THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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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 stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Grandtop International Holdings Limited, you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.

GRANDTOP INTERNATIONAL HOLDINGS LIMITED
泓鋒國際控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2309)

(1) PROPOSED CONDITIONAL OFFER BY THE COMPANY TO ACQUIRE ALL THE ISSUED SHARE CAPITAL OF BIRMINGHAM CITY PLC WHICH CONSTITUTES A VERY SUBSTANTIAL ACQUISITION, (2) OPEN OFFER OF NOT LESS THAN 1,961,694,400 OFFER SHARES AND NOT MORE THAN 2,003,294,400 OFFER SHARES ON THE BASIS OF EIGHT OFFER SHARES FOR EVERY FIVE EXISTING SHARES HELD ON THE RECORD DATE, AND (3) NOTICE OF EXTRAORDINARY GENERAL MEETING

Underwriter of the Open Offer

KINGSTON SECURITIES LIMITED

Financial Adviser to Grandtop International Holdings Limited

KINGSTON CORPORATE FINANCE LIMITED

Independent financial adviser to the Independent Board Committee and the Independent Shareholders

信達國際融資有限公司
CINDA INTERNATIONAL CAPITAL LIMITED

The Shares will be dealt in on an ex-entitlement basis commencing from Wednesday, 23 September 2009. The Shareholders should note that dealings in such Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in such Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be Friday, 16 October 2009) will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

The Shareholders and potential investors of the Company should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-paragraph headed "Termination of the Underwriting Agreement" on pages 31 to 33 of this circular). Accordingly, the Open Offer may or may not proceed.

A letter from the board of directors of Grandtop International Holdings Limited is set out on pages 10 and 40 of this circular. A letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders is set out on pages 41 to 42 of this circular. A letter from Cinda International Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 43 to 62 of this circular.

A notice convening the extraordinary general meeting of Grandtop International Holdings Limited to be held at Taishan Room, Level 5, Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong on Tuesday, 29 September 2009 at 3:00 p.m., or any adjournments thereof, is set out on pages 216 to 218 of this circular. Whether or not you intend to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch registrars 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 less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

14 September 2009

* *For identification purpose only*

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The expected timetable for the Open Offer is set out below:

	2009
Last day of dealing in Shares on a cum-entitlement basis	Tuesday, 22 September
First day of dealing in Shares on an ex-entitlement basis	Wednesday, 23 September
Latest time for lodging transfer of Shares in order to be qualified for the Open Offer	4:30 p.m. Thursday, 24 September
Register of members of the Company closes	Friday, 25 September to Tuesday, 29 September (both dates inclusive)
Latest time for return of form of proxy in respect of the EGM	3:00 p.m. on Sunday, 27 September
Time of EGM	3:00 p.m. on Tuesday, 29 September
Record Date	Tuesday, 29 September
Publication of the EGM results announcement	Tuesday, 29 September
Register of members for the Shares re-opens	Wednesday, 30 September
Despatch of Prospectus Documents	Wednesday, 30 September
Latest time for acceptance of and payment for Offer Shares	4:00 p.m. on Wednesday, 14 October
Latest time for the Open Offer to become unconditional	4:00 p.m. on Friday, 16 October
Announcement of the results of the Open Offer	Friday, 16 October
Despatch of share certificates for Offer Shares	Tuesday, 20 October
Dealing in fully-paid Offer Shares commences	Thursday, 22 October

Dates or deadlines specified in this circular are indicative only and may be varied by agreement between the Company and the Underwriter. Any consequential changes to the expected timetable will be published or notified to Shareholders appropriately.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE OFFER SHARES

The latest time for acceptance of and payment for the Offer Shares will not take place if there is:

1. a tropical cyclone warning signal number 8 or above, or

2. a "black" rainstorm warning

    (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Time for Acceptance. Instead the Latest Time for Acceptance of the Offer Shares will be extended to 5:00 p.m. on the same Business Day;

    (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Time for Acceptance. Instead the Latest Time for Acceptance of the Offer Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance of the Offer Shares does not take place on the Latest Time for Acceptance, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

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

"Act"	the UK Companies Act 2006 (as amended), to the extent in force
"Acquisition"	the acquisition of BCFC Shares under the General Offer
"AIM"	Alternative Investment Market, a market operated by the London Stock Exchange
"AIM Rules"	the AIM Listing Rules for Companies as published by the London Stock Exchange from time to time
"associates"	has the meaning ascribed thereto under the Listing Rules
"BCFC"	Birmingham City PLC, a company the shares of which are quoted on the AIM and which owns a premier league football club
"BCFC Board"	the board of directors of BCFC
"BCFC Independent Directors"	the directors of BCFC who are independent in relation to the General Offer
"BCFC Shareholders"	the holders of BCFC Shares
"BCFC Shares"	issued ordinary share(s) of £0.10 each in the capital of BCFC
"Board"	the board of Directors
"Business Day"	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours

"Club"	Birmingham City Football Club
"Companies Ordinance"	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
"Company"	Grandtop International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
"Completion"	completion of the General Offer in accordance with the terms thereof
"Connected Persons"	has the meaning ascribed thereto under the Listing Rules
"Directors"	the directors of the Company
"EGM"	the extraordinary general meeting to be held by the Company to consider and, if thought fit, approve the Acquisition and the Open Offer
"General Offer"	the conditional offer which is to be made by the Company to acquire the entire issued share capital of BCFC not already owned by the Company on the terms and subject to the conditions to be set out or referred to in the Offer Document
"Great Luck"	Great Luck Management Limited, a company incorporated in the British Virgin Islands and wholly-owned by Mr. Yeung
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	a committee of the Board comprising all independent non-executive Directors for the purpose of advising the Independent Shareholders in relation to the Open Offer

"Independent Financial Adviser" or "Cinda International"	Cinda International Capital Limited, a licensed corporation to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and Independent Shareholders in relation to the Open Offer
"Independent Shareholders"	Shareholders other than Mr. Yeung, Mr. Hui and their respective associates (including Ms. Leung, being an associate of Mr. Hui)
"Independent Third Party"	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons within the meaning of the Listing Rules
"Last Trading Date"	20 August 2009, being the last trading day of the Shares before the date of the Underwriting Agreement
"Latest Lodging Date"	4:30 p.m. on Thursday, 24 September 2009 as the latest time for lodging transfer of Shares in order to qualify for the Open Offer
"Latest Practicable Date"	10 September 2009, being the latest practicable date prior to the printing of this circular for inclusion of certain information in this circular
"Latest Time for Acceptance"	4:00 p.m. on Wednesday, 14 October 2009 or such later time or date as may be agreed between the Company and the Underwriter, being the latest time for acceptance of, and payment for, the Offer Shares
"Latest Time for Termination"	4:00 p.m. on the second business day after the Latest Time for Acceptance or such later time or date as may be agreed between the Company and the Underwriter, being the latest time to terminate the Underwriting Agreement

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"London Stock Exchange"	London Stock Exchange plc
"Mr. Hui"	Mr. Hui Ho Luek, Vico, an executive Director
"Mr. Yeung"	Mr. Yeung Ka Sing, Carson, an executive Director
"Ms. Leung"	Ms. Leung Choi Fan, the spouse of Mr. Hui
"Offer Announcement"	the announcement of the terms of the General Offer released by the Company in the United Kingdom on 21 August 2009, a copy of which is set out in Appendix I
"Offer Document"	the document to be sent to the BCFC Shareholders in order to make the General Offer and containing, inter alia, the terms and conditions of the General Offer
"Offer Share(s)"	not less than 1,961,694,400 new Shares and not more than 2,003,294,400 new Shares proposed to be offered to the Qualifying Shareholders for subscription on the basis of eight Offer Shares for every five existing Shares held on the Record Date and payable in full on acceptance pursuant to the Open Offer
"Open Offer"	the proposed issue of the Offer Shares by way of Open Offer to the Qualifying Shareholders on the terms to be set out in the Prospectus Documents and summarised herein
"Options"	outstanding options exercisable by the holders thereof to subscribe for 26,000,000 Shares pursuant to the share option scheme adopted by the Company on 22 October 2002 and 30 July 2007

"Overseas Letter"	a letter from the Company to the Prohibited Shareholders explaining the circumstances in which the Prohibited Shareholders are not permitted to participate in the Open Offer
"Overseas Shareholders"	the Shareholders with registered addresses on the register of members of the Company which are outside Hong Kong on the Record Date
"Premier Rise"	Premier Rise Investments Limited, a company incorporated in the British Virgin Islands and wholly-owned by Mr. Hui
"Prohibited Shareholder(s)"	those Overseas Shareholder(s) to whom the Board, after making enquires, considers it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Offer Shares to them
"Premier League"	the professional football league by that name in the UK which is administered by The Football Association Premier League Limited
"Prospectus"	the prospectus to be issued by the Company in relation to the Open Offer
"Prospectus Documents"	the Prospectus and the application form in respect of the assured allotment of Offer Shares
"Prospectus Posting Date"	the date of posting the Prospectus Documents to Qualifying Shareholders
"Qualifying Shareholders"	the Shareholders, other than the Prohibited Shareholders, whose names appear on the register of members of the Company as at the close of business on the Record Date
"Record Date"	29 September 2009, being the date by reference to which entitlements to the Open Offer will be determined

"Registrar"	Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, being the Company's Hong Kong branch share registrar
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.01 each in the capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Specified Event"	an event occurring or matter arising on or after the date hereof and prior to the Latest Time for Termination which if it had occurred or arisen before the date hereof would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	the subscription price of HK$0.40 per Offer Share
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"Undertaking"	the irrevocable undertakings dated 21 August 2009 and given by each of Great Luck, Mr. Yeung, Premier Rise and Ms. Leung in favour of the Company and the Underwriter, further details of which are set out in the paragraph headed "Undertaking given by Great Luck, Mr. Yeung, Premier Rise and Ms. Leung" in the section headed "Open Offer" in this circular
"Underwriter"	Kingston Securities Limited, a licensed corporation to carry on business in type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

"Underwriting Agreement"	the underwriting agreement dated 21 August 2009 entered into between the Company and the Underwriter in relation to the Open Offer
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.
"£"	Pound sterling, the lawful currency of the United Kingdom

GRANDTOP INTERNATIONAL HOLDINGS LIMITED
泓鋒國際控股有限公司*
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2309)

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

Non-executive Directors
Mr. Christian Lali Karembeu
Mr. Chan Wai Keung

Independent non-executive Directors:
Mr. Chang Kin Man
Mr. Yau Yan Ming Raymond
Mr. Zhou Han Ping

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
No. 168-200 Connaught Road Central,
Hong Kong

14 September 2009

To the Shareholders

Dear Sir or Madam,

(1) PROPOSED CONDITIONAL OFFER BY THE COMPANY TO ACQUIRE ALL THE ISSUED SHARE CAPITAL OF BIRMINGHAM CITY PLC NOT ALREADY OWNED BY THE COMPANY WHICH CONSTITUTES A VERY SUBSTANTIAL ACQUISITION, (2) OPEN OFFER OF NOT LESS THAN 1,961,694,400 OFFER SHARES AND NOT MORE THAN 2,003,294,400 OFFER SHARES ON THE BASIS OF EIGHT OFFER SHARES FOR EVERY FIVE EXISTING SHARES HELD ON THE RECORD DATE, AND (3) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

On 21 August 2009, the Board announced the terms of an offer which is intended to be made by the Company for the entire issued and to be issued share capital of BCFC not already held by the Company.

* *For identification purpose only*

Under the terms of the General Offer, when made, BCFC Shareholders will receive, for each BCFC Share held 100 pence (approximately HK$12.80) in cash.

As at the Latest Practicable Date, the Company owns 24,375,975 BCFC Shares representing approximately 29.9 per cent. of the entire issued share capital of BCFC. The Company has received irrevocable undertakings from certain BCFC Shareholders to accept or procure the acceptance of the General Offer in respect of a total of 40,757,026 BCFC Shares, representing, in aggregate, approximately 50.0 per cent. of the existing issued share capital of BCFC. The Company therefore owns and has received irrevocable undertakings to accept the General Offer in respect of a total of 65,133,001 BCFC Shares, representing, in aggregate, approximately 79.9 per cent. of the existing issued share capital of BCFC.

If, as a result of the General Offer or otherwise, the Company holds or acquires a total of 75 per cent. or more of the voting rights of BCFC, and subject to the General Offer becoming or being declared unconditional in all respects, the Company intends to procure that BCFC applies to cancel the admission to trading of the BCFC Shares on AIM.

The acquisition of the BCFC Shares by the Company (excluding those already owned by the Company) pursuant to the General Offer, if made, will constitute a very substantial acquisition for the Company under the Listing Rules, and is subject to the applicable disclosure and shareholders' approval requirements under the Listing Rules.

On 21 August 2009, the Board announced that the Company proposes to raise not less than approximately HK$784,677,760 before expenses (assuming all the outstanding Options are not exercised on or before the Record Date) and not more than approximately HK$801,317,760 (assuming all the outstanding Options are fully exercised on or before the Record Date), by way of Open Offer of not less than 1,961,694,400 Offer Shares (assuming the all outstanding Options are not exercised on or before the Record Date) and not more than 2,003,294,400 Offer Shares (assuming all the outstanding Options are fully exercised on or before the Record Date) to Qualifying Shareholders, at a price of HK$0.40 per Offer Share on the basis of eight Offer Shares for every five existing Shares held on the Record Date and payable in full on acceptance. The Open Offer will not be extended to the Prohibited Shareholders.

As the Open Offer will increase the issued share capital of the Company by more than 50%, pursuant to Rule 7.24(5)(a) of the Listing Rules, the Open Offer will be subject to approval by Independent Shareholders at the EGM. As at the Latest Practicable Date, the Company has no controlling Shareholder and Mr. Yeung and Mr. Hui, both executive Directors, have interest in the Shares. As such, Mr. Yeung and Mr. Hui and their respective associates (including Ms. Leung, being an associate of Mr. Hui) will abstain from voting in favour of the resolution to approve the Open Offer at the EGM. An Independent Board Committee comprising the independent non-executive Directors will be appointed to make recommendations to the Independent Shareholders in respect of the Open Offer. The members of the Independent Board Committee have no material interest in the Open Offer. Cinda International has been appointed as an Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms and conditions of the Open Offer are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The purpose of this circular is to provide you with, among other things, (i) details of the Acquisition and the Open Offer; (ii) information on Birmingham City Plc.; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Open Offer; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Open Offer; and (v) a notice to convene the EGM to approve the Acquisition and the Open Offer.

This circular does not constitute an Offer Document on the General Offer. The Offer Document containing the full terms of the General Offer is normally required, under the UK Takeover Code, to be despatched to BCFC Shareholders within 28 days of the Offer Announcement in the United Kingdom and published on the London Stock Exchange website, www.londonstockexchange.com, under the name of Grandtop International Holdings Limited. Shareholders should refer to the full text of the Offer Document.

THE GENERAL OFFER

As announced by the Company on 21 August 2009, the Company intends to make an offer for the entire issued share capital of BCFC not already owned by the Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, other than in relation to BCFC Shares held by the Company, all other shareholders of BCFC (including their beneficial owners) are Independent Third Parties.

1. Summary of the General Offer

Under the terms of the General Offer, which, when made, will be subject to the terms and conditions set out in the Offer Announcement and to the full terms and conditions to be set out in the Offer Document, BCFC Shareholders will be entitled to receive for each BCFC Share 100 pence in cash (approximately HK$12.80) for all the BCFC Shares subject to the Offer.

This represents:

(i) a 55 per cent. premium over the closing price of 64.5 pence (approximately HK$8.256) per BCFC Share on 20 August 2009 (being the last business day prior to the announcement made by the BCFC Board of the General Offer);

(ii) a 240 per cent. premium over the average closing price of 29.4 pence (approximately HK$3.763) of BCFC Shares over the last 6 months up to and including 20 August 2009; and

(iii) a 8.7 per cent premium over the closing price of 92 pence (approximately HK$11.78) per BCFC Share as at 9 September 2009.

The BCFC Shares which are the subject of the General Offer will be acquired fully paid and free from all liens, charges, equities, equitable interests, encumbrances, rights of pre-emption or other third party rights of any nature and together with all rights attaching to such BCFC Shares, including the right to receive all dividends and other distributions declared, paid or made on or after the date of the Offer Document.

The price per BCFC Share was arrived at after arm's length negotiation on a commercial basis and having reference to the asking price of other football clubs in the United Kingdom both in the Premier League and the Championship League.

On 20 August 2009, the Company entered into an escrow agreement ("Escrow Agreement") with BCFC and the lawyers acting for BCFC in relation to the proposed Acquisition. A £3,000,000 deposit was paid by the Company to the escrow agent to be held in escrow as part of the commercial arrangements for the Acquisition. This deposit is refundable to the Company in the event, inter alia, of certain breaches of the terms of the irrevocable undertakings given by the irrevocable givers as detailed herein. If the Acquisition proceeds to completion by way of the General Offer being made and then being declared unconditional in all respects ("Unconditional Declaration") by 30 October 2009 ("Timely Completion"), this deposit will be used as part of the consideration for the Acquisition by having it transferred out of escrow to the receiving agent for the General Offer to be paid out to those BCFC Shareholders who have accepted the General Offer. The deposit will be paid to BCFC if the Company does not achieve Timely Completion or the Offer Announcement is not made before 1 October 2009. For further details of the escrow arrangement relating to the deposit, please see the announcement of BCFC as Appendix B to the Offer Announcement. The Directors (including the Independent non-Executive Directors) are of the view that payment of the £3,000,000 deposit is fair and reasonable because it allows the Company to secure the Acquisition on the current terms and conditions. The Directors (including the Independent non-Executive Directors) believe that the Acquisition has the potential to materially and positively transform the Company's business and provide unparalleled opportunities for the Group and as such are of the view that using a substantial amount of the Company's asset to secure this deal is fair and reasonable and in the interest of Shareholders as a whole.

The deposit exceeds 8% of the total assets of the Company and represents approximately 31.13% of the total assets of the Company as at 20 August 2009.

With respect to the Deposit of £3,000,000, the Stock Exchange is looking into the matter of whether this payment should be subject to applicable requirements of Chapter 14 of the Listing Rules including, in particular, prior shareholder approval.

2. Conditions to the General Offer

The General Offer is conditional upon, among other things:

2.1 Acceptances

Valid acceptances being received in respect of not less than 65.0 per cent. (or such lower percentage as the Company may decide) in nominal value of the BCFC Shares to which the General Offer relates. However, this condition will not be satisfied unless the Company and/or its related parties shall hold, have acquired or agreed to acquire in aggregate more than 50.0 per cent. of the voting rights then normally exercisable at a general meeting of BCFC.

2.2 Shareholders' approval

The passing at the EGM (or at any adjournment of such meeting(s)) of such resolutions as may be necessary as required under the Listing Rules or other applicable laws and regulations to approve, implement, and effect the General Offer and the acquisition of the BCFC Shares pursuant to the General Offer. Shareholders holding in aggregate approximately 22.23 per cent. of the entire issued share capital of the Company have irrevocably undertaken to vote in favour of any resolutions to approve the Acquisition at the EGM.

Further details of the conditions to the General Offer are set out in the Offer Announcement the full text of which is set out in Appendix I to this circular.

IRREVOCABLE UNDERTAKINGS

The Company currently holds 24,375,975 BCFC Shares, representing approximately 29.9 per cent. of the existing share capital of BCFC.

The Company has received irrevocable undertakings from four BCFC Shareholders to accept or procure the acceptance of the General Offer in respect of a total of 40,757,026 BCFC Shares, representing, in aggregate, approximately 50.0 per cent. of BCFC's existing issued share capital, under which the relevant BCFC Shareholders have, among other terms, agreed to accept or procure the acceptance of the General Offer, and not to withdraw their acceptances of the General Offer and procure that such acceptances are not withdrawn, in respect of all their respective shareholdings in BCFC by no later than 5:00 p.m. (London time) of the seventh day after the despatch of the Offer Document.

