed in all respects and that all transactions contemplated under the MOU (including the exercise of the right granted to the Company hereunder) be and are hereby approved, ratified and confirmed and that any one director of the Company be and is hereby authorised to do or execute all such acts or such other documents which the director may deem to be necessary, desirable or expedient to carry into effect or to give effect to all the transactions contemplated under the MOU."

By order of the Board
Grandtop International Holdings Limited
Hui Ho Luek, Vico
Executive Director

Hong Kong, 2 November 2007

Registered Office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
Unit 3008, 30th Floor
West Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

* *For identification purpose only*

Notes:

1. A member of the Company entitled to attend and vote at the Extraordinary General Meeting convened by the above notice is entitled to appoint one or more proxies to attend and, on a poll, vote instead of such member. A proxy need not be a member of the Company.

2. In the case of joint holders of shares in the Company, the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holders, seniority being determined by the order in which names stand in the register of members.

3. In order to be valid, the form of proxy together with a power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company's Hong Kong Branch Share Registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the Extraordinary General Meeting (or any adjournment thereof).

4. As at the date of this notice, the directors of the Company are Mr. Yeung Ka Sing, Carson, Mr. Hui Ho Luek, Vico, Mr. Steven McManaman, Mr. Lee Yiu Tung, Mr. Ip Wing Lun, Ms. Wong Po Ling, Pauline and Ms. Bessie Siu as executive directors, Mr. Christian Lali Karembeu as non-executive director, Mr. Chang Kin Man, Mr. Zhou Han Ping, Mr. Yip Man Ki and Mr. Yau Yan Ming, Raymond, all being the independent non-executive directors.