The Company therefore owns and has received irrevocable undertakings to accept the General Offer in respect of a total of 65,133,001 BCFC Shares, representing, in aggregate, approximately 79.9 per cent. of the existing issued share capital of BCFC.

DELISTING AND COMPULSORY ACQUISITION

As set out above, the Company owns and has received irrevocable undertakings to accept the General Offer in respect of a total of 65,133,001 BCFC Shares, representing, in aggregate, approximately 79.9 per cent. of the existing issued share capital of BCFC. Subject to the Company holding or acquiring, by virtue of the General Offer or otherwise, BCFC Shares carrying, when aggregated with its current holding, 75 per cent. or more of the voting rights of BCFC, and subject to the General Offer becoming or being declared unconditional in all respects, the Company intends to procure that BCFC applies to give notice in accordance with the AIM Rules for the cancellation of the admission to trading of BCFC Shares on AIM. It is intended that BCFC Shares will cease to be admitted to trading on AIM shortly after the General Offer is declared wholly unconditional in all respects.

If the Company receives acceptances under the General Offer in respect of, or otherwise acquires, 90 per cent. or more of the BCFC Shares to which the General Offer relates, the Company intends to exercise its rights pursuant to section 979 to 982 (inclusive) of the Act to acquire compulsorily the remaining BCFC Shares in respect of which the General Offer has not been accepted.

This circular does not constitute the Offer Document for the General Offer. The Offer Document containing the full terms of the General Offer is normally required, under the UK Takeover Code, to be despatched to BCFC Shareholders within 28 days of the Offer

Announcement in the United Kingdom and published on the London Stock Exchange website, www.londonstockexchange.com, under the name of Grandtop International Holdings Limited. Shareholders should refer to the full text of the Offer Announcement.

The General Offer, and acceptances thereof, will be governed by English law and will be subject to the jurisdiction of the English courts.

FINANCING THE GENERAL OFFER

The payment of the General Offer consideration (assuming that all holders of BCFC Shares to which the General Offer relates accept the General Offer) will require the payment by the Company of £57,129,025 (approximately HK$731,251,520).

To the extent that the Open Offer is approved and completed, the proceeds of the Open Offer will be used directly or indirectly to finance the Acquisition. The Company has entered into a loan facility agreement with Best China Limited, a company beneficially owned by Mrs. Chu Yuet Wah, the controlling shareholder of Kingston Securities Limited on 13 August 2009 for a loan of up to HK$690,000,000 and HK$690,000,000 has been drawn down under the facility in order for the Company to be in a position to pay the required amount to accepting BCFC Shareholders under the General Offer. Upon the completion of the Open Offer, the proceeds of the Open Offer will be used directly or indirectly to finance the Acquisition and/or repay the amount drawndown under the loan facility agreement. Repayment and payment of amounts due under the loan facility agreement by the Company has been guaranteed by Mr. Yeung and Mr. Hui and secured by a debenture over the assets of the Company including the 24,375,975 BCFC Shares already owned by the Company and those to be acquired by the Company under the General Offer. In the event the Open Offer is not approved, the Company will seek third party financing to repay the loan or negotiate the extension of the repayment period of the loan.

INFORMATION ON BCFC

BCFC is a company the shares of which are quoted on the AIM market of the London Stock Exchange and which owns a premier league football club.

Below are the audited consolidated financial information on BCFC for the two years ended 31 August 2007 and 31 August 2008 which were prepared in accordance with International Financial Reporting Standards ("IFRS") and are extracted from the audited consolidated financial statements of BCFC, and the unaudited consolidated financial information on BCFC for the six month period ended 28 February 2009.

The financial statements of BCFC for the year ended 31 August 2006 were prepared in accordance with UK General Accepted Accounting Policy ("UK GAAP"). Reconciliation between UK GAAP to IFRSs has been performed by the auditor of BCFC which is stated in Appendix VI pages 198 to 201 of this circular.

A summary on items that are different in accounting treatment under UKGAAP and IFRSs of the financial statements of BCFC for the year ended 31 August 2006 were stated as follow:

(a) Intangible fixed assets

Under UK GAAP

The costs associated with the acquisition of players' registrations are capitalised as intangible assets. These costs are amortised over the period of the players' initial contracts. The amortisation periods are between 1 and 5 years.

An impairment review is also carried out on an annual basis, and where there is evidence of impairment, players' registrations are written down to their recoverable amounts. Under the conditions of certain transfer agreements, further fees will be payable to the vendors in the event of the players concerned making a certain number of first team appearances or on the occurrence of other certain specified future events. Liabilities in respect of these additional transfer fees are shown in trade creditors, when it becomes probable that these conditions will occur.

Under IFRSs

The costs associated with the acquisition of players' registrations are initially recorded at their fair value at the date of acquisition. These costs are fully amortised over the period of the respective players' contracts, being between 1 and 5 years. A provision is made in accruals, where in management's opinion, the club is likely to achieve promotion to the premiership league or retain premiership status or where a player is likely to achieve a contractually agreed number of first team appearances. Where the outcome of this is uncertain, the maximum amount payable is disclosed as a contingent liability.

For the purposes of impairment reviews, acquired players' registrations are classified as a single cash generating unit until the point at which it is made clear that the player no longer remains an active member of the playing squad. In these circumstances the carrying value of the players' registration is reviewed against a measurable net realisable value.

Acquired players' registrations are classified as 'Assets held for sale' on the balance sheet if, at any time it is considered that the carrying amount of a registration will be recovered principally through a sale. The measurement of the registration is the lower of (a) fair value (less costs to sell) and (b) carrying value. Amortisation of the asset is suspended at the time of reclassification, although impairment charges still need to be made if applicable.

Intangible assets with an indefinite life are systematically tested for impairment at each balance sheet date.

(b) Signing on fees

Signing on fees were charged to the income statement on a cash paid basis under UK GAAP. A change in accounting policy has meant that signing on fees are now accounted for on a straight-line basis over the period of the players' contracts and are now recognised on an accruals basis under IFRSs.

(c) Interest rate swap

Under IFRSs, provision were made in respect of the fair value attributable of the interest rate swap at the end of each year and whereas no such valuation requirement under UK GAAP.

As mentioned in the Preface of HKFRSs, since 1 January 2005, HKFRSs have been fully harmonised with IFRSs as issued by the International Accounting Standard Board. As a result of this process of convergence, the HKFRSs issued by the HKICPA substantially mirrors IFRSs and hence, no principal difference should exist between the accounting policies of the Company and BCFC whether under HKFRSs or IFRSs in respect of the consolidated financial information on BCFC for the two years ended 31 August 2007 and 2008. Moreover, based on the convergence of HKFRSs towards IFRSs as mentioned above, the items that are different in accounting treatment under UKGAAP and HKFRSs of the financial statements of BCFC for the year ended 31 August 2006 were similar to those mentioned in items (a), (b) and (c) above.

	For the year ended 31 August 2007 (audited) (restated)	For the year ended 31 August 2008 (audited)	For the six months' period ended 28 February 2009 (unaudited)
	(£)	*(£)*	*(£)*
Turnover	25,039,000	49,836,000	15,614,000
Profit/(loss) before taxation	(6,634,000)	4,296,000	(3,856,000)
Profit/(loss) after taxation	(4,745,000)	2,596,000	(2,791,000)
Net Assets	9,044,000	11,640,000	8,849,000
Total Assets	57,418,000	47,598,000	33,714,000

The market values of BCFC as at the close of business on 20 August 2009 and as at 9 September 2009 are approximately £52.6 million and £75.0 million respectively.

Save as already disclosed herein, there is no information on BCFC and its group of companies in the public domain which the Company is aware and free to disclose.

INDEBTEDNESS INFORMATION OF BCFC

As at 31 August 2006, 2007 and 2008 and 28 February 2009, BCFC's consolidated indebtedness comprising preference shares, interest bearing loans, overdrafts and borrowings and provisions, amounted to £390,000, £1,112,000, £3,975,000 and £6,666,000 respectively.

Details of BCFC's contingent liabilities are set out below:

(a) Player Transfer Costs

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 amount not provided that could be payable in respect of transfers to 31 August 2008 is £2,475,000 (2007: £5,454,000 and 2006: £5,771,000). The Board understands that between 31 August 2008 and 31 August

2009, there have been players transferred from BCFC. Although the exact fees/ figures for these transfers are not known by the Directors, the Board is aware of the following transfers to BCFC during such period:

Teemu Tainio (on loan)
Lee Bowyer (free)
Barry Ferguson (undisclosed amount)
Christian Benítez (undisclosed amount)
Scott Dann (undisclosed amount)
Giovanny Espinoza (undisclosed amount)
Joe Hart (on loan)
James O'Shea (undisclosed amount)
Roger Johnson (£5m)

(b) Image Rights Payable

The maximum possible commitments in respect of image rights contracts at 31 August 2008, contingent on whether the players remain contracted with the Club, amounted to £786,000 (2007: £1,429,000 and 2006: £3,280,000). The amounts are payable on future dates specified in their contracts and are not provided for in the accounts.

WORKING CAPITAL OF BCFC

As at 31 August 2006, 2007 and 2008 and 28 February 2009, BCFC's consolidated net current assets/(liabilities) (excluding deferred income), amounted to £2,495,000, £(3,694,000), £(1,090,000) and £(7,303,000) respectively. For the years/period ended 31 August 2006, 2007 and 2008 and 28 February 2009, BCFC's consolidated net operating cash inflow/(outflow), amounted to £3,707,000, £8,167,000, £1,218,000 and £(5,727,000) respectively.

As disclosed in BCFC's interim results for the six months ended 28 February 2009, the BCFC board estimates that additional revenues of around £30 million from the Premier League will be derived from BCFC's promotion to the Premier League for the 2009/2010 season. Furthermore, BCFC has indicated that during the close of the 2008/2009 season, major works were being undertaken on the BCFC's stadium involving the installation of under-soil heating, a new pitch complete with pitch perimeter track, erection of a new electronic scoreboard and information screen, refurbishment of the Main Stand and Superstore and a new tannoy announcement system. Further work on the training ground at Wast Hills is also taking place with an upgrade of the pitches and a new reception area being built.

FINANCIAL AND TRADING PROSPECT OF BCFC

Following Completion, BCFC will become a subsidiary of the Group. Upon Completion, whilst the Enlarged Group will continue to carry out its existing business, the Enlarged Group will also be engaged in the activity of a Premier League football club.

Although BCFC was in the Championship League during the 2008/2009 season, it has subsequently been promoted to the Premier League in the 2009/2010 season. The Premier League is viewed by most as the world's best league football competition. Accordingly, BCFC, being a Premier League club, is expected to increase interest in its competition, have a higher accessibility to games distribution/viewing and the ability to generate increased commercial value using the revenue derived from its Premier League status. The Directors, therefore, are of the view that the financial and trading prospects of BCFC in the foreseeable future, in particular, during the 2009/2010 season is expected to be favourable.

LISTING RULES WAIVER

As the Company is unable to access certain financial information on BCFC because of regulatory, legal and other restrictions (given the Company's non-controlling stake in BCFC and that the Company has no board representation on BCFC), the Company has not been able to provide information on the Enlarged Group herein with respect to the matters required in Appendix 1b(28)-(30) of the Listing Rules in connection with the Open Offer. These relate to the indebtedness, working capital and financial and trading prospects of the Enlarged Group. For reasons stated below under the heading "Directors' Analysis", the Board believes that sufficient and adequate information has been provided in relation to these areas or in lieu thereof. Accordingly, the Company has sought and obtained a waiver from the Stock Exchange from strict compliance with Appendix 1b(28)-(30) of the Listing Rules.

DIRECTORS' ANALYSIS

Notwithstanding that the Board has only limited financial information on BCFC since its latest published interim results for the six months period ended 28 February 2009, the Board believes that adequate material financial information has been provided on BCFC for Shareholders to make an informed decision as to whether or not to vote in favour of the Open Offer and/or the Acquisition because:

(i) BCFC is a publicly listed company on the Alternative Investment Market of the London Stock Exchange PLC and as such has to comply with regulatory disclosure requirements both in terms of financial information and material/price sensitive information;

(ii) the Directors had reviewed all announcements made by BCFC since its latest published interim results and believe that there are no material financial or other information which have been disclosed and which are not included herein;

(iii) the Board has detailed knowledge and understanding of the football business and are not aware of any transactions/information on BCFC which should be disclosed herein and which if disclosed would materially affect the decision of Shareholders in relation to how to vote at the EGM regarding the Open Offer;

(iv) the 2008/2009 season finished in or about May 2009 and the new 2009/2010 season did not commence until mid August 2009. Accordingly, the Board does not anticipate material transactions for BCFC taking place and which have not been announced, (other than player transfers which have been disclosed above) during this period.

The approval of the Premier League will be sought before the Company completes its acquisition of the BCFC Shares under the General Offer. The approval will be in respect of the Company becoming the controlling shareholder of BCFC and Mr. Yeung and Mr. Hui being appointed as directors of BCFC. If the Acquisition is completed without such approval from the Premier League then, amongst other things, the Club could face sanctions from the Premier League; such sanctions may have a material adverse effect on the business of BCFC. That approval has been applied for and the Board has no reason to expect that the approval will not be forthcoming prior to completion of the Acquisition.

As regards the management of BCFC following completion of the Acquisition, Shareholders should refer to the Announcement set out in Appendix I to this circular. The Directors will seek a smooth transition of ownership of BCFC by means of the Acquisition and they have told the BCFC directors that they intend for the executive directors of BCFC to continue to work for BCFC and its subsidiary in accordance with their existing service contracts. However, certain of the executive directors of BCFC may not continue with the BCFC group following completion of the General Offer and further discussions on these matters is anticipated.

Furthermore, the Board confirms that all material information on BCFC (whether financial or otherwise) which are in its possession or knowledge have been disclosed herein and there are no information which the Directors are aware and which have not been disclosed herein so as to enable the Shareholders to have an informed decision as to whether or not to vote in favour of the Open Offer and the Acquisition.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the provision of apparel sourcing and sportswear and apparel trading. The Company acquired a 29.9 per cent. equity interest in BCFC in 2007. The Board believes that the acquisition of a controlling interest in BCFC would open up numerous opportunities for the Group to expanding and diversify its business and revenue stream, especially in the PRC market. For example, following completion of the Acquisition, the Group could distribute BCFC products and apparels and the Group would in conjunction with this, develop football schools in Asia, develop chainstore franchising, sports education, merchandising, media operations, all in line and in connection with the current businesses of the Group. The Directors believe that owning a Premier League football club can create unparalleled opportunities for the Group in the sports and related fields, especially in the PRC although no concrete plans have currently been made, nor agreements signed. This is expected to bring the Group a diversified range of income which would be beneficial to the Group and Shareholders as a whole. It is the intention of the Board that following completion of the Acquisition, it will do all necessary acts to ensure that BCFC is competitive at the highest level in the Premier League and the Company will therefore not rule out the possibility for BCFC to acquire further players during the next transfer window in 2010.

The Directors (including the independent non-executive Directors) are of the view that the Acquisition is in the interest of the Company and that the Acquisition is on normal commercial terms, which are fair and reasonable, and which are in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE ACQUISITION OF THE GROUP

After Completion, BCFC will become a subsidiary of the Company. The financial statements of BCFC will be consolidated in the accounts of the Group after Completion.

The Company will not include in this circular certain financial information of BCFC by reason of the factors set out in Rule 14.67(A)(1) of the Listing Rules. Pursuant to Rule 14.67A(1) of the Listing Rules, where a listed issuer has acquired and/or agreed to acquire equity capital in a company and the transaction constitutes a major transaction or a very substantial acquisition, and the listed issuer does not have access or only has limited access to the non-public information on the target company that would be required for the purpose of complying with the disclosure requirements in respect of the target company and the enlarged group under Rule 14.69, then the listed issuer may defer complying with certain of the disclosure requirements provided that certain conditions are demonstrated to the satisfaction of the Exchange. In this case, (a) the unavailability of non-public information is caused by legal or regulatory restrictions in providing non-public information to the Company (given the Company's non-controlling stake in BCFC and that the Company has no board representation on BCFC) and the inability of the Company to access non public financial information of BCFC for public disclosure in Hong Kong; (b) BCFC is listed on the Alternative Investment Market of the London Stock Exchange; and (c) BCFC will become a subsidiary of the Company following completion of the Acquisition. The Company has approached the relevant directors of BCFC and has been informed by the management of BCFC that no contact and/or access to BCFC or its staff is permitted until the Completion. The Company will, however, despatch a supplemental circular following Completion which will contain all the prescribed information under Rule 14.69 of the Listing Rules which has not previously been disclosed in the initial circular. In accordance with Rule 14.67(A)(3) of the Listing Rules, the supplemental circular is required to be despatched to Shareholders within 45 days of the earlier of: the Company being able to gain access to BCFC's books and records for the purpose of complying with the disclosure requirements in respect of BCFC and the enlarged group under Rule 14.69 of the Listing Rules; and the Company being able to exercise control over BCFC.

With the completion of transaction which will result in changing the accounting treatment of BCFC from available-for-sale financial assets to a subsidiary under the consolidated financial statement of the Group.

The result of BCFC being acquired during the year is included in the consolidated income statement from the effective date of acquisition where all significant intercompany transactions, balances and unrealised gains on transactions between BCFC and the Group are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred.

Minority interest in the net assets (excluding goodwill) of BCFC is identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Acquisition of BCFC is accounted for using the purchase method. The cost of the acquisition is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued 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 are recognised at their fair values at the acquisition date.

Goodwill arising on the acquisition of BCFC represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Where the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

BUSINESS, FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Company is an investment holding company and the principal activities of its subsidiaries are providing apparel sourcing services, sportswear and apparel trading, and entertainment-related services. Although the Group has, in common with many other businesses, felt the pinch resulting from the global financial turmoil and poor conditions in certain markets, the Directors intend that the Group should continue to identify and explore suitable investment opportunities, as well as pursue organic growth in its existing businesses, in order to enhance shareholder value. The Directors are of the view that entertainment-related services businesses can provide relatively high profit margins as well as allowing the Group to diversify its business. Given the relatively high levels of competition which have been apparent to the Directors through the Group's business activities in the apparel trading sector, the Directors have decided to reduce the Group's future reliance on doing business in that sector. Taken overall, trading of the Group's businesses since 31 March 2009 (being the date to which the last published audited consolidated accounts for the Company were prepared) has been in line with the expectations of the Directors.

Following Completion, BCFC will become a subsidiary of the Group. Upon Completion, whilst the Enlarged Group will continue to carry out its existing business, the Enlarged Group will also be engaged in the activity of a Premier League football club. The Directors believe that the Acquisition will enable the Group to diversify its revenue base as well as its potential sources of profits.

IMPLICATIONS OF THE ACQUISITION UNDER LISTING RULES

The acquisition of BCFC Shares by the Company pursuant to the General Offer, if made, will constitute a very substantial acquisition for the Company under the Listing Rules, and is subject to the applicable disclosure and shareholders' approval requirements under the Listing Rules. The Company has received undertakings from Great Luck, Mr. Yeung, Premier Rise and Ms. Leung to vote their Shares (representing approximately 22.23% of the issued share capital of the Company before completion of the Open Offer) in favour of the Acquisition at the EGM. As no Shareholder has a material interest in the Acquisition which is different from other Shareholders, no Shareholder is required to abstain from voting at the EGM.

Under the requirement of Rule 14.82 of the Listing Rules, if an issuer consists wholly or substantially of cash or short dated securities, it will not be regarded as suitable for listing. If the Acquisition does not proceed but the Open Offer proceeds, the Company proposes to use the proceeds from the open offer for future investments when opportunities arise. The Company may or may not fall within Rule 14.82 and to the extent that it consists wholly or substantially of cash or short dated securities, the Company will apply for a suspension of trading in its Shares.

OPEN OFFER

Issue statistics

Basis of the Open Offer:	Eight Offer Shares for every five existing Shares held on the Record Date and payable in full on acceptance
Subscription Price:	HK$0.40 per Offer Share
Number of Shares in issue as at the Latest Practicable Date:	1,226,059,000 Shares
Number of Shares in issue as at the Record Date:	1,226,059,000 (assuming all the outstanding Options are not exercised on or before the Record Date) or 1,252,059,000 (assuming all the outstanding Options are fully exercised on or before the Record Date)
Number of Offer Shares:	Not less than 1,961,694,400 Offer Shares (assuming all the outstanding Options are not exercised on or before the Record Date) and not more than 2,003,294,400 Offer Shares (assuming all the outstanding Options are fully exercised on or before the Record Date), representing approximately 160.00% of the existing issued share capital of the Company and 61.54% of the enlarged issued share capital of the Company upon completion of the Open Offer

Number of Offer Shares undertaken to be taken up by Great Luck, Mr. Yeung, Premier Rise and Ms. Leung:	Pursuant to the Undertaking, each of Great Luck, Mr. Yeung, Premier Rise and Ms. Leung has given the Undertaking in favour of the Company and the Underwriter to subscribe for 199,878,400, 85,286,400, 100,800,000 and 21,192,000 Offer Shares to which they are entitled under the Open Offer, respectively
Aggregate nominal value of the Open Offer:	Not less than HK$19,616,944 and not more than HK$20,032,944
Number of Offer Shares underwritten by the Underwriter:	Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite or procure the sub-underwriting of the Offer Shares (other than the Offer Shares agreed to be taken up by Great Luck, Mr. Yeung, Premier Rise and Ms. Leung) which have not been taken up, being not less than 1,554,537,600 Offer Shares and not more than 1,596,137,600 Offer Shares. Accordingly, the Open Offer is fully underwritten
Number of Shares in issue upon completion of the Open Offer:	3,187,753,400 Shares (assuming all the outstanding Options are not exercised on or before the Record Date) and 3,255,353,400 Shares (assuming all the outstanding Options are fully exercised on or before the Record Date)

Save for the outstanding Options, the Company has no derivatives, options, warrants or other similar rights which are convertible or exchangeable into Shares as at the Latest Practicable Date and has no intention to issue any new Shares or any of the above securities before the Record Date.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders. The Company will send (i) the Prospectus Documents to the Qualifying Shareholders and (ii) the Overseas Letter together with the Prospectus, for information only, to the Prohibited Shareholders. To qualify for the Open Offer, the Shareholders must at the close of business on the Record Date:

(i) be registered on the register of members of the Company; and

(ii) not be the Prohibited Shareholders.

In order to be registered as members of the Company on the Record Date, the Shareholders must lodge any transfer of the Shares (with the relevant share certificates) for registration with the Registrar by 4:30 p.m. on Thursday, 24 September 2009. The address of the Registrar is Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

The invitation to subscribe for the Offer Shares to be made to the Qualifying Shareholders will not be transferable. The Directors consider that the arrangement of trading in nil-paid entitlements on the Stock Exchange will involve additional administrative work and costs for the Open Offer, which is not considered to be cost-effective.

Closure of register of members

The register of members of the Company will be closed from Friday, 25 September 2009 to Tuesday, 29 September 2009, both dates inclusive, to determine the eligibility of the Open Offer. No transfer of Shares will be registered during this period.

Subscription Price

The Subscription Price for the Offer Shares is HK$0.40 per Offer Share, payable in full on application. The Subscription Price represents:

(i) a discount of 1.23% to the closing price of HK$0.405 per Share as quoted on the Stock Exchange on the Last Trading Date;

(ii) a discount of approximately 0.50% to the theoretical ex-entitlement price of approximately HK$0.402 per Share based on the closing price of HK$0.405 per Share as quoted on the Stock Exchange on the Last Trading Date;

(iii) a discount of approximately 7.62% to the average of the closing price of HK$0.433 per Share for the last five consecutive trading days up to and including the Last Trading Date;

(iv) a discount of approximately 8.26% to the average of the closing price of HK$0.436 per Share for the last ten consecutive trading days up to the Last Trading Date; and

(v) a premium of approximately 9.59% to the closing price of HK$0.365 per Share as at the Latest Practicable Date.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the prevailing market price of the Shares. Taking into consideration of the theoretical ex-entitlement price per Share, in order to increase the attractiveness of the Open Offer to the Qualifying Shareholders, the Directors consider that the proposed discount of the Subscription Price is appropriate. Each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Directors consider that the Subscription Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Fractions of the Offer Shares

Any fractional entitlements or allotments in the Open Offer will be disregarded.

Status of the Offer Shares

The Offer Shares (when allotted, fully paid and issued) will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Offer Shares. Holders of the Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Offer Shares. Dealing in fully-paid Offer Shares will commence on Thursday, 22 October 2009.

Certificates of the fully-paid Offer Shares

Subject to fulfillment of the conditions of the Open Offer, share certificates for the Offer Shares are expected to be posted on or before Tuesday, 20 October 2009 to those entitled thereto by ordinary post at their own risk.

Rights of the Overseas Shareholders

If, at the close of business on the Record Date, a Shareholder's address on the register of member of the Company is in a place outside Hong Kong, that Shareholder may not be eligible to take part in the Open Offer as the Prospectus Documents will not be registered and/or filed under the applicable securities legislation of any jurisdictions other than Hong Kong and the Cayman Islands. The Board will make enquiries to its lawyers as to whether the issue of Offer Shares to the Overseas Shareholders may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange pursuant to the Listing Rules. If, after making such enquiry, the Board is of the opinion that it would be necessary or expedient not to Offer Shares to such Overseas Shareholders, no provisional allotment of Offer Shares will be made to such Overseas Shareholders. Accordingly, the Open Offer will not be extended to the Prohibited Shareholders.

No Application for excess Offer Shares

There is no arrangement for application for Offer Shares by Qualifying Shareholders in excess of their entitlements. Considering that each Qualifying Shareholder will be given an equal and fair opportunity to participate in the Company's future development by subscribing for his/her/its proportionate entitlement under the Open Offer, if application for excess Offer Shares is arranged, the Company will be required to put in additional effort and costs to administer the excess application procedures, which is not cost-effective from the viewpoint of the Company. Any Offer Shares not taken up by the Qualifying Shareholders will be taken up by the Underwriter.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares.

UNDERWRITING ARRANGEMENT

Underwriting Agreement

Date:	21 August 2009
Underwriter:	Kingston Securities Limited
Number of Offer Shares underwritten:	Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite not less than 1,554,537,600 Offer Shares and not more than 1,596,137,600 Offer Shares (other than the Offer Shares agreed to be taken up by Great Luck, Mr. Yeung, Premier Rise and Ms. Leung) which have not been taken up. Accordingly, the Open Offer is fully underwritten
Commission:	2.5% of the aggregate Subscription Price in respect of the number of Offer Shares agreed to be underwritten by the Underwriter, being not less than 1,554,537,600 Offer Shares and not more than 1,596,137,600 Offer Shares

The Underwriter and its ultimate beneficial owners are Independent Third Parties.

Pursuant to the Underwriting Agreement, in the event of the Underwriter being called upon to subscribe for the Underwritten Shares, the Underwriter shall not subscribe for its own account for such number of Underwritten Shares which will result in the shareholding of it and parties acting in concert (with the meaning of the Takeovers Code) with it in the Company to 30% or above of the issued share capital of the Company as enlarged by the Open Offer and the Underwriter shall procure sub-underwriters not to take up the Offer Shares in excess of 19.99% such that it will not hold 20% or more of the issued share capital of the Company as enlarged by the Open Offer. The Underwriter shall ensure that none of the subscribers of the Underwritten Shares procured by the Underwriter or the sub-underwriters will become a substantial shareholder (s defined in the Listing Rules) of the Company as a result of such subscription.

The 2.5% commission payable to the Underwriter was determined after arm's length negotiations between the Company and the Underwriter based on normal commercial terms with reference to the market rates for transactions of a similar nature. The Directors are of the opinion that the terms of the Underwriting Agreement and the amount of commission given to the Underwriter are fair as compared to the market practice and commercially reasonable as agreed between the Company and the Underwriter.

Undertaking given by Great Luck, Mr. Yeung, Premier Rise and Ms. Leung

Each of Great Luck, Mr. Yeung, Premier Rise and Ms. Leung has given the Undertaking in favour of the Company and the Underwriter to subscribe for 199,878,400, 85,286,400, 100,800,000 and 21,192,000 Offer Shares to which they are entitled under the Open Offer, respectively.

Termination of the Underwriting Agreement

The Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement if, prior to such time:

(1) in the absolute opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:

(a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Underwriter, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or

(b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement), of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

(c) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or

(d) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

(e) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange due to exceptional financial circumstances or otherwise; or

(f) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days (as defined in the Listing Rules), excluding any suspension in connection with the clearance of the announcement in relation to the Open Offer or the Prospectus Documents or other announcements or circulars in connection with the Open Offer; or

(2) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions for the purpose of this paragraph includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the absolute opinion of the Underwriter makes it inexpedient or inadvisable to proceed with the Open Offer; or

(3) the Prospectus when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the absolute opinion of the Underwriter is material to the Group as a whole and is likely to affect materially and adversely the success of the Open Offer.

If the Underwriter gives a notice of termination to the Company in accordance with the terms of the Underwriting Agreement, all obligations of the Underwriter under the Underwriting Agreement shall cease and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement provided that the Company shall remain liable to pay to the Underwriter any reasonable legal fees and other reasonable out-of-pocket expenses incurred by the Underwriter, except that the 2.5% underwriting fee shall not be payable to the Underwriter if the Underwriting Agreement does not become unconditional or if it is terminated by the Underwriter pursuant to the Underwriting Agreement. If the Underwriter exercises its right to terminate the Underwriting Agreement, the Open Offer will not proceed.

Conditions of the Open Offer

The Open Offer is conditional upon:

(1) the approval of the Open Offer by the Independent Shareholders at the EGM;

(2) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, all the Offer Shares (in their fully-paid form);

(3) the filing and registration of all documents relating to the Open Offer, which are required to be filed or registered with the Registrar of Companies in Hong Kong in accordance with the Companies Ordinance;

(4) the posting of the Prospectus Documents to Qualifying Shareholders and holders of the Convertible Notes, and the posting of the Prospectus and a letter in the agreed form to the Prohibited Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Prospectus Posting Date;

(5) compliance with and performance of all the undertakings and obligations of the Company and the Underwriter under the terms of the Underwriting Agreement;

(6) compliance with and performance by Great Luck, Mr. Yeung, Premier Rise and Ms. Leung of all of their obligations and undertakings under the Undertaking;

(7) if necessary, the registration with the Registrar of Companies in the Cayman Islands of one copy of each of the Prospectus Documents, signed by or on behalf of all the Directors prior to or as soon as reasonably practicable after publication of, the Prospectus Documents;

(8) where necessary, the entering into of sub-underwriting agreements by the Underwriter with certain sub-underwriters, which shall be independent third parties of the Company and its connected persons within the meaning of the Listing Rules, for sub-underwriting the Offer Shares such that (a) none of the sub-underwriters and their respective parties acting in concert (having the meaning under the Takeovers Code) shall be interested in 20% or more of the issued share capital of the Company as enlarged by the Open Offer; and (b) the Underwriter and parties acting in concert with it will not be beneficially interested in 30% or more of the issued share capital of the Company as enlarged by the Open Offer; and

(9) an undertaking given by the Company to the Underwriter undertaking to use the proceeds of the Open Offer for the repayment of the HK$690,000,000 loan from Best China Limited.

The Underwriter may at any time by notice in writing to the Company waive the conditions precedent set out in paragraph (5) above. Save and except the conditions precedent set out in paragraph (5) above, the other conditions precedent are incapable of being waived. If the conditions precedent are not satisfied and/or waived in whole or in part by the Underwriter by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

WARNING OF THE RISK OF DEALING IN THE SHARES

Shareholders and potential investors should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed.

Shareholders and potential investors should therefore exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that the Shares will be dealt with on an ex-entitlement basis commencing from Wednesday, 23 September 2009 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be on Friday, 16 October 2009), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

SHAREHOLDING STRUCTURE OF THE COMPANY

The changes in the shareholding structure of the Company arising from the Open Offer will be as follows:

(i) Assuming all the outstanding options are not exercised before the Record Date

	As at the Latest Practicable Date		Immediately after completion of the Open Offer on the assumption as set out in Note 1		Immediately after completion of the Open Offer on the assumption as set out in Note 2	
Shareholders	*No. of Shares*	*%*	*No. of shares*	*%*	*No. of shares*	*%*
Great Luck Management Limited *(Note 3)*	124,924,000	10.19	324,802,400	10.19	324,802,400	10.19
Mr. Yeung	71,328,000	5.82	185,452,800	5.82	185,452,800	5.82
Premier Rise Investments Limited *(Note 4)*	63,000,000	5.14	163,800,000	5.14	163,800,000	5.14
Ms. Leung *(Note 5)*	13,245,000	1.08	34,437,000	1.08	34,437,000	1.08
Public						
Underwriter *(Note 7)*					953,138,267	29.90
sub-underwriters					572,560,933	17.96
Other public Shareholders	953,562,000	77.77	2,479,261,200	77.77	953,562,000	29.91
	1,226,059,000	100.00	3,187,753,400	100.00	3,187,753,400	100.00

(ii) Assuming all the outstanding options are exercised before the Record Date

	As at the Latest Practicable Date		Immediately after completion of the Open Offer on the assumption as set out in Note 1		Immediately after the completion of the Open Offer on the assumption as set out in Note 2	
Shareholders	*No. of Shares*	*%*	*No. of shares*	*%*	*No. of shares*	*%*
Great Luck Management Limited *(Note 3)*	124,924,000	9.98	324,802,400	9.98	324,802,400	9.98
Mr. Yeung	71,328,000	5.70	185,452,800	5.70	185,452,800	5.70
Premier Rise Investments Limited *(Note 4)*	63,000,000	5.03	163,800,000	5.03	163,800,000	5.03
Ms. Leung *(Note 5)*	13,245,000	1.06	34,437,000	1.06	34,437,000	1.06
Mr. McManaman *(Note 6)*	2,000,000	0.16	5,200,000	0.16	2,000,000	0.06
Public						
Underwriter *(Note 7)*					973,350,667	29.90
sub-underwriters					593,948,533	18.24
Other public Shareholders	977,562,000	78.07	2,541,661,200	78.07	977,562,000	30.03
	1,252,059,000	100.00	3,255,353,400	100.00	3,255,353,400	100.00

Notes:

1. Assuming all Shareholders take up their respective entitlements under the Open Offer in full.

2. Assuming none of the Shareholders (save for Great Luck, Mr. Yeung, Premier Rise and Ms. Leung take up the Offer Shares provisionally allotted to them) take up any of the Offer Shares; (ii) the provisional allotments of the Offer Shares of all Shareholders (save for Great Luck, Mr. Yeung, Premier Rise and Ms. Leung) are taken up by the Underwriter pursuant to the Underwriting Agreement but subject to a cap of 29.90%. In the event of the Underwriter being called upon to subscribe for the amount of untaken Shares exceeding 29.90%, the Underwriter will procure other sub-underwriter(s) to subscribe for the remaining untaken Shares.

3. These Shares are held by Great Luck Management Limited, a company incorporated in the British Virgin Islands and wholly-owned by Mr. Yeung.

4. These Shares are held by Premier Rise Investments Limited, a company incorporated in the British Virgin Islands and wholly-owned by Mr. Hui.

5. These Shares are held by Ms. Leung, the spouse of Mr. Hui.

6. Mr. Steven McManaman, an executive Director. If he exercises these options before the EGM, he shall abstain from voting in relation to the Open Offer.

7. Kingston Securities Limited's underwriting of the Open Offer is capped at 29.90% of the enlarged issued share capital of the Company.

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

Based on the 1,961,694,400 Offer Shares which are proposed to be issued (assuming all the outstanding Options are not exercised on or before the Record Date), the gross proceeds from the Open Offer will be approximately HK$784,677,760. The estimated net proceeds from the Open Offer after deducting for expenses (including underwriting fee of approximately HK$19,617,000 and professional fees and other expenses of approximately HK$15,120,000) will be approximately HK$750,000,000. The Board intends to apply HK$690,000,000 of such proceeds from the Open Offer in repayment of the HK$690,000,000 loan from Best China Limited with the balance for working capital and payment of costs incurred in the Acquisition. In the event that the Acquisition does not proceed, the proceeds of the Open Offer will be used to finance other acquisitions to enhance Shareholders' return though none has yet been identified. The Acquisition and the Open Offer are not interconditional because it was a commercial term in negotiations. The net price to be raised per Share upon completion of the Open Offer will be approximately HK$0.38 per Share on the basis that approximately HK$40 million of expenses will be incurred for the Acquisition and Open Offer. The Open Offer and the Acquisition are not interconditional.

Having considered other fund raising alternatives for the Group, including bank borrowings, and taking into account the benefits and cost of each of the alternatives and the fact that, the Open Offer allows the Group to strengthen its equity capital base, the Board considers that the Open Offer is in the interest of the Company and the Shareholders as a whole as it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Company should they wish to do so. **However, those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled should note that their shareholdings in the Company will be diluted.**

FUND RAISING ACTIVITIES OF THE COMPANY IN THE LAST 12 MONTHS IMMEDIATELY BEFORE THE LATEST PRACTICABLE DATE

The following table summarizes the capital raising activities of the Group in the last 12 months immediately before the Latest Practicable Date:

Date of announcement	Event	Net proceeds (net of placing commission)	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
8 June 2009	Top-up Placing and Top-up Subscription	HK$58 million	For general working capital of the Group, for expansion of the Group's business and/or possible investments in the future when opportunities arise	Approximately HK$38.4 million has been used as a deposit for the Acquisition. The balance will be used for general working capital of the Group and is currently deposited in bank account of the Company

The Directors consider that the Open Offer is fair and reasonable and in the interests of the Company and the Shareholders as a whole having taken into account the terms of the Open Offer and the fund raising activities conducted by the Company in the last 12 months.

LISTING RULES IMPLICATIONS OF THE OPEN OFFER

As the Open Offer will increase the issued share capital of the Company by more than 50%, pursuant to Rule 7.24(5)(a) of the Listing Rules, the Open Offer will be subject to approval by Independent Shareholders at the EGM. As at the Latest Practicable Date, the Company has no controlling Shareholder and Mr. Yeung and Mr. Hui, executive Directors, have interest in the Shares. As such, Mr. Yeung and Mr. Hui and their respective associates (including Ms. Leung, being an associate of Mr. Hui) (together holding approximately 22.23% or 272,497,000 Shares) will abstain from voting in favour of the resolution to approve the Open Offer at the EGM. The Company has been notified by Mr. Yeung and Mr. Hui that they have no intention to vote against the resolutions approving the Open Offer at the EGM. An Independent Board Committee comprising the independent non-executive Directors has been appointed to make recommendations to the Independent Shareholders in respect of the Open Offer. The members of the Independent Board Committee have no material interest in the Open Offer. Cinda International has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms and conditions of the Open Offer are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

THE EGM

A notice convening the EGM to be held on Tuesday, 29 September 2009 at 3:00 p.m. at Taishan Room, Level 5, Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong is set out on pages 216 to 218 of this circular for the purpose of considering and, if thought fit, passing, with or without amendments, the ordinary resolutions in respect of the Acquisition and the Open Offer. A form of proxy for use by the Shareholders at the EGM is enclosed. Whether or not you are able to intend to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch registrars, 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 less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

RECOMMENDATION

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the Open Offer and Cinda International has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

You are advised to read carefully the letter from the Independent Board Committee and the letter from Cinda International set out on pages 41 to 42 and pages 43 to 62 respectively of this circular. The Independent Board Committee, having taken into account the advice of Cinda International, considers that the terms of the Open Offer are fair and reasonable so far as the Independent Shareholders are concerned and the Open Offer is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the proposed resolution approving the Open Offer at the EGM.

The Directors believe that the terms of the Open Offer and the Acquisition are fair and reasonable and in the interests of the Group and the Shareholders as a whole and, accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the general information set out in the appendices to this circular.

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

GRANDTOP INTERNATIONAL HOLDINGS LIMITED
泓鋒國際控股有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2309)

To the Independent Shareholders

14 September 2009

Dear Sirs,

OPEN OFFER OF NOT LESS THAN 1,961,694,400 OFFER SHARES AND NOT MORE THAN 2,003,294,400 OFFER SHARES ON THE BASIS OF EIGHT OFFER SHARES FOR EVERY FIVE EXISTING SHARES HELD ON THE RECORD DATE

We refer to the circular of the Company dated 14 September 2009 (the "**Circular**") of which this letter forms part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We have been appointed to form the Independent Board Committee to consider and to advise the Independent Shareholders as to whether, in our opinion, the terms of the proposed Open Offer are fair and reasonable so far as the Independent Shareholders are concerned. Guangdong Securities has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the proposed Open Offer.

We wish to draw your attention to the "Letter from the Board" set out on pages 10 to 40 of the Circular which contains, inter alia, information about the terms of the proposed Open Offer, and the "Letter from Cinda International" set out on pages 43 to 62 of the Circular which contains its advice in respect of the terms of the proposed Open Offer.

Having considered, amongst other matters, the factors and reasons considered by, and the opinion of, Cinda International as stated in its aforementioned letter of advice, we are of the opinion that the terms of the proposed Open Offer are fair and reasonable so

* *For identification purpose only*

far as the Independent Shareholders are concerned and in the interests of the Company and the Independent Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Open Offer.

Yours faithfully,
The Independent Board Committee
Mr. Chang Kin Man
Mr. Yau Yan Ming, Raymond
Mr. Zhou Han Ping

The following is the full text of a letter of advice from Cinda International to the Independent Board Committee and the Independent Shareholders in relation to the Open Offer, which has been prepared for the purpose of inclusion in this circular:

信達國際融資有限公司
CINDA INTERNATIONAL CAPITAL LIMITED

45th Floor, COSCO Tower
183 Queen's Road Central
Hong Kong

14 September 2009

To the Independent Board Committee and the Independent Shareholders of
Grandtop International Holdings Limited

Dear Sir/Madam,

OPEN OFFER OF NOT LESS THAN 1,961,694,400 OFFER SHARES AND NOT MORE THAN 2,003,294,400 OFFER SHARES ON THE BASIS OF EIGHT OFFER SHARES FOR EVERY FIVE EXISTING SHARES HELD ON THE RECORD DATE

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Open Offer, details of which are set out in the letter from the Board (the **"Letter from the Board"**) contained in this circular (the **"Circular"**) dated 14 September 2009 issued by the Company, of which this letter forms part. Capitalised terms used in this letter without definitions shall have the same meanings set out in the Circular unless the context otherwise requires.

On 21 August 2009, the Board announced the Company proposed to raise not less than approximately HK$784,677,760 before expenses (assuming all the outstanding Options are not exercised on or before the Record Date) and not more than approximately HK$801,317,760 (assuming all the outstanding Options are fully exercised on or before the

Record Date), by way of Open Offer of not less than 1,961,694,400 Offer Shares (assuming all the outstanding Options are not exercised on or before the Record Date) and not more than 2,003,294,400 Offer Shares (assuming all the outstanding Options are fully exercised on or before the Record Date) to Qualifying Shareholders, at a price of HK$0.40 per Offer Share on the basis of eight Offer Shares for every five existing Shares held on the Record Date and payable in full on acceptance. The Open Offer will not be extended to the Prohibited Shareholders.

As at the Latest Practicable Date, Great Luck, Mr. Yeung, Premier Rise and Ms. Leung were interested in 124,924,000, 71,328,000, 63,000,000 and 13,245,000 Shares, respectively. Each of Great Luck, Mr. Yeung, Premier Rise and Ms. Leung has given the Undertaking in favour of the Company and the Underwriter to subscribe for 199,878,400, 85,286,400, 100,800,000 and 21,192,000 Offer Shares to which they are entitled under the Open Offer, respectively. The Underwriter has conditionally agreed to underwrite the Offer Shares (other than the Offer Shares agreed to be taken up by Great Luck, Mr. Yeung, Premier Rise and Ms. Leung) which have not been taken up. Accordingly, the Open Offer is fully underwritten.

As the Open Offer will increase the issued share capital of the Company by more than 50%, pursuant to Rule 7.24(5)(a) of the Listing Rules, the Open Offer will be subject to approval by Independent Shareholders at the EGM. As at the Latest Practicable Date, the Company had no controlling Shareholder and Mr. Yeung and Mr. Hui, both executive Directors, had interest in the Shares. As such, Mr. Yeung and Mr. Hui and their respective associates (including Ms. Leung, being an associate of Mr. Hui) (together holding approximately 22.23% or 272,497,000 Shares) will abstain from voting in favour of the resolution to approve the Open Offer at the EGM. The Company has been notified by Mr. Yeung and Mr. Hui that they and their associates have no intention to vote against the resolutions approving the Open Offer at the EGM.

The Independent Board Committee, comprising the independent non-executive Directors, namely Mr. Chang Kin Man, Mr. Yau Yan Ming, Raymond and Mr. Zhou Han Ping, has been established to advise their opinion to the Independent Shareholders in respect of the Open Offer and to give a recommendation to the Independent Shareholders in relation to the voting of the relevant resolution at the EGM in respect of the Open Offer. Cinda International has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders as to whether the terms and conditions of the Open Offer are fair and reasonable so far as the Independent Shareholders are concerned and whether the Open Offer is in the interests of the Company and the Shareholders as a whole.

BASIS OF OUR ADVICE

In arriving at our recommendation, we have relied on the information including but not limited to the published information of the Group, including the Company's annual report for the year ended 31 March 2009 (**"2009 Annual Report"**) and the announcement dated 21 August 2009 (the "**Announcement**") in relation to the Acquisition, the General Offer and the Open Offer, and have assumed that any representations made to us are true, accurate and complete. We have also relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and the management of the Company. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information, representations and opinions which have been provided by the Directors and the management of the Company for which they are solely responsible, are true and accurate at the time they were made and will continue to be accurate at the date of the despatch of the Circular.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular the omission of which would make any such statement contained in the Circular misleading. We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. Having made all reasonable enquiries, the Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in the Circular misleading. We have not, however, carried out any independent verification of the information provided by the Directors and the management of the Company, its subsidiaries and the related companies.

We have not considered any tax implications on the Shareholders arising from the subscription for, holding of or dealing in the Offer Shares or otherwise, since these are dependent on their individual circumstances. We will not accept responsibility for any tax effect on, or liabilities of, any person resulting from the subscription for, holding of or dealing in the Offer Shares or otherwise. Shareholders are urged to consult their own professional advisers if they are in doubt as to the investment value of the Offer Shares or as to their individual tax position.

PRINCIPAL FACTORS TAKEN INTO ACCOUNT

In arriving at our advice to the Independent Board Committee and the Independent Shareholders in relation to the Open Offer, we have considered the following principal factors and reasons:

I. Background of the Group

The Group is principally engaged in the provision of apparel sourcing and sportswear and apparel trading.

According to the 2009 Annual Report, the Group has recorded net loss attributable to the Shareholders for two years ended 31 March 2009 of approximately HK$152.1 million and HK$91.7 million respectively with audited cash and cash equivalents of approximately HK$7.1 million as at 31 March 2008 and HK$3.0 million as at 31 March 2009. As set out in the five years financial summary in the 2009 Annual Report, the Group has been loss making since 2006. The Group recorded net assets of approximately HK$12.6 million as at 31 March 2008 and net liabilities of approximately HK$65.2 million as at 31 March 2009. The net cash outflow from operating activities amounted to approximately HK$15.3 million and HK$16.5 million for the two years ended 31 March 2009 respectively. The Group raised approximately HK$58.0 million from top-up placing and top-up subscription in June 2009 which approximately HK$38.4 million is used as a deposit for the Acquisition and the balance of the proceeds not used will be used for general working capital of the Group and is currently deposited in bank account of the Company. The details of the fund raising are disclosed in the announcement of the Company dated 8 June 2009.

II. Reasons for and use of proceeds from the Open Offer

As set out in the Letter from the Board, the Company held a 29.9% equity interest in BCFC as at the Latest Practicable Date and the Board intends to make the General Offer to acquire the entire issued share capital of BCFC not already owned by the Company and its concert parties. The Board believes that the acquisition of a controlling interest in BCFC would open up numerous opportunities for the Group to expand and diversify its business and revenue stream, especially in the PRC market, and owning a Premier League football club can create unparalleled opportunities for the Group in the sports and related fields, especially in the PRC although no concrete plans have currently been made, nor agreements signed. Upon completion of the Acquisition, the Group could distribute BCFC products and apparel and the Group could in conjunction with this develop football schools in

Asia, develop chainstore franchising, sports education, merchandising and media operations, which all are in line and in connection with the current businesses of the Group. The Directors expect a diversified range of income would be beneficial to the Group and Shareholders as a whole.

As set out in the Letter from the Board, based on the 1,961,694,400 Offer Shares (assuming the outstanding Options are not exercised on or before the Record Date) which are proposed to be issued, the gross proceeds from the Open Offer will be approximately HK$784.7 million. The estimated net proceeds from the Open Offer after deducting for expenses (including underwriting fee of approximately HK$19,617,000 and professional fees and other expenses of approximately HK$15,120,000) will be approximately HK$750 million. The Board intends to apply HK$690 million in repayment of the HK$690 million loan, which has been drawn down by the Company under the loan facility agreement entered into between the Company and Best China Limited in order for the Company to be in a position to pay the required amount for the General Offer consideration, with the remaining balance for working capital and payment of costs incurred in the Acquisition.

The payment of the General Offer consideration in relation to the Acquisition (assuming that all holders of BCFC Shares to which General Offer entitled accept the General Offer) will require the payment by the Company of £57,129,025 (approximately HK$731.3 million). Details of the General Offer and the Acquisition are set out in the section headed "The General Offer" in the Letter from the Board. The Open Offer and the Acquisition are not interconditional. In the event that the Acquisition does not proceed, the proceeds from the Open Offer would be utilized to finance other acquisitions to enhance shareholders' return though none has yet been identified. Pursuant to Rule 14.82 of the Listing Rules, which stipulates that if an issuer consists wholly or substantially of cash or short dated securities, the issuer will not be regarded as suitable for listing and trading in its securities will be suspended. In the event that the Acquisition does not proceed while the Open Offer is brought to the completion, the Company may fall within Rule 14.82 of the Listing Rules and become a "cash company". **The Shareholders and the potential investors of the Company are advised to exercise caution when dealing in the shares of the Company regarding the "cash company" issue.** Notwithstanding the risk in relation to the "cash company" issue, in view of (i) the Group was in net liabilities position as at 31 March 2009 and the Group has been loss marking since 2006, the Group is in need of funds and the Open Offer could provide funding for the Group's future development; and (ii) the Open Offer would strengthen the financial position of the Group and also the Group's equity base, we consider the Open Offer is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Having considered other fund raising alternatives for the Group, including bank borrowings, and having taken into account the benefits and cost of each of the alternatives and the fact that, the Open Offer allows the Group to strengthen its equity capital base, and the Board considers that the Open Offer is in the interest of the Company and the Shareholders as a whole as it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Company should they wish to do so. **However, those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled should note that their shareholdings in the Company will be diluted.**

Taken into account (i) the Group recorded net loss for the past four consecutive years; (ii) the net liability position of the Group as at 31 March 2009; (iii) the Open Offer would strengthen the Group's equity capital base; (iv) the Qualifying Shareholders is offered an equal opportunity to participate in the enlargement of the equity capital base of the Company under the Open Offer; (v) the implication of other financing alternatives to the Open Offer as mentioned above; (vi) the net proceeds of approximately HK$750 million from the Open Offer will be utilized to finance the Acquisition which is considered as a strategic move of the Group to diversify and expand its business and revenue stream into a new revenue generating business, we are of the view that the Company is in need of funds, and the Open Offer can enhance its working capital position as compared to obtaining further external borrowings for the payment of the Acquisition, we thus concur with the Directors that the Open Offer is in the interest of the Company and Shareholders as a whole.

III. Terms of the Open Offer

(a) Basis

The Open Offer is on the basis of eight Offer Shares for every five Shares held on the Record Date at the Subscription Price of HK$0.40 each, which will be payable in full on acceptance. The Offer Shares (when allotted, fully paid and issued) will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Offer Shares. Holders of the Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Offer Shares.

(b) The Subscription Price

The Subscription Price of HK$0.40 represents:

(i) a discount of 1.23% to the closing price of HK$0.405 per Share as quoted on the Stock Exchange on the Last Trading Date;

(ii) a discount of approximately 0.50% to the theoretical ex-entitlement price of approximately HK$0.402 per Share based on the closing price of HK$0.405 per Share as quoted on the Stock Exchange on the Last Trading Date;

(iii) a discount of approximately 7.62% to the average of the closing prices of HK$0.433 per Share for the last five consecutive trading days up to and including the Last Trading Date;

(iv) a discount of approximately 8.26% to the average of the closing prices of HK$0.436 per Share for the last ten consecutive trading days up to the Last Trading Date; and

(v) a premium of approximately 9.59% to the closing price of HK$0.365 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

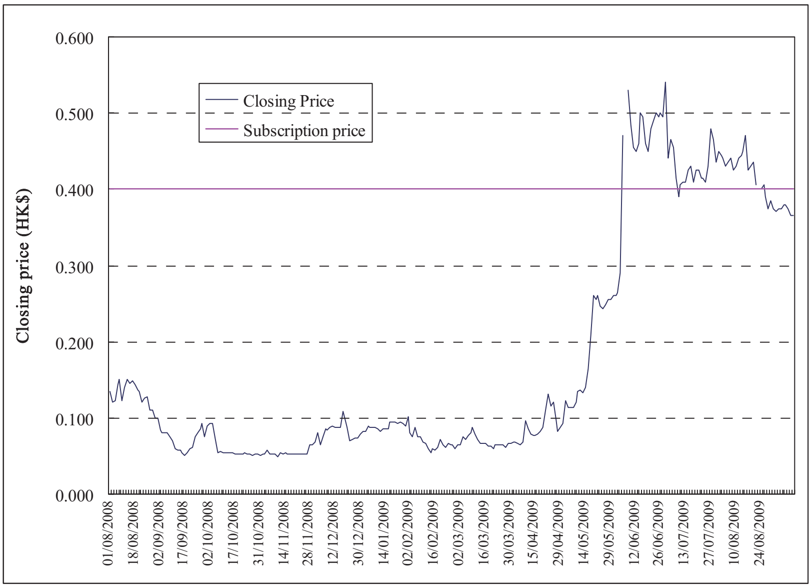
The Subscription Price was agreed after arm's length negotiations between the Company and the Underwriter with reference to, among other things, the prevailing market price of the Shares. Taking into consideration the theoretical ex-entitlement price per Share, in order to increase the attractiveness of the Open Offer to the Qualifying Shareholders, the Directors consider that the proposed discount of the Subscription Price is appropriate. Each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Directors consider that the Subscription Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

(c) ***Review on market price of the Shares***

Set out below is the average closing price of the Shares as quoted on the Stock Exchange for each month from August 2008 up to and including the Latest Practicable Date (the "**Review Period**") and price chart during the Review Period:

Month	**Average closing price per Share** *(HK$)*	**Highest closing price per Share** *(HK$)*	**Lowest closing price per Share** *(HK$)*
2008			
August	0.131	0.150	0.100
September	0.073	0.100	0.051
October	0.058	0.093	0.051
November	0.053	0.064	0.049
December	0.081	0.108	0.064
2009			
January	0.090	0.102	0.083
February	0.067	0.087	0.055
March	0.069	0.088	0.060
April	0.088	0.131	0.064
May	0.185	0.260	0.113
June	0.444	0.540	0.260
July	0.430	0.480	0.390
August	0.422	0.470	0.375
September *(up to and including the Latest Practicable Date)*	0.373	0.380	0.365

Source: www.hkex.com.hk



Source: www.hkex.com.hk

We note from above table and chart that the closing price of the Shares, during the Review Period, decreased gradually from HK$0.150 on 8 August 2008 to HK$0.051 on 17 September 2008. Since then and up to late April 2009, the closing price of the Shares fluctuated between HK$0.049 to HK$0.131. Afterwards, the closing price of the Shares increased significantly from HK$0.083 on 28 April 2009 to HK$0.53 on 9 June 2009. Since then and up to the Latest Practicable Date, the closing price of the Shares fluctuated between HK$0.365 on 10 September 2009 to HK$0.54 on 30 June 2009.

During the Review Period, the closing price of the Shares ranged from the lowest of HK$0.049 on 11 November 2008 to the highest of HK$0.54 on 30 June 2009, the Subscription Price therefore represents (i) approximately 10 times to the lowest closing price; and (ii) a discount of approximately 25.93% to the highest closing price. Beginning from 5 June 2009 and up to the Latest Practicable Date, the Subscription Price is lower than all closing prices of the Shares, except for the closing price of the Shares on 8 July 2009 which recorded HK$0.39 per Share, and the closing price of the Shares for the period from 26 August 2009 to the Latest Practicable Date which ranged from HK$0.365 to HK$0.39 per Share.

(d) Comparison with other open offers

We understand that pricing of an open offer may vary under different stock market conditions as well as among companies with different financial standing and business performance. We therefore consider that a broader comparison of open offers would provide a more general reference and information to the Shareholders during a comprehensive period for the reasonableness of the pricing of the Open Offer. To our best knowledge, we have identified and reviewed 16 open offers (the "**Comparables**") announced by the companies listing on the main board of the Stock Exchange for the last 6 months since March 2009 and up to the Last Trading Date, as summarized below:

Company name (Stock code)	Date of announcement	Offer ratio	(Discount)/ Premium of subscription price over/to closing price of shares on the last trading day *(%)*	(Discount)/ Premium of subscription price over/to theoretical ex-entitlement price *(%)*	Underwriting commission *(%)*
G-Vision International (Holdings) Limited (657)	12/08/2009	3 for 1	(75.00)	(42.86)	2.5
China Botanic Development Holdings Limited (2349)	10/08/2009	5 for 1	(83.61)	(45.95)	1.5
GOME Electrical Appliances Holding Limited (493)	22/06/2009	18 for 100	(40.00)	(36.00)	not disclosed
Enerchina Holdings Limited (622)	15/06/2009	1 for 2	(81.01)	(73.91)	2.0
Wang Sing International Holdings Group Limited (2389)	02/06/2009	2 for 1	(56.50)	(28.60)	1.25
Beauforte Investors Corporation Limited (21) *(Note)*	27/05/2009	6 for 5	70.21	23.08	0

Company name (Stock code)	Date of announcement	Offer ratio	(Discount)/ Premium of subscription price over/to closing price of shares on the last trading day *(%)*	(Discount)/ Premium of subscription price over/to theoretical ex-entitlement price *(%)*	Underwriting commission *(%)*
Shanghai Allied Cement Limited (1060)	15/05/2009	1 for 2	(32.60)	(24.40)	4.0
SMI Corporation Limited (198)	15/05/2009	3 for 1	(71.83)	(39.02)	3.0
Hua Han Bio-Pharmaceutical Holdings Limited (587)	14/05/2009	1 for 2	(39.02)	(29.87)	2.5
Zhongda International Holdings Limited (909)	07/05/2009	3 for 5 with 2 bonus shares for every 10 offer shares	(19.55)	(12.38)	2.5
RBI Holdings Limited (566)	27/04/2009	4 for 1	(86.11)	(55.36)	2.5
Heng Tai Consumables Group Limited (197)	16/04/2009	1 for 2	(60.90)	(51.00)	2.5
Xpress Group Limited (185)	09/04/2009	1 for 5	(27.50)	(24.10)	1.5
Sun Innovation Holdings Limited (547)	24/03/2009	5 for 1	(79.73)	(40.00)	2.0
The Sun's Group Limited (988)	13/03/2009	2 for 5	(1.49)	(1.05)	0
Uni-Bio Science Group Limited (690)	09/03/2009	1 for 6 with 2 bonus shares for each offer share	(40.52)	(31.20)	0.5
(Lowest discount)/ highest premium *(Note)*			(1.49)	(1.05)	0
Highest discount			(86.11)	(73.91)	4.0

Company name (Stock code)	Date of announcement	Offer ratio	(Discount)/ Premium of subscription price over/to closing price of shares on the last trading day	(Discount)/ Premium of subscription price over/to theoretical ex-entitlement price	Underwriting commission
			(%)	*(%)*	*(%)*
Mean *(Note)*			**(53.03)**	**(35.71)**	**2.0**
Median *(Note)*			**(56.50)**	**(36.00)**	**2.3**
The Company		8 for 5	(1.23)	(0.50)	2.5

Source: *www.hkex.com.hk and the respective announcements containing details of the Comparables*

Note: The open offer announced by Beauforte Investors Corporation Limited was priced at a significant premium over the closing price per share of last trading day prior to the respective open offer announcement and to the theoretical ex-entitlement price per share based on the closing price per share on the last trading day prior to the respective open offer announcement. The pricing of that open offer is considered exceptional as compared to that of other Comparables and thus may distort the result of our analysis. Therefore, such open offer is excluded in our analysis.

As shown in the above table, the subscription prices of the Comparables ranged from discount of approximately 1.49% to approximately 86.11% to the respective closing prices of their shares on the last trading days prior to the release of the open offer announcements (the "**Closing Price Range**") with mean and median of a discount approximately 53.03% and 56.50% respectively.

Moreover, the subscription prices of the Comparables ranged from discount of approximately 1.05% to approximately 73.91% to the respective theoretical ex-entitlement prices of their shares on the last trading days prior to the release of the open offer announcements (the "**Theoretical Price Range**") with mean and median of a discount approximately 35.71% and 36.00% respectively.

We note that the discount of approximately 1.23% to the closing price of the Shares and the discount of 0.50% to the theoretical ex-entitlement price of the Shares as represented by the Subscription Price fall outside the Closing Price Range and the Theoretical Price. We also note that in general it is common for listed issuers in Hong Kong to issue offer shares at a significant discount to the market price in order to enhance the attractiveness of an open offer. However, having considered (i) the Open Offer enables the Qualifying Shareholders to maintain their proportionate interests in the Company should they wish to do so and provides an equal opportunity to the Qualifying Shareholders to share future developments that may be brought about from the expansion of the Group's business through the Acquisition; (ii) with the Subscription Price set at a low discount is beneficial to the Company on the basis that the capital base could be enlarged accordingly without any significant discount pricing and the net liability position of the Group as at 31 March 2009 will be improved; and (iii) even though the shareholding interest of those Qualifying Shareholders who do not apply for their full assured allotment under the Open Offer will be diluted, they have been given a fair chance to participate in the Open Offer, we are of the view that the insignificant discount of 1.23% and 0.50% to the closing price and theoretical ex-entitlement price of the Shares as represented by Subscription Price are fair and reasonable so far as the Company and the Shareholders are concerned and is in the interest of the Company and the Qualifying Shareholders as a whole.

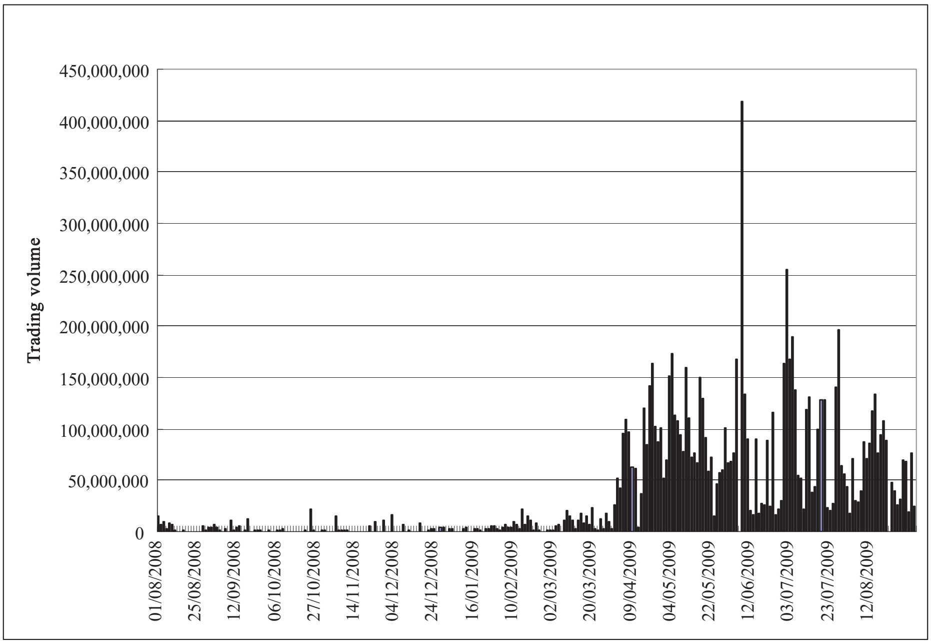
(e) Historical trading volume of the Shares

The average daily trading volume of the Shares and its percentages to the total number of issued Shares in each month during the Review Period are shown below:

Month	**Average trading volume (Shares)**	**Percentage of average daily trading volume to the Shares in issue**
2008		
August	3,370,211	0.42%
September	2,724,857	0.32%
October	1,611,429	0.19%
November	2,376,863	0.27%
December	2,294,095	0.26%
2009		
January	1,985,500	0.22%
February	5,723,600	0.61%
March	9,404,927	0.95%
April	82,753,600	7.69%
May	91,119,263	8.47%
June	84,760,405	6.91%
July	97,141,818	7.92%
August	66,589,933	5.43%
September *(Up to the Latest Practicable Date)*	27,796,000	2.27%

Source: www.hkex.com.hk

The below chart sets out the trading volume of the Shares during the Review Period:



Source: www.hkex.com.hk

As illustrated above, the trading volume of the Shares was significantly thin from August 2008 to March 2009 with ranges of less than 1% to the total number of issued Shares. The trading volume of the Shares was then increased to over 6% for each of the months from April 2009 to July 2009, since then the trading volume was dropped slightly to around 5.4% in August 2009. As advised by the Directors, the increase in trading volume is considered to be related to the announcements of the Company dated 9 March 2009, 7 April 2009, 21 April 2009, 7 June 2009 and 22 June 2009 in relation to the unusual price and volume movement which disclosed the Company was under a preliminary non binding negotiations regarding possible investments by the Company, save for that, the Directors are not aware of any reasons for significant increase in trading volume.

Save as and except for the period from April 2009 to the Latest Practicable Date, the average daily trading volume of the Shares was below 1% of the total number of issued Shares during the respective period. In view of the relative high trading volume since April 2009, the Directors have considered to raise fund by way of placing instead of Open Offer. However, in light of the required funding need for the payment of the General Offer of approximately £57,129,025 (approximately HK$731.3 million), in the case of placing of new shares, substantial amount of placing shares have to be issued which will create an extensive dilution effect to the existing Shareholders while the Open Offer offers the Qualifying Shareholders to participate in the enlargement of the equity capital base of the Company and to maintain their proportionate interests in the Company should they wish to do. In addition, placing of new Shares by its nature excludes existing Shareholders to subscribe for the placing Shares and their interest in the Company will also be diluted without providing them with any opportunity to share the future benefits of the Company that may be brought about by the expansion of the Group's business. Considering the above, we concur with the Directors' view that the Open Offer is a better fund raising method which allows the Qualifying Shareholders to maintain their existing shareholdings in the Company and continue to participate in the future growth and development of the Company.

IV. Absence of excess application

Pursuant to the terms of the Underwriting Agreement, no provision is stipulated for excess application arrangement of the Offer Shares. In this regard, the Qualifying Shareholders will not be entitled to subscribe for any Offer Shares in excess of their assured entitlements. The Company will be able to save costs incurred from the administrative procedures for implementing the arrangement for excess application for the Open Offer. As a result, we consider that the absence of excess application under the Open Offer is acceptable.

V. Alternatives to the Open Offer

As advised by the Directors, they have considered alternative means for the Company to raise funds, including but not limited to bank financing, placement of new shares and rights issue. The Directors believe that taking borrowings or other bank financing would increase the Group's interest expenses and the Group's gearing ratio. Considering that the Directors do not intend to have any adverse material impact to the Group's gearing ratio and interest burden by increasing the level of bank financing, we concur with the Directors that bank borrowing and other bank financing will adversely affect the Company's balance sheet and gearing ratio.

Apart from bank financing, common means of equity financing include placement of new shares, open offer and rights issue. The Directors consider that placing of new Shares by its nature excludes existing Shareholders and dilutes their interest in the Company without providing them with an opportunity to share the future benefits of the Company that may be brought about by the expansion of the Group's business. While rights issue and open offer both can raise funds and allow the Qualifying Shareholders to maintain their existing shareholdings in the Company and participate in the future growth and development of the Company, the Company opts for the latter as it does not require trading of nil-paid rights, and is more time and cost effective. In view of the above, and having considered that (i) the required funding need for the payment of the General Offer amounted to approximately £57,129,025 (approximately HK$731.3 million), in the case of placing of new shares, substantial amount of placing shares have to be issued which will create an extensive dilution effect to the existing Shareholders while the Open Offer offers the Qualifying Shareholders to participate in the enlargement of the equity capital base of the Company and to maintain their proportionate interests in the Company should they wish to do; (ii) placing of new Shares by its nature excludes existing Shareholders to subscribe for the placing Shares and their interest in the Company will also be diluted without providing them with any opportunity to share the future benefits of the Company that may be brought about by the expansion of the Group's business; and (iii) the Open Offer does not require trading of nil-paid rights which is more time and cost effective, we concur with the Directors that the Open Offer is a better fund raising method for the Company.

VI. Financial effects on the Company

(a) Net assets

According to the "Unaudited pro forma statement of adjusted consolidated net tangible assets of the Group" as set out in Appendix V to the Circular, without taking into account the Acquisition and the General Offer, the Group's unaudited pro forma adjusted consolidated net tangible assets will be increased by the Open Offer by approximately HK$750 million from audited consolidated net tangible liabilities of approximately HK$65.2 million as at 31 March 2009 to unaudited pro forma adjusted consolidated net tangible assets of approximately HK$684.8 million immediately after the Open Offer. Meanwhile, the Group's unaudited pro forma adjusted consolidated net tangible assets value per Share will be increased from audited consolidated net tangible liabilities of approximately HK$0.066 per Share as at 31 March 2009 to unaudited pro forma adjusted consolidated net tangible assets of approximately HK$0.232 per Share immediately after the Open Offer.

(b) Liquidity

As at 31 March 2009, the Group had total cash and cash equivalents of approximately HK$3.0 million. Based on 1,961,694,400 Offer Shares to be issued (assuming all the outstanding options are not exercised before the Record Date), the estimated net proceeds from the Open Offer receivable by the Company will be approximately HK$750 million. The Board intends to apply HK$690,000,000 of such proceeds from the Open Offer in repayment of the HK$690,000,000 loan from Best China Limited with the balance for working capital and payment of costs incurred in the Acquisition. In view of the Group did not have any loan save as the loan from Best China Limited as at the Latest Practicable Date, the Group's working capital position will be improved after the completion of the Open Offer.

(c) Earnings

As set out in Appendix VI to the Circular, BCFC had generated revenue of approximately £25.0 million, £49.8 million and £15.6 million for each of the two years ended 31 August 2008 and the six months period ended 28 February 2009. BCFC had recorded a loss after taxation of approximately £2.8 million for the six months period ended 28 February 2009 and a profit after taxation of approximately £2.6 million for the year ended 31 August 2008 and a loss after taxation of approximately £4.7 million for the year ended 31 August 2007. The Group believes that the acquisition of a controlling interest in BCFC would open up numerous opportunities for the Group to expand and diversify its business and revenue stream, especially in the PRC market, and owning a Premier League football club would create unparalleled opportunities for the Group in the sports and related field especially in the PRC although no concrete plans have currently been made, nor agreements signed. As such, the Directors consider the Acquisition will have positive impact on the Group attributable to the increase in turnover of the Group. Having considered the proposed Open Offer will enable the Group to finance the Acquisition directly or indirectly, we are of the view that the Group's income base will be benefited from the Acquisition in the long run.

VII. Dilution effect on the Shareholders

Upon completion of the Open Offer, not less than 1,961,694,400 Offer Shares (assuming all the outstanding Options are not exercised on or before the Record Date) and not more than 2,003,294,400 Offer Shares (assuming all the outstanding Options are fully exercised on or before the Record Date) will be issued. Qualifying

Shareholders who elect to subscribe for in full their assured entitlements under the Open Offer will retain their current shareholding in the Company. The shareholding of other public Shareholders will be decreased from approximately 78.07% (assuming all the outstanding Options are fully exercised on or before the Record Date) before the Open Offer to approximately 30.03% after the Open Offer in the event that none of the public Shareholders take up any of the Offer Shares representing approximately 48.04% decrease. Despite the relatively significant dilution effect by the Open Offer, we consider it should be balanced against the facts that (i) the Qualifying Shareholders have an equal opportunity under the Open Offer to share the future benefits that may be brought about by the expansion of the Group's businesses; (ii) the Open Offer will improve the Company's financial position (including capital base, net tangible assets, liquidity and financial flexibility) so as to finance the General Offer in relation to the Acquisition; and (iii) the Group was in net liabilities position as at 31 March 2009 and the Group has been loss making since 2006 which the Group is in need of funds for the Acquisition. As such, we consider the possible dilution effect on the Qualifying Shareholders acceptable, and that the Open Offer is fair and reasonable to the Qualifying Shareholders since it will provide an equal opportunity for them to retain their existing shareholding and participate in the growth and development of the Company.

VIII. Underwriting arrangement

Pursuant to the Underwriting Agreement, the Company will pay the Underwriters an underwriting commission of 2.5% of the Subscription Price of the Offer Shares underwritten by the Underwriters. We have reviewed the underwriting commission of the Comparables, details of which are set out in the paragraph headed "Comparison with other open offers" above, of which one of the Comparables did not disclose the rate of commission. We note that the underwriting commissions paid by the respective listed companies of the Comparables were ranged from 0% to 4.0% with mean and median of approximately 2.0% and 2.3% respectively. Based on the aforesaid, we consider that the commission charged by the Underwriters of 2.5% is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Subject to the fulfillment of the conditions contained in the Underwriting Agreement, it should also be noted that the Open Offer would not proceed if the Underwriter exercise their termination rights under the Underwriting Agreement. Details of the provisions granting the Underwriter such termination rights are included in the Letter from the Board.

RECOMMENDATION

Taking into consideration of the above principal factors of consideration, we consider that, on balance, the terms of the Open Offer are fair and reasonable so far as the Independent Shareholders are concerned and the Open Offer is in the interest of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Open Offer.

Yours faithfully,
For and on behalf of
Cinda International Capital Limited
Robert Siu
Executive Director

APPENDIX A

OFFER FOR BIRMINGHAM CITY PLC

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART IN OR INTO THE UNITED STATES, CANADA, AUSTRALIA, JAPAN OR ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION

FOR IMMEDIATE RELEASE 21 August 2009

GRANDTOP INTERNATIONAL HOLDINGS LIMITED ("GRANDTOP")

All Cash Offer by
Grandtop
for
Birmingham City PLC ("Birmingham City")

Offer Summary

- The Grandtop Board is pleased to announce an all cash offer to be made by Grandtop to acquire the entire issued and to be issued share capital of Birmingham City, other than those shares already owned by Grandtop.

- The Offer will be made on the basis of 100 pence for each Birmingham City Share to which the Offer relates.

- The Offer values the entire issued share capital of Birmingham City at approximately £81.51 million, and represents a premium of approximately 55 per cent. to the closing price of 64.5 pence per Birmingham City Share on 20 August 2009, being the last Business Day prior to this Announcement, a premium of approximately 150 per cent. to the closing price on 11 August 2009 of 40 pence per Birmingham City Share, being the last Business Day prior to the commencement of the Offer Period and a premium of approximately 240 per cent. over the average closing price for the 6 month period prior to this Announcement of 29.4 pence per Birmingham City Share.

- At the date of this Announcement, Grandtop owns and has received irrevocable undertakings from certain Birmingham City Shareholders (all of which are existing Birmingham City Board member (or their associated entities)) to accept or procure the acceptance of the Offer in respect of a total of 65,133,001 Birmingham City Shares, representing, in aggregate, approximately 79.91 per cent. of the existing issued share capital of Birmingham City.

- The unanimous agreement of the Birmingham City Board has been granted for the giving of the Irrevocable Undertakings by certain Birmingham City Shareholders.

- The Offer Document and Form of Acceptance will be dispatched to Birmingham City Shareholders as soon as practicable and in any event within 28 days of the date of this Announcement, unless otherwise agreed with the Panel.

Enquiries:

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BDO Stoy Hayward Corporate Finance (Financial Adviser to Grandtop)

Alex White	Tel: +44 (0) 20 7893 3989
John Stephan	Tel: +44 (0) 20 7893 3989

BDO Stoy Hayward Corporate Finance, a division of BDO Stoy Hayward LLP, Chartered Accountants, which is authorised and regulated in the UK by the Financial Services Authority, is acting for Grandtop and no one else in connection with the Offer and will not be responsible to anyone other than Grandtop for providing the protections afforded to clients of BDO Stoy Hayward Corporate Finance or for providing any financial advice in relation to the Offer or any matter referred to herein.

This summary should be read in conjunction with and is subject to, the full text of this Announcement (including its appendices) set out below. Appendix I sets out the conditions and further principal terms of the Offer. Appendix II of this Announcement contains the sources and bases of certain information used in this summary and in the following Announcement. Appendix III contains details of the irrevocable undertakings received in relation to the Offer. Appendix IV contains definitions of certain terms used in this Announcement.

Neither this summary nor the full text of this Announcement constitutes or forms part of an offer to purchase or subscribe for any securities. The Offer will be made solely by the Offer Document, and (in the case of Birmingham City Shares held in certificated form) the Form of Acceptance, which together will contain the full terms and conditions of the Offer, including details of how the Offer may be accepted. **Your attention is drawn in particular to the information set out in paragraph 10 of this Announcement.**

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART IN OR INTO THE UNITED STATES, CANADA, AUSTRALIA, JAPAN OR ANY OTHER JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION

FOR IMMEDIATE RELEASE 21 August 2009

GRANDTOP INTERNATIONAL HOLDINGS LIMITED ("Grandtop")

All Cash Offer by
Grandtop
for
Birmingham City PLC ("Birmingham City")

1. Introduction

The Grandtop Board is pleased to announce an all cash offer to be made by Grandtop to acquire the entire issued and to be issued share capital of Birmingham City, other than those shares already owned by Grandtop.

The Acquisition constitutes a very substantial acquisition for Grandtop under the HK Listing Rules and will therefore be subject to the approval of Grandtop Shareholders in a general meeting as required by the HK Listing Rules.

Grandtop currently holds 24,375,975 Birmingham City Shares, representing approximately 29.91 per cent. of the existing issued share capital of Birmingham City. Grandtop has received irrevocable undertakings from certain Birmingham City Shareholders (all of which are existing Birmingham City Board members (or their associate entities)) to accept or procure the acceptance of the Offer in respect of a total of 40,757,026 Birmingham City Shares, representing, in aggregate, approximately 50.0 per cent. of the existing issued share capital of Birmingham City. The Irrevocable Undertakings remain binding in the event of a competing offer being made for Birmingham City. Grandtop therefore owns and has received irrevocable undertakings to accept the Offer in respect of a total of 65,133,001 Birmingham City Shares, representing, in aggregate, approximately 79.91 per cent. of the existing issued share capital of Birmingham City. Further details of the Irrevocable Undertakings are shown in Appendix III to this Announcement. The unanimous agreement of the Birmingham City Board has been granted for the giving of the Irrevocable Undertakings by certain Birmingham City Shareholders.

2. Background to and Reasons for the Offer

Grandtop has maintained a strategic interest in Birmingham City since its first acquisition of Birmingham City Shares in 2007 and now intends to acquire the remaining Birmingham City Shares which it does not already own.

The Grandtop Directors have significant business experience and connections in Hong Kong and the PRC and they believe that, with their support and through their connections and expertise in developing business in the region, Birmingham City will be able to significantly increase its global fan base, promote and enhance its brand and develop new merchandising and related revenues, which in turn will provide a source of sustainable financing to help support the Club in consistently competing at the highest levels in domestic and European football.

The Grandtop Directors intend to develop the Club by investing in and strengthening the squad and infrastructure of the Club over time.

Football is widely followed in the PRC with television viewing figures over recent years increasing significantly. The Premier League's profile in China continues to grow with events such as the Barclays Asia Trophy being held in or around China since 2003, in which three Premier League clubs compete alongside a local team. The Premier League recognises that the development of the football game in the PRC is critical to football's future as the world's sport of choice. It was announced in July 2009 that Premier League matches for the forthcoming 2009/2010 season will be broadcast in China on free to air state broadcaster Guandong TV, exposing the Premier League to a significantly sized television audience in China.

The Grandtop Directors will seek a smooth transition of ownership and are planning a period of stable continuity following the Acquisition. The initial and primary aim will be supporting the Club to help it retain its Premier League status. The Grandtop Directors plan to work with the existing management of the Club with the objective of ensuring that the transition period is as smooth as possible. It is intended that the current first team manager, Alex McLeish, will continue in this role, supported by his existing backroom team. Further details of the proposed management structure going forward are provided in paragraph 6 of this Announcement.

3. The Offer

The Offer, which will be made on the terms and subject to the conditions set out below and referred to in Appendix I to this Announcement will also be subject to the full terms to be set out in the Offer Document and, in the case of certificated Birmingham City Shares, in a Form of Acceptance, will be made on the following basis:

100 pence in cash for each Birmingham City Share

The Offer values the entire issued share capital of Birmingham City at approximately £81.51 million and represents a premium of approximately 55 per cent. to the closing price of 64.5 pence per Birmingham City Share on 20 August 2009, being the last Business Day prior to this Announcement, a premium of approximately 150 per cent. to the closing price of 40 pence per Birmingham City Share on 11 August 2009, being the last Business Day prior to the commencement of the Offer Period and a premium of approximately 240 per cent. over the average closing price for the 6 month period prior to this Announcement of 29.4 pence per Birmingham City Share.

The Offer will extend to all Birmingham City Shares (other than those owned by Grandtop) unconditionally allotted or issued and fully paid (or credited as fully paid) on the date of the Offer and any Birmingham City Shares which are unconditionally allotted or issued and fully paid whilst the Offer remains open for acceptance or by such earlier date as Grandtop may, subject to the City Code, decide, not being earlier than the date on which the Offer becomes or is declared unconditional as to acceptances.

The Offer will be extended to any holders of Birmingham City Shares to which the Offer relates unconditionally allotted or issued whilst the Offer remains open for acceptance.

The Birmingham City Shares to which the Offer relates will be acquired by Grandtop fully paid, or credited as fully paid, and free from all liens, equitable interests, mortgages, charges, encumbrances, rights of pre-emption and other third party rights or interests of any nature whatsoever and together with all rights now or hereafter attaching to them, including all voting rights and the right to receive and retain all dividends and other distributions (if any) declared, made or paid on or after the date of this Announcement.

The availability of the Offer to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable legal or regulatory requirements.

Grandtop has agreed to place the Deposit in a deposit escrow, subject to the terms of the Escrow Agreement. In the event that the Offer becomes or is declared unconditional in all respects by 30 October 2009, the Deposit will be used to satisfy in part the consideration payable to Birmingham Shareholders who accept the Offer; otherwise the Deposit will on that date be released to Birmingham City, unless prior to that date any of the providers of the Irrevocable Undertakings are in breach of the terms of the Irrevocable Undertakings or any member of the Birmingham City Board or its advisors indicate publicly that such board will not or may not unanimously recommend acceptance of the Offer, in each of which cases the Deposit will be used to satisfy in part the consideration payable to Birmingham Shareholders or be returned to Grandtop. The terms of the Escrow Agreement require the Offer to be declared unconditional in all respects on the first closing date of the Offer.

4. Information on Birmingham City

The information in this Announcement concerning Birmingham City has been extracted from publicly available sources only.

Birmingham City was incorporated on 14 January 1997. Its principal activity is that of a holding company. Birmingham City F.C., a professional football club, was founded in 1875 and is owned and operated by Birmingham City's sole subsidiary. Birmingham City's share capital is admitted to trading on AIM.

The Birmingham City Group's main assets consist of freehold land and buildings, acquired players' registrations, fixtures and equipment, and motor vehicles in the United Kingdom.

Based approximately one mile from the centre of Birmingham, Britain's second most populous city, Birmingham City City F.C. benefits from one of the largest population catchment areas in the UK.

Birmingham City's consolidated financial statements for the year ended 31 August 2008 showed turnover of £49.8 million (2007 £25.0 million), profit before taxation of £4.3 million (2007 loss of £6.6 million) and net assets of £11.6 million (2007 £9.0 million). Its unaudited consolidated interim results for the six months ended 28 February 2009 showed a loss before tax of £3.8 million on turnover from continuing operations of £15.6 million for that six month period.

5. Information on Grandtop

Grandtop was incorporated in the Cayman Islands on 21 June 2002 and listed on the Main Board of the Hong Kong Stock Exchange on 12 November 2002. Its registered office is Unit 3008, 30/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

The current Directors of Grandtop are Yeung Ka Sing, Carson, Hui Ho Luek, Vico, Steven McManaman, Lee Yiu Tung, Ip Wing Lun, Wong Po Ling, Pauline, Christian Lali Karembeu, Chan Wai Keung, Chang Kin Man, Yau Yan Ming, Raymond, and Zhou Han Ping.

Significant shareholders of Grandtop include Mr. Yeung Ka Sing, Carson who (together with his controlled corporations) has a 16.01 per cent. interest in Grandtop's issued share capital. Mr. Hui Ho Luek, Vico holds or is interested in (together with his controlled corporations and associates) a 6.22 per cent. interest in Grandtop's issued share capital.

Grandtop is an investment holding company and the principal activities of its subsidiaries are providing apparel sourcing services, sportswear and apparel trading, and entertainment.

Grandtop's audited financial statements for the year ended 31 March 2009 showed revenue of HK$10.6 million (31 March 2008: HK$20.6 million), loss before taxation and after impairment losses of HK$91.7 million (31 March 2008: loss of HK$151.7 million) and net liabilities of HK$65.2 million (31 March 2008: net assets HK$12.6 million).

6. Management and Employees

The Grandtop Directors acknowledge the significant contribution made by Birmingham City's existing directors and senior management and their stewardship of the Club culminating in Birmingham City's return to the Premier League for the 2009/2010 season following automatic promotion from the Football League Championship in May 2009.

The Grandtop Directors will seek a smooth transition of ownership and they anticipate continuing to work with the executive directors of Birmingham City. The Grandtop Directors intend that Karren Brady will continue in her role of managing director, and that other existing members of the senior management team will also continue to be involved in the ongoing business of Birmingham City. In addition, the Grandtop Directors intend that David Gold continues his long association with Birmingham City in an ongoing capacity of Honorary Chairman of the Club. The desire for a smooth transition extends to the management of the football team and the Grandtop Directors intend to give the existing manager of the Club, Alex McLeish and his team of backroom staff their full support.

Subject to the Offer becoming or being declared unconditional in all respects, it is intended that two Grandtop Directors, being Mr. Yeung Ka Sing, Carson and Mr. Hui Ho Luek, Vico will join the Birmingham City Board. The Grandtop Board anticipate that David Sullivan will resign as a non executive director of Birmingham City upon the Offer becoming or being declared unconditional in all respects in order to concentrate on his other interests.

The existing employment rights, including pension rights, of all of Birmingham City's employees will be fully safeguarded upon the Offer becoming or being declared unconditional in all respects.

7. Compulsory acquisition and cancellation of trading on AIM

If the Offer becomes or is declared unconditional in all respects and if sufficient acceptances are received, Grandtop intends to apply the provisions of sections 979 to 982 (inclusive) of the 2006 Act to acquire compulsorily any remaining Birmingham City Shares.

In addition, as soon as it is appropriate to do so, and subject to the conditions of the Offer having been satisfied or (if capable of waiver) waived and subject to any applicable legal or regulatory requirements, Grandtop intends to procure that Birmingham City applies to the London Stock Exchange for the cancellation of the admission of Birmingham City Shares to trading on AIM. It is anticipated that should such an application be made the cancellation of Birmingham City's admission to trading will take effect either: (i) no earlier than twenty Business Days after Grandtop announces that all conditions to the Offer have been satisfied or (if capable of waiver) waived in the event that less than 75 per cent. valid acceptances are received pursuant to the Offer and provided Birmingham City Shareholders approve the cancellation in general meeting; or (ii) should valid acceptances be received pursuant to the Offer which when combined with the Birmingham City Shares which Grandtop already owns results in Grandtop owning 75 per cent. or more of the Birmingham City Shares.

Birmingham City Shareholders should note that the cancellation of the admission to trading of Birmingham City Shares on AIM will significantly reduce the liquidity and marketability of Birmingham City Shares which are not acquired under the Offer and their value may be materially and adversely affected as a consequence. The cancellation of admission would significantly reduce the liquidity and marketability of any Birmingham City Shares held by persons who have not accepted the Offer at that time.

It is proposed that, following the Offer becoming or being declared unconditional in all respects and subject to the extent of Grandtop's interest in Birmingham City at the relevant time, Birmingham City will be re-registered as a private company.

8. HK Listing Rules implications and Grandtop Shareholder approval

The acquisition of the Birmingham City Shares by Grandtop pursuant to the Offer constitutes a very substantial acquisition for Grandtop under the HK Listing Rules, and is subject to the applicable announcement and shareholder approval requirements under the HK Listing Rules. Those rules require the Acquisition to be approved by a simple majority of those Grandtop Shareholders which attend and vote at the Grandtop Meeting(s) prior to the Offer being declared unconditional in all respects. Grandtop Shareholders holding in aggregate approximately 20.76 per cent. of the entire issued share capital of Grandtop have irrevocably undertaken to vote in favour of any resolutions to approve the Acquisition at the Grandtop Meeting(s).

A circular containing information regarding the Offer, the notice to convene the Grandtop Meeting(s) to approve the Offer and certain other information as required under the HK Listing Rules will be despatched to Grandtop Shareholders as soon as practicable. The Grandtop Directors consider that the acquisition of Birmingham City Shares pursuant to the Offer is fair and reasonable and is in the interests of the Grandtop Shareholders as a whole.

9. Financing the Offer

Full acceptance of the Offer will require the payment by Grandtop of £57,129,025 in cash.

Grandtop intends to finance the cash consideration payable under the Offer from its own cash resources including funds which have been raised pursuant to a new loan facility which has been drawn down for the purpose of settling the consideration payable under the Offer. Grandtop has granted a security interest over the Birmingham City Shares owned and to be acquired by Grandtop, as part of the security for that new loan facility. Grandtop will, subject to satisfaction of certain conditions, including the approval of Grandtop Shareholders, be making an underwritten open offer to its shareholders in order, amongst other things, to re-finance the new loan facility in due course.

BDO Stoy Hayward Corporate Finance has confirmed that the necessary financial resources are available to Grandtop to satisfy the £57,129,025 of cash consideration payable under the Offer in the event of full acceptance of the Offer.

10. General

The Offer Document and Forms of Acceptance, containing the full terms of the Offer, will be posted to Birmingham City Shareholders as soon as possible, but in any event, within 28 days of the date of this Announcement, unless otherwise agreed with the Panel. The conditions to the Offer are set out in Appendix I to this Announcement and, together with certain further terms of the Offer, will also be set out in full in the Offer Document and, in the case of certificated Birmingham City Shares, in the Form of Acceptance. In deciding whether to accept the Offer, Birmingham City Shareholders should rely on the information contained in, and follow the procedures described in, the Offer Document and, if applicable, the Form of Acceptance.

The availability of the Offer to Birmingham City Shareholders not resident in or citizens of the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are citizens or in which they are resident. Such persons should inform themselves about and observe any applicable legal or regulatory requirements of any such relevant jurisdiction.

In particular, the Offer is not being made, directly or indirectly, in, into or from or by the use of the mails of or any means or instrumentality (including, without limitation, by means of facsimile transmission, telex, telephone, internet or other forms of electronic communication) of interstate or foreign commerce of, or by any facility of a national, state or other securities exchange of, any Restricted Jurisdiction, or in any other jurisdiction if to do so would constitute a violation of the relevant laws of such jurisdiction and the Offer, when made, will not be capable of acceptance by any such use, means, instrumentality or facility from or within any Restricted Jurisdiction where to do so would constitute a breach of any relevant securities laws of that Restricted Jurisdiction. Accordingly, copies of this Announcement are not being, and must not be, mailed or otherwise distributed or sent in or into or from any Restricted Jurisdiction or any such other jurisdiction. Doing so may render invalid any purported acceptance of the Offer. Grandtop will retain the right to permit the Offer to be accepted and any sale of any securities pursuant to the Offer to be completed if, in its sole discretion, it is satisfied that the transaction in question can be undertaken in compliance with applicable law and regulation.

Any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe any applicable legal or regulatory requirements. Further information in relation to overseas Birmingham City Shareholders will be set out in the Offer Document.

This Announcement does not constitute, or form part of, an offer or an invitation to purchase or subscribe for any securities. The Offer will be made solely by way of the Offer Document and, where appropriate, the related Form of Acceptance which together will contain the full terms and conditions of the Offer, including details of how the Offer may be accepted.

Birmingham City Shareholders who accept the Offer may only rely on the Offer Document and, where appropriate, the related Form of Acceptance for all the terms and the condition of the Offer. In deciding whether or not to accept the Offer in relation to their Birmingham City Shares, Birmingham City Shareholders should rely only on the information contained, and procedures described, in the Offer Document and, where appropriate, the related Form of Acceptance. Birmingham City Shareholders are strongly advised to read the Offer Document being posted to them shortly, or in any event within 28 days of this Announcement (other than with the agreement of the Panel), which contains important information.

BDO Stoy Hayward Corporate Finance is acting exclusively for Grandtop and no one else in connection with the Offer and will not be responsible to anyone other than Grandtop for providing the protections afforded to customers of BDO Stoy

Hayward Corporate Finance or for providing advice in relation to the Offer or any other matter referred to herein.

BDO Stoy Hayward Corporate Finance has given its written consent to the release of this Announcement containing references to its name in the form and context in which they appear.

The Grandtop Directors accept responsibility for the information contained in this Announcement. To the best of the knowledge and belief of the Grandtop Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Announcement for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Announcement contains certain forward-looking statements with respect to (amongst other things) the financial condition, results of operations and business of the Birmingham City and certain plans and objectives of the Grandtop Board. These forward-looking statements, without limitation, can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as "anticipate", "expect", "estimate", "intend", "plan", "believe", "will", "may", "should", "would", "could" or other words of similar meaning. These statements are based on assumptions and assessments made by the Grandtop Directors in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe appropriate. By their nature, forward-looking statements involve risk and uncertainty, and the factors described in the context of such forward-looking statements in this Announcement could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements, which are not guarantees of future performance.

Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this Announcement. Birmingham City and Grandtop assume no obligation to update or correct the information contained in this Announcement, whether as a result of new information, future events or otherwise, except to the extent legally required.

The statements contained in this Announcement are made as at the date of this Announcement, unless some other time is specified in relation to them, and service of this Announcement shall not give rise to any implication that there has been no change in the facts set out in this Announcement since such date. Nothing contained in this Announcement shall be deemed to be a forecast, projection or estimate of the future financial performance of Birmingham City except where expressly stated.

In accordance with Rule 19.11 of the Code, a copy of this announcement will be published on Grandtop's investor relations website at www.irasia.com/listco/hk/grandtop/index.htm.

Certain disclosure requirements in respect of the Offer are set out in Rule 8 of the Code. In particular, under the provisions of Rule 8.3 of the Code, if any person is, or becomes, "interested" (directly or indirectly) in one per cent. or more of any class of "relevant securities" of Birmingham City, all "dealings" in any "relevant securities" of that company (including by means of an option in respect of, or a derivative referenced to, any such "relevant securities") must be publicly disclosed by no later than 3.30 p.m. (London time) on the Business Day following the date of the relevant transaction. This requirement will continue until the date on which the Offer becomes, or is declared, unconditional as to acceptances, lapses or is otherwise withdrawn or on which the Offer Period otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an "interest" in "relevant securities" of Birmingham City, they will be deemed to be a single person for the purpose of Rule 8.3 of the Code.

Under the provisions of Rule 8.1 of the Code, all "dealings" in "relevant securities" of Birmingham City by Grandtop or Birmingham City, or by any of their respective "associates" (within the meaning of the Code), must also be disclosed by no later than 12.00 p.m. (London time) on the Business Day following the date of the relevant transaction.

A disclosure table giving details of the companies in whose "relevant securities" "dealings" should be disclosed, and the number of such securities in issue, can be found on the Panel's website at www.thetakeoverpanel.org.uk.

"Interests in securities" arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an "interest" by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the Code, which can also be found on the Panel's website.

If you are in any doubt as to whether or not you are required to disclose a "dealing" under Rule 8 of the Code, you should consult the Panel.

This Announcement does not constitute, or form part of, an offer or invitation to purchase any securities.

APPENDIX I TO THE OFFER ANNOUNCEMENT

Conditions and certain further terms of the Offer

The Offer is subject to and will comply with the rules and regulations of the London Stock Exchange and the FSA and the provisions of the City Code and other applicable legal or regulatory requirements. The Offer and any acceptances under it will be governed by English law and be subject to the jurisdiction of the courts of England.

The Offer, which will be made by Grandtop, will be subject to the terms and conditions to be set out in full in the Offer Document and, where appropriate, the Form of Acceptance, including:

(a) valid acceptances being received (and not, where permitted, withdrawn) by not later than 1.00 p.m. (London time) on the first closing date of the Offer (or such later time(s) and/or date(s) as Grandtop may, subject to the rules of the City Code, decide) in respect of not less than 65 per cent (or such lower percentage as Grandtop may decide) in nominal value of the Birmingham City Shares to which the Offer relates, provided that this condition will not be satisfied unless Grandtop and/or its wholly owned subsidiaries shall hold, have acquired or agreed to acquire (whether pursuant to the Offer or otherwise) Birmingham City Shares carrying in aggregate more than 50 per cent of the voting rights then normally exercisable at a general meeting of Birmingham City, including for this purpose (except to the extent otherwise agreed by the Panel) any such voting rights attaching to any Birmingham City Shares that are unconditionally allotted or issued before the Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise; and for this purpose:

(i) the expression "Birmingham City Shares to which the Offer relates" shall be construed in accordance with Sections 979 to 982 of the 2006 Act;

(ii) Birmingham City Shares which have been unconditionally allotted but not issued shall be deemed to carry the voting rights which they will carry upon issue; and

(iii) valid acceptances shall be deemed to have been received in respect of Birmingham City Shares which are treated for the purposes of Section 979 of the 2006 Act as having been acquired or contracted to be acquired by Grandtop by virtue of acceptances of the Offer;

(b) the passing at the Grandtop Meeting(s) (or at any adjournment of such meeting(s)) of such resolutions as may be necessary as required under the HK Listing Rules or other applicable regulations or applicable laws, in order to approve, implement, and effect the Offer and the acquisition of the Birmingham City Shares pursuant to the Offer;

(c) no Third Party having intervened and there not continuing to be outstanding any statute, regulation or order of any Third Party in each case which would or might reasonably be expected (in any case to an extent which is material in the context of the Grandtop Group or the Birmingham City Group, as the case may be, taken as a whole) to:

(i) make the Offer, its implementation or the acquisition or proposed acquisition by Grandtop or any member of the Wider Grandtop Group of any shares or other securities in, or control or management of, Birmingham City or any member of the Wider Birmingham City Group void, illegal or unenforceable in any jurisdiction, or otherwise directly or indirectly restrain, prevent, prohibit, restrict or delay the same or impose additional conditions or obligations with respect to the Offer or such acquisition, or otherwise impede, challenge or interfere with the Offer or such acquisition, or require amendment to the terms of the Offer or the acquisition or proposed acquisition of any Birmingham City Shares or the acquisition of control of Birmingham City or the Wider Birmingham City Group by Grandtop;

(ii) limit or delay the ability of any member of the Wider Grandtop Group or any member of the Wider Birmingham City Group to acquire or to hold or to exercise effectively, directly or indirectly, all or any rights of ownership in respect of shares or other securities in, or to exercise voting or management control over, any member of the Wider Birmingham City Group or any member of the Wider Grandtop Group;

(iii) require, prevent or delay the divestiture or alter the terms envisaged for any proposed divestiture by any member of the Wider Grandtop Group of any shares or other securities in Birmingham City;

(iv) require, prevent or delay the divestiture or alter the terms envisaged for any proposed divestiture by any member of the Wider Grandtop Group or by any member of the Wider Birmingham City Group of all or any portion of their respective businesses, assets or properties or limit the ability of any of them to conduct any of their respective businesses or to own or control any of their respective assets or properties or any part thereof;

(v) except pursuant to Part 28 of the 2006 Act, require any member of the Wider Grandtop Group or of the Wider Birmingham City Group to acquire, or to offer to acquire, any shares or other securities (or the equivalent) in any member of either group owned by any third party;

(vi) limit the ability of any member of the Wider Grandtop Group or of the Wider Birmingham City Group to conduct or integrate or co-ordinate its business, or any part of it, with the businesses or any part of the businesses of any other member of the Wider Grandtop Group or of the Wider Birmingham City Group;

(vii) result in any member of the Wider Birmingham City Group or the Wider Grandtop Group ceasing to be able to carry on business under any name under which it presently does so; or

(viii) otherwise adversely affect the business, assets, profits, financial or trading position or prospects of any member of the Wider Birmingham City Group or of the Wider Grandtop Group, and all applicable waiting and other time periods during which any Third Party could intervene under the laws of any relevant jurisdiction having expired, lapsed or been terminated;

(d) all notifications and filings which are necessary or are reasonably considered appropriate by Grandtop having been made, all appropriate waiting and other time periods (including any extensions of such waiting and other time periods) under any applicable legislation or regulation of any relevant jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory or regulatory obligations in any relevant jurisdiction having been complied with in each case in connection with the Offer or the acquisition or proposed acquisition of any shares or other securities in, or control of, Birmingham City or any other member of the Wider Birmingham City Group by any member of the Wider Grandtop Group or the carrying on by any member of the Wider Birmingham City Group of its business;

(e) all authorisations which are necessary or are reasonably considered necessary or appropriate by Grandtop in any relevant jurisdiction for or in respect of the Offer or the acquisition or proposed acquisition of any shares or other securities in, or control of, Birmingham City or any other member of the Wider Birmingham City Group by any member of the Wider Grandtop Group or the carrying on by any member of the Wider Birmingham City Group of its business having been obtained, in terms and in a form reasonably satisfactory to Grandtop, from all appropriate Third Parties and from any persons or bodies with whom any member of the Wider

Birmingham City Group has entered into contractual arrangements in each case where the absence of such authorisation would have a material adverse effect on the Birmingham City Group taken as a whole and all such authorisations remaining in full force and effect and there being no notice or intimation of any intention to revoke, suspend, restrict, modify or not to renew any of the same;

(f) except as publicly announced by Birmingham City (by the delivery of an announcement to a Regulatory Information Service) prior to 21 August 2009 or as fairly disclosed in writing to Grandtop by or on behalf of Birmingham City prior to 21 August 2009, there being no provision of any arrangement, agreement, licence, permit, franchise or other instrument to which any member of the Wider Birmingham City Group is a party, or by or to which any such member or any of its assets is or are or may be bound, entitled or subject or any circumstance, which, in each case as a consequence of the Offer or the acquisition or proposed acquisition of any shares or other securities in, or control of, Birmingham City or any other member of the Wider Birmingham City Group by any member of the Wider Grandtop Group or otherwise, could or might reasonably by expected to result in, (in any case to an extent which is or would be material in the context of the Birmingham City Group taken as a whole):

(i) any monies borrowed by or any other indebtedness or liabilities (actual or contingent) of, or any grant available to, any member of the Wider Birmingham City Group being or becoming repayable or capable of being declared repayable immediately or prior to its stated repayment date or the ability of any member of the Wider Birmingham City Group to borrow monies or incur any indebtedness being withdrawn or inhibited or becoming capable of being withdrawn;

(ii) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property, assets or interests of any member of the Wider Birmingham City Group or any such mortgage, charge or other security interest (wherever created, arising or having arisen) becoming enforceable;

(iii) any such arrangement, agreement, licence, permit, franchise or instrument, or the rights, liabilities, obligations or interests of any member of the Wider Birmingham City Group thereunder, being, or becoming capable of being terminated or adversely modified or affected or any adverse action being taken or any obligation or liability arising thereunder;

(iv) any asset or interest of any member of the Wider Birmingham City Group being or falling to be disposed of or ceasing to be available to any member of the Wider Birmingham City Group or any right arising under which any such asset or interest could be required to be disposed of or could cease to be available to any member of the Wider Birmingham City Group otherwise than in the ordinary course of business;

(v) any member of the Wider Birmingham City Group ceasing to be able to carry on business under any name under which it presently does so;

(vi) the creation of liabilities (actual or contingent) by any member of the Wider Birmingham City Group;

(vii) the rights, liabilities, obligations or interests of any member of the Wider Birmingham City Group under any such arrangement, agreement, licence, permit, franchise or other instrument or the interests or business of any such member in or with any other person, firm, company or body (or any arrangement or arrangements relating to any such interests or business) being terminated, adversely modified or affected; or

(viii) the financial or trading position or the prospects or the value of any member of the Wider Birmingham City Group being prejudiced or adversely affected, and no event having occurred which, under any provision of any such arrangement, agreement, licence, permit or other instrument, could result in any of the events or circumstances which are referred to in paragraphs (i) to (viii) of this condition (f) in any case to an extent which is or would be material in the context of the Birmingham City Group taken as a whole;

(g) since 31 August 2008 and except as disclosed in Birmingham City's annual report and accounts for the year then ended or in Birmingham City's interim results for the six months ended 28 February 2009 or as otherwise publicly announced by Birmingham City (by the delivery of an announcement to a Regulatory Information Service) prior to 21 August 2009 or as otherwise fairly disclosed in writing to Grandtop by or on behalf of Birmingham City prior to 21 August 2009 no member of the Wider Birmingham City Group having:

(i) issued or agreed to issue, or authorised the issue of, additional shares of any class, or securities convertible into or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities other than as between Birmingham City and wholly-owned subsidiaries of Birmingham City;

(ii) purchased or redeemed or repaid any of its own shares or other securities or reduced or made any other change to any part of its share capital;

(iii) recommended, declared, paid or made any bonus, dividend or other distribution whether payable in cash or otherwise (other than to Birmingham City or a wholly-owned subsidiary of Birmingham City);

(iv) made or authorised any change in its loan capital;

(v) (other than any acquisition or disposal in the ordinary course of business or a transaction between Birmingham City and a wholly-owned subsidiary of Birmingham City) merged with, demerged or acquired or disposed of or transferred, mortgaged or charged or created any security interest over any assets or any right, title or interest in any assets (including shares in any undertaking and trade investments) or authorised the same (which in any case is material in the context of the Birmingham City Group taken as a whole);

(vi) issued or authorised the issue of, or made any change in or to, any debentures or (except in the ordinary course of business) incurred or increased any indebtedness or liability (actual or contingent) which in any case is material in the context of the Birmingham City Group taken as a whole;

(vii) entered into, varied or authorised any agreement, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) which:

(A) is of a long term, onerous or unusual nature or magnitude or which is or could involve an obligation of such nature or magnitude; or

(B) could restrict the business of any member of the Wider Birmingham City Group; or

(C) is other than in the ordinary course of business, and which in any case is material in the context of the Birmingham City Group taken as a whole;

(viii) entered into, implemented, effected or authorised any merger, demerger, reconstruction, amalgamation, scheme, commitment or other transaction or arrangement in respect of itself or another member of the Wider Birmingham City Group otherwise than in the ordinary course of business which in any case is material in the context of the Birmingham City Group taken as a whole;

(ix) entered into or varied the terms of, any contract, agreement or arrangement with any of the directors or senior executives of any member of the Wider Birmingham City Group;

(x) taken any corporate action or had any legal proceedings instituted or threatened against it or petition presented or order made for its winding-up (voluntarily or otherwise), dissolution or reorganisation or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of all or any material part of its assets and revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction which in any case is material in the context of the Birmingham City Group taken as a whole;

(xi) been unable, or admitted in writing that it is unable, to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business in any case with a material adverse effect on the Birmingham City Group taken as a whole;

(xii) waived or compromised any claim which is material in the context of the Birmingham City Group taken as a whole;

(xiii) made any alteration to its memorandum or articles of association which is material in the context of the Offer;

(xiv) entered into any agreement, commitment or arrangement or passed any resolution or made any offer (which remains open for acceptance) or proposed or announced any intention with respect to any of the transactions, matters or events referred to in this condition (g);

(h) since 31 August 2008 and except as disclosed in Birmingham City's annual report and accounts for the year then ended or in Birmingham City's interim results for the six months ended 28 February 2009 or as otherwise publicly announced by Birmingham City (by the delivery of an announcement to a Regulatory Information Service) prior to 21 August 2009 or as otherwise fairly disclosed in writing to Grandtop by or on behalf of Birmingham City prior to 21 August 2009:

(i) there having been no adverse change or deterioration in the business, assets, financial or trading positions or profit or prospects of any member of the Wider Birmingham City Group which in any case is material in the context of the Birmingham City Group taken as a whole;

(ii) no contingent or other liability of any member of the Wider Birmingham City Group having arisen or become apparent or increased which in any case is material in the context of the Birmingham City Group taken as a whole;

(iii) no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Wider Birmingham City Group is or may become a party (whether as plaintiff, defendant or otherwise) having been threatened, announced, implemented or instituted by or against or remaining outstanding against or in respect of any member of the Wider Birmingham City Group which in any case is material in the context of the Birmingham City Group taken as a whole; and

(iv) (other than as a result of the Offer) no enquiry or investigation by, or complaint or reference to, any Third Party having been threatened, announced, implemented, instituted by or against or remaining outstanding against or in respect of any member of the Wider Birmingham City Group which in any case is material in the context of the Birmingham City Group taken as a whole;

(i) Grandtop not having discovered:

(i) that any financial or business or other information concerning the Wider Birmingham City Group disclosed at any time by or on behalf of any member of the Wider Birmingham City Group, whether publicly, to any member of the Wider Grandtop Group or otherwise, is misleading or contains any misrepresentation of fact or omits to state a fact necessary to make any information contained therein not misleading and which was not subsequently corrected before 21 August 2009 by disclosure either publicly by way of a Regulatory Information Service or otherwise fairly disclosed in writing to Grandtop before such date, to an extent which in any case is material in the context of the Birmingham City Group as a whole;

(ii) that any member of the Wider Birmingham City Group is subject to any liability (actual or contingent) which is not disclosed in Birmingham City's annual report and accounts for the financial year ended 31 August 2008 and which in any case is material in the context of the Birmingham City Group taken as a whole; or

(iii) any information which affects the import of any information disclosed at any time by or on behalf of any member of the Wider Birmingham City Group to an extent which is material in the context of the Birmingham City Group taken as a whole.

For the purpose of these conditions:

(a) "Third Party" means any government, government department or governmental, quasi-governmental, supranational, statutory, regulatory or investigative body, authority (including any national anti-trust or merger control authority), court, trade agency, association, institution or professional or environmental body or any other person or body whatsoever in any relevant jurisdiction;

(b) a Third Party shall be regarded as having "intervened" if it has decided to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference or made, proposed or enacted any statute, regulation, decision or order or taken any measures or other steps or required any action to be taken or information to be provided or otherwise having done anything and "intervene" shall be construed accordingly;

(c) "Authorisations" means authorisations, orders, grants, recognitions, determinations, certificates, confirmations, consents, licences, clearances, provisions and approvals;

(d) "Wider Grandtop Group" means Grandtop and its subsidiaries and subsidiary undertakings and associated undertakings (including any company in which any member of the Grandtop Group is interested or any undertaking in which Grandtop and such undertakings (aggregating their interests) have a direct or indirect interest in 20 per cent. or more of the voting equity capital of an undertaking); and

(e) "Wider Birmingham City Group" means Birmingham City and its subsidiaries and subsidiary undertakings and associated undertakings (including any company in which any member of the Birmingham City Group is interested or any undertaking in which Birmingham City and such undertakings (aggregating their interests) have a direct or indirect interest in 20 per cent. or more of the voting equity capital of an undertaking).

Subject to the requirements of the Panel, Grandtop reserves the right to waive all or any of the above conditions, in whole or in part, except conditions (a) and (b).

Conditions (b) to (i) (inclusive) must be fulfilled, be determined by Grandtop to be or remain satisfied or (if capable of waiver) be waived by midnight on the 21st day after the later of the first closing date of the Offer and the date on which condition (a) is fulfilled (or in each case such later date as Grandtop may, with the consent of the Panel, decide), failing which the Offer will lapse. Grandtop shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of conditions (b) to (i) (inclusive) by a date earlier than the latest date specified above for the fulfilment of that condition.

If the Offer lapses it will cease to be capable of further acceptance. Birmingham City Shareholders who have accepted the Offer and Grandtop shall then cease to be bound by acceptances delivered on or before the date on which the Offer lapses.

The Offer will extend to all Birmingham City Shares whilst the Offer remains open for acceptance.

APPENDIX II TO THE OFFER ANNOUNCEMENT

Bases and Sources

In this Announcement, unless otherwise stated or the context otherwise requires, the following bases and sources have been used:

1. General

Financial information relating to Birmingham City has been extracted from the relevant published annual report and accounts of Birmingham City and/or public statements made by Birmingham City.

2. Value of the Offer

The Offer values the entire issued share capital of Birmingham City at £81,505,000, based on 81,505,000 Birmingham City Shares being in issue as at the date of this Announcement.

3. Share prices

The prices of Birmingham City Shares on a particular date are derived from the closing price for that date.

4. Time

All the times referred to in this Announcement are London times.

APPENDIX III TO THE OFFER ANNOUNCEMENT

Irrevocable Undertakings

Details of the Irrevocable Undertakings granted to Grandtop to accept or to procure the acceptance of the Offer are as follows:

Name	No. Birmingham City Shares	Approximate percentage of Birmingham City's issued share capital as at the date of the Irrevocable Undertaking
David Sullivan as trustee of the Roldvale & Associated Pension Scheme Birch Hall Coppice Row Theydon Bois Essex CM16 7DR	10,924,137	13.40%
Conegate Limited registered office Ramillies House Ramillies Street London W1F 7LN	9,000,690	11.04%
David Gold The Chalet Tupwood Road Caterham Surrey CR3 6ET	10,619,786	13.03%
Ralph Gold Brakey Hill House Tilburston Hill Road Godston Surrey RH0 8LY	10,212,413	12.53%

APPENDIX IV TO THE OFFER ANNOUNCEMENT

Definitions

The following definitions apply throughout this Announcement unless the context requires otherwise:

"2006 Act"	the Companies Act 2006, to the extent in force;
"Acquisition"	the proposed acquisition of the Birmingham City Shares by Grandtop to be effected by means of the Offer
"AIM"	the AIM market operated by the London Stock Exchange
"Announcement"	this document made in accordance with Rule 2.5 of the City Code
"Australia"	The Commonwealth of Australia, its states, territories and possessions and all areas under its jurisdiction and all political sub-divisions thereof
"BDO Stoy Hayward Corporate Finance"	a division of BDO Stoy Hayward LLP, Chartered Accountants, which is authorised and regulated in the UK by the Financial Services Authority to carry on investment business, the financial adviser to Grandtop in respect of the Offer
"Birmingham City Board"	the board of directors of Birmingham City
"Birmingham City Group"	Birmingham City and its subsidiary
"Birmingham City Shareholder"	a holder of Birmingham City Shares

"Birmingham City Shares"	the existing unconditionally allotted or issued and fully paid ordinary shares of £0.10 each in the capital of Birmingham City and further such shares which may be issued or unconditionally allotted and fully paid prior to the time and date on which the Offer closes or by such earlier date and time as Grandtop may decide
"Birmingham City Shares to which the Offer relates"	Birmingham City Shares other than those which Grandtop already holds
"Birmingham City"	Birmingham City PLC
"Business Day"	a day (excluding Saturdays) on which banks are generally open in London for transaction of normal banking business
"Canada"	Canada, its provinces and territories and all areas under its jurisdiction and political sub-divisions thereof
"certificated"	a share or security which is not held in electronic form
"City Code" or "Code"	the City Code on Takeovers and Mergers
"closing price"	the closing middle market price of Birmingham City as derived from London Stock Exchange
"Club"	Birmingham City Football Club
"Deposit"	the £3,000,000 sum held in escrow in accordance with the terms of the Escrow Agreement
"Enlarged Group"	the Grandtop Group following completion of the Acquisition

"Escrow Agreement"	the escrow agreement in respect of the Deposit entered into between Grandtop, Birmingham City, Birmingham City's solicitors and BDO Stoy Hayward Corporate Finance
"Form of Acceptance"	the form of acceptance and authority relating to the Offer to be completed by Birmingham City Shareholders who hold Birmingham City Shares in certificated form and who wish to accept the Offer
"FSA"	the Financial Services Authority
"FSMA"	the Financial Services and Markets Act 2000 (as amended)
"Grandtop Board" or the "Grandtop Directors"	the board of directors of Grandtop
"Grandtop Group"	Grandtop and its subsidiaries and/or (where the context requires) any one or more of them
"Grandtop Meeting(s)"	any extraordinary general meeting(s) of holders of Grandtop Shares to be held on one or more dates which have yet to be determined for the purpose of approving the Acquisition
"Grandtop Shareholder"	a holder of Grandtop Shares from time to time
"Grandtop Shares"	ordinary shares of HK$0.01 each in the share capital of Grandtop
"Grandtop" or the "Company"	Grandtop International Holdings Limited (listed on the Hong Kong Stock Exchange under stock code 2309)
"HK Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"HK$"	the lawful currency of Hong Kong

"Hong Kong Stock Exchange"	the Stock Exchange of Hong Kong Limited
"Irrevocable Undertakings"	those irrevocable undertakings to accept the Offer as detailed in Appendix III to this Announcement
"Japan"	Japan, its cities, prefectures, territories and possessions
"London Stock Exchange"	London Stock Exchange PLC
"Offer Document"	the document proposed to be posted to Grandtop Shareholders containing, amongst other things, the Offer
"Offer Period"	the period commencing 12 August 2009 until whichever of the following shall be the latest: (i) 1:00 pm on the first closing date of the Offer; (ii) the date on which the Offer lapses; or (iii) the date on which the Offer becomes or is declared unconditional as to acceptances
"Offer"	the offer to be made by Grandtop for the entire issued and to be issued ordinary share capital of Birmingham City, other than those shares already owned by Grandtop, on the terms and subject to the conditions set out in the Offer Document and the Forms of Acceptance and, where the context so requires, any subsequent revision, variation, extension or renewal of such offer
"Panel"	the Panel on Takeovers and Mergers
"PRC"	People's Republic of China
"Regulatory Information Service"	any information service authorised by the FSA for the purpose of disseminating regulatory announcements

"Restricted Jurisdiction"	subject always to the requirements of Rule 30.3 of the Code in relation to the distribution of offer documentation to jurisdictions outside the UK, any jurisdiction where extension or acceptance of the Offer would violate the law of that jurisdiction, which for the avoidance of doubt includes, but is not limited to the United States, Canada, Australia and Japan
"RMB"	the lawful currency of the PRC
"UK" or the "United Kingdom"	The United Kingdom of Great Britain and Northern Ireland (and its dependent territories)
"£"	UK pounds Sterling
"United States"	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia

The expressions "subsidiary", "subsidiary undertaking", "undertaking" and "associated undertaking" in relation to a company incorporated in the UK have the meanings given by the Companies Act 1985 including any statutory modification or reenactment thereof for the time being in force .

All references to time in this document are to London time.

APPENDIX B

Birmingham City plc ("Birmingham" or the "Company")

Escrow Agreement

The board of Birmingham announces that on 20th August 2009 it entered into an escrow agreement (the "Escrow Agreement") with Grandtop International Holdings Limited ("Grandtop"), the holder of an existing 29.9% interest in the issued share capital of Birmingham. Under this agreement, Grandtop has put down a deposit of £3 million (the "Deposit") with a view to making an offer for the entire issued share capital of the Company (other than the shares in Birmingham already held by Grandtop (the "Offer"). The £3m deposit is a surety for Grandtop's ability and intention to make an Offer, without which the Company was unable to commit resources to considering an Offer. It is payable by Grandtop to the Company if an Offer does not materialise, except in the circumstances described in paragraphs 1 to 4 below.

The Deposit becomes potentially payable to Birmingham if the major shareholders of Birmingham, being David Sullivan, David Gold and Ralph Gold, who are all directors of Birmingham (together with their associated interests) (together the "Irrevocable Givers"), sign irrevocable undertakings (the "Irrevocables") to accept an offer at £1.00 per ordinary share (the "Agreed Basis"). The Irrevocables, if signed, will be in respect of 40,757,026 ordinary shares of 10p each in the share capital of Birmingham, representing approximately 50.0% of the existing issued share capital. The Offer, if made, would value the entire issued share capital of Birmingham at approximately £81.51 million. It is expected that the Irrevocables will be signed as soon as Grandtop indicates that it is in a position to announce a firm intention to make an Offer on the Agreed Basis.

If an Offer on the Agreed Basis is made and is declared unconditional in all respects, then the Deposit will be transferred to a receiving agent to be used as part of the payment to accepting shareholders under the Offer. However, if an Offer on the Agreed Basis has not been announced by Grandtop by way of an announcement of a firm intention to make an Offer by 1st October 2009 or, once made, is not declared unconditional in all respects by 30th October 2009, then the Deposit will be released to Birmingham unless:

1. any of Irrevocable Givers fails to sign and deliver the Irrevocables within 24 hours of being requested to do so by Grandtop or its advisers;

2. any of Irrevocable Givers breaches the terms of any of the Irrevocables once executed or has indicated his intention to be so in breach;

3. the board of Birmingham fails to provide written confirmation that it unanimously agrees to the giving of all of the Irrevocables by the Irrevocable Givers and to inclusion of the terms of such agreement in the announcement of an Offer or in an Offer document; or

4. any member of the board of Birmingham or any adviser to Birmingham indicates publicly that such board will not or may not unanimously recommend acceptance by Birmingham shareholders of an Offer on the Agreed Basis by Grandtop.

The signing of the Escrow Agreement is the first step towards a potential Offer by Grandtop and there can be no guarantee that an offer will be announced by Grandtop or that an Offer, if made, would be successful.

Grandtop confirms that any offer for Birmingham would be only be in cash. This announcement has been made with the consent of Grandtop.

Enquiries:

Birmingham City plc	0844 557 1875
Karren Brady	
Roger Bannister	
Shore Capital and Corporate Limited	020 7408 4090
Graham Shore	
Stephane Auton	

Dealing Disclosure Requirements

Under the provisions of Rule 8.3 of the Takeover Code (the "Code"), if any person is, or becomes "interested" (directly or indirectly) in 1% or more of any class of "relevant securities" of the Company, all "dealings" in any "relevant securities" of that company (including by means of an option in respect of, or a derivative referenced to, any such "relevant securities") must be publicly disclosed by no later than 3.30pm (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the date on which the offer becomes, or is declared, unconditional as to acceptances, lapses or is otherwise withdrawn or on which the "offer period" otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an "interest" in "relevant securities" of the Company, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the Code, all "dealings" in "relevant securities" of the Company by an offeror or the Company, or by any of their respective "associates", must be disclosed by no later than 12.00 noon (London time) on the London business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose "relevant securities" "dealings" should be disclosed, and the number of such securities in issue, can be found on the Takeover Panel's website at http://www.thetakeoverpanel.org.uk/.

"Interests in securities" arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an "interest" by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to securities.

Terms in quotation marks are defined in the Code, which can also be found on the Panel's website. If you are in any doubt as to whether or not you are required to disclose a "dealing" under Rule 8, you should consult the Panel.

If you are in any doubt as to the application of Rule 8 to you, please contact an independent financial advisor authorised under the Financial Services and Markets Act 2000, consult the Panel's website at www.thetakeoverpanel.org.uk or contact the Panel on telephone number +44 20 7638 0129; fax +44 20 7236 7013.

Shore Capital and Corporate Limited is acting for the Company and for no-one else in connection with the matters referred to herein and will not regard any other person as its client nor be responsible to anyone other than the Company for providing the protections afforded to clients of Shore Capital and Corporate Limited nor for providing advice in relation to any matter referred to herein.

MANAGEMENT DISCUSSION AND ANALYSIS ON THE GROUP

Set out below is the management discussion and analysis (modified as appropriate) extracted from the annual reports of the Company for each of the three financial years ended 31 March 2007, 2008 and 2009:

(i) For the twelve months ended 31 March 2009

Results

For the year ended 31 March 2009, the Group recorded a consolidated turnover of approximately HK$10.7 million, representing a decrease of 48.1% compared to the turnover of approximately HK$20.6 million in the last financial year. Such decrease was mainly due to the decrease of the sales of apparel trading business. However, the Group has entered into new business segment which is entertainment business during the year.

The Group's turnover for the year under review was derived from Hong Kong and the United Kingdom markets and accounted for 78.1% and 21.9% respectively. In the last financial year, the Group's turnover was derived from Macau and the United Kingdom markets and accounted for 73.3% and 26.7% respectively.

During the financial year, the gross profit margin of the Group was 38.9% while it was 14.7% in the last financial year. The significant increase in the gross profit margin was mainly due to high gross profit margin in entertainment business in Hong Kong and sportswear & apparel trading business in the United Kingdom.

The loss of the Group for the year ended 31 March 2009 was decreased by 39.7% to approximately HK$91.7 million from the loss for the year of approximately HK$152.1 million in the last financial year. Such loss of the Group was mainly due to a very significant impairment loss on the investment in Birmingham City Plc..

Business Review and Prospects

The Company engages in investment holding. The principal activities of the subsidiaries are businesses of entertainment, apparel sourcing, sportswear & apparel trading and investment holding. During the year under review, the Group entered into entertainment business because of diversification of business and high profit margin in this business. For the existing sportswear & apparel trading business in the United Kingdom, the Group decided to minimise this business because the high competitive market in United Kingdom.

Although the Group is facing the global financial turmoil and poor market conditions, the Group will continue to explore and identify investment opportunities to add into the Group's investments in order to enhance the shareholders' value by its organic growth.

Dividend

No dividend was paid or proposed for the year ended 31 March 2009 (2008: HK$Nil), nor has any dividend been proposed since the balance sheet date.

Liquidity and Financial Resources

As at 31 March 2009, the cash and bank balances of the Group were approximately HK$3,000,000, representing a decrease of 57.7% compared to the cash and bank balances of approximately HK$7,100,000 as at the last financial year end. The current ratio of the Group as at 31 March 2009 was 13.2% (31 March 2008: 24.6%). The Group's gearing ratio (total interest-bearing borrowings to total assets) was not applicable as there was no interest-bearing borrowing as at 31 March 2009.

Capital Raising

The Company entered into subscription agreement dated 7 May 2008 (the "Subscription Agreement") and supplemental agreement dated 4 June 2008 (the "Supplemental Agreement") with Pacific Capital Investment Management Limited ("Pacific Capital") to issue convertible notes (the "Convertible Notes") by the Company for an aggregate principal amount of up to HK$200,000,000 which was approved as an ordinary resolution passed at the extraordinary general meeting of the Company on 7 July 2008. During the year, the Convertible Notes in the principal amount of HK$20,000,000 were issued. On 11 August 2008, 23 September 2008, 20 November 2008, 18 February 2009, 13 March 2009, 6 April 2009 and 30 April 2009, conversion rights attaching to the Convertible Notes in the principal amounts of HK$6,000,000, HK$2,500,000, HK$1,500,000, HK$2,500,000, HK$2,500,000, HK$2,500,000 and HK$2,500,000 were exercised respectively, resulting in the allotment and issue of 49,586,000 shares, 50,000,000 shares, 30,000,000 shares, 47,169,000 shares, 48,076,000 shares, 45,454,000 shares and 45,454,000 shares respectively.

The Company entered into termination agreement on 5 June 2009 with Pacific Capital to cancel and terminate the Subscription Agreement and the Supplemental Agreement in respect of the Convertible Notes under mutual agreement. The Company and Pacific Capital agreed to release and discharge each other from all obligations under Subscription Agreement and the Supplemental Agreement. Further details were set out in the Company's announcement dated 7 June 2009.

On 7 June 2009, Great Luck Management Limited and Mr. Yeung Ka Sing, Carson (the "Vendors"), the Company and the placing agent entered into the top-up placing and subscription agreement pursuant to which, the Vendors agreed to place, through the placing agent, an aggregate of 150,000,000 existing shares. The gross proceeds from the top-up subscription are HK$60,000,000. The net proceeds of approximately HK$58,000,000 from the top-up subscription are intended to be used as general working capital of the Group, for expansion of the Group's business and/or possible investments in the future when opportunities arise. The details of the top-up placing and subscription agreement were set out in the Company's announcement dated 8 June 2009.

Share Capital

Details of the movements in share capital of the Company during the year are set out in Note 28 to the financial statements in Appendix III.

Foreign Exchange Exposure

The Group is exposed to currency risk primarily through its investment in quoted equity securities in Birmingham City Plc. with a carrying value of approximately HK$60.4 million (31 March 2008: HK$134.4 million) as at 31 March 2009 that are denominated in Pound Sterling ("£"), which was acquired during the year of 2008.

Commitment

As at 31 March 2009 and 2008, the Company and the Group did not have any capital commitment.

Pledge of Group's Asset

As at 31 March 2009 and 31 March 2008, the property of Sun Tai Hing Garment Making Company Limited ("Sun Tai Hing"), a subsidiary of the Company, was charged by the plaintiff for the claim in a writ on 11 September 2007. Save as the above, the Group did not have assets charged nor pledged to secure any outstanding borrowing.

Human Resource

The Group employs approximately 50 employees and their remuneration packages are generally structured by reference to market terms and individual merit. Salaries are normally review on an annual basis based on performance appraisals and other relevant factors.

Contingent Liabilities

A writ was filed against the Group entities 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. Based on the written legal opinion from the legal counsel, the board of directors 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, 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 damages for costs and loss of interest Siu Ban claimed that Sun Tai Hing did not pay the purchase consideration for the acquisition of the Property in May 2002. The Property was also charged by the plaintiff for this claim. The board of directors is of the opinion that the claim is not justifiable and without merit.

Significant Post Balance Sheet Non-Adjusting Events

The Company entered into termination agreement on 5 June 2009 with Pacific Capital to cancel and terminate the Subscription Agreement and the Supplemental Agreement in respect of the Convertible Notes under mutual agreement. The Company and Pacific Capital agreed to release and discharge each other from all obligations under Subscription Agreement and the Supplemental Agreement. Further details were set out in the Company's announcement dated 7 June 2009.

On 7 June 2009, Great Luck Management Limited and Mr. Yeung Ka Sing, Carson ("Vendors"), the Company and the placing agent entered into the top-up placing and subscription agreement pursuant to which, the Vendors agreed to place, through the placing agent, an aggregate of 150,000,000 existing shares. The gross proceeds from the top-up subscription are HK$60,000,000. The net proceeds of approximately HK$58,000,000 from the top-up subscription are intended to be used as general working capital of the Group, for expansion of the Group's business and/or possible investments in the future when opportunities arise. The details of the top-up placing and subscription agreement were set out in the Company's announcement dated 8 June 2009.

(ii) For the twelve months ended 31 March 2008

Results

For the year ended 31 March 2008, the Group recorded a consolidated turnover of approximately HK$20.6 million, representing a decrease of 51.9% compared to the turnover of approximately HK$42.8 million in the last financial year. Such decrease was mainly due to a change in the Group's focus from apparel sourcing and apparel trading businesses in Hong Kong, Macau and PRC to sportswear & apparel trading business in the United Kingdom. Such change was to minimise further loss attributable to the apparel sourcing and apparel trading businesses in Hong Kong, Macau and PRC.

The Group's turnover for the year under review was mainly derived from Macau and the United Kingdom market and accounted for 73.3% and 26.7% respectively.

During the year under review, the gross profit margin of the Group was 14.7% while it was 14.5% in the last financial year. The slightly increase in the gross profit margin was mainly due to high gross profit margin in sportswear & apparel trading business in the United Kingdom.

The loss of the Group for the year ended 31 March 2008 substantially increased by 1,270% to approximately HK$152.1 million from the loss for the year of approximately HK$11.1 million in the last financial year. Such loss of the Group is mainly due to a very significant impairment loss on the investment in Birmingham City Plc. Details in this impairment loss are set out in Note 19 to the financial statements.

Business Review and Prospects

The Company engages in investment holdings. The principal activities of the subsidiaries are engaged in provision of apparel sourcing and sportswear & apparel trading. During the year under review, the Group focused on sportswear & apparel trading business, because of better profit margin and lower costs in this business. However, the Group decided to minimise the apparel sourcing and apparel trading businesses in Hong Kong, Macau and PRC to avoid further loss attributable to these businesses in the high competitive markets.

Although the Group's apparel sourcing and apparel trading businesses in Hong Kong, Macau and PRC, faced a comprehensive challenge from the competitors, the Group will endeavor to 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 profit margin apparel products. The Group will continue to explore and identify investment opportunities to add into the Group's investments in order to enhance the shareholders' value by its organic growth.

Significant Investment

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 "Vendors") whereby the Vendors granted the Company the right to purchase an aggregate 29.90% of the issued capital of Birmingham City Plc. from them or their nominees for an aggregate price of approximately HK$233,220,000. The acquisition of the 29.90% interest in the issued capital of Birmingham City Plc. was completed on 16 July 2007.

Dividend

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

Liquidity and Financial Resources

As at 31 March 2008, the cash and bank balances of the Group were approximately HK$7.1 million, representing an increase of 4.4% compared to the cash and bank balances of approximately HK$6.8 million as at the last financial year end.

The current ratio of the Group as at 31 March 2008 was 24.6% (2007: 79.3%) and the ratio of total liabilities to total assets of the Group as at 31 March 2008 was 91.4% (2007: 100.2%). The Group's gearing ratio (total interest-bearing borrowings to total assets) was not applicable as there was no interest-bearing borrowing as at 31 March 2008.

Capital Raising

On 23 April 2007, the Company entered into the underwriting agreement to raise approximately HK$37 million, after expenses, by issuing 192,000,000 offer shares at a price of HK$0.20 per offer share for every two shares held. The open offer was completed on 7 June 2007.

On 20 June 2007, the Company entered into the placing agreement to raise approximately HK$65 million, after expenses, by issuing 115,200,000 placing shares at a price of HK$0.57 each. The placing was completed on 11 July 2007.

On 30 October 2007, the Company entered into the placing and subscription agreement to raise approximately HK$52 million, after expenses, by issuing 69,120,000 shares at a price of HK$0.80 per share. The placing and subscription was completed on 13 November 2007.

Share Capital

Details of the movements in share capital of the Company during the year are set out in Note 28 to the financial statements in Appendix III.

Foreign Exchange Exposure

The Group is exposed to currency risk primarily through its investment in quoted equity securities in Birmingham City Plc. with a carrying value of approximately HK$134.4 million (2007: HK$ Nil) as at 31 March 2008 that are denominated in Pound Sterling ("£"), which was acquired during the current year.

Pledge of Group's Asset

As at 31 March 2008, the property of Sun Tai Hing Garment Making Company Limited ("Sun Tai Hing"), a subsidiary of the Company, was charged by the plaintiff for the claim in a writ on 11 September 2007. Save as the above, the Group did not have assets charged nor pledged to secure any outstanding borrowing (2007: Nil).

Human Resource

The Group employs approximately 50 employees and their remuneration packages are generally structured by reference to market terms and individual merit. Salaries are normally review on an annual basis based on performance appraisals and other relevant factors.

Contingent Liabilities

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. Based on the written legal opinion from legal counsel dated 21 July 2008, it is considered that the claim is not justifiable and is without merit.

A writ was filed by Siu Ban & Sons Limited ("Siu Ban") against 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 damages for costs and loss of interest Siu Ban claimed that Sun Tai Hing did not pay the purchase consideration for the acquisition of the Property in May 2002. The Property was also charged by the plaintiff for this claim, details of which are set out in Notes 16 and 17 to the financial statements. The management of Sun Tai Hing is of the opinion that the claim is not justifiable and is without merit.

During the prior year, the Group's amount due to a director was secured by a corporate guarantee provided by the Company, which was valued by the directors at HK$Nil at the date of grant. The guarantee had been released following the full settlement of the balance due during the prior year.

Significant Post Balance Sheet Event

The Company entered into subscription agreement dated 7 May 2008 and supplemental agreement dated 4 June 2008 with Pacific Capital Investment Management Limited to issue convertible notes by the Company for an aggregate principal amount of HK$200,000,000 which was approved as an ordinary resolution passed at the extraordinary general meeting of the Company on 7 July 2008.

(iii) For the twelve months 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.

Business Review and Prospects

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%). 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 profit of approximately HK$0.66 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 profit of approximately HK$5.6 million which was mainly due to the increase in the cost of apparel products and significant increase in salaries and allowances. Nevertheless, the profit of approximately HK$5.6 million has been improved from a loss of 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.

Prospects

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 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 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).

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's gearing ratio (total interest-bearing borrowings to total assets) was not applicable as there was no interest-bearing borrowing as at 31 March 2007.

Foreign Exchange Exposure

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 of Group's Asset

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.

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 is without merit.

Significant Post Balance Sheet Event

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;

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 such was completed on 11 July 2007;

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 "Vendors") whereby the Vendors have granted the Company the right to purchase an aggregate 29.90% of the issued capital of Birmingham City Plc. from them or their nominees for an aggregate price of approximately HK$233,220,000. The acquisition of the 29.90% interest in the issued capital of Birmingham City Plc. has been completed on 16 July 2007; and

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.

A. SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and the assets and liabilities of the Group for the last three financial years, as extracted from the audited financial statements, is set out below. No qualified or modified opinion has been issued on the Group's financial statements for the three years ended 31 March 2009, 2008 and 2007 ("Relevant Years") respectively.

B. AUDITED CONSOLIDATED FINANCIAL INFORMATION

Consolidated Income Statements

		For the year ended 31 March		
		2009	**2008**	**2007**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	*6*	10,660	20,595	42,813
Cost of sales		(6,513)	(17,574)	(36,597)
Gross profit		4,147	3,021	6,216
Other revenue and net gains	*7*	986	404	24
Impairment loss on property, plant and equipment	*16*	—	(1,919)	(909)
Impairment loss on available-for-sale financial assets	*21*	(73,945)	(110,923)	(1,320)
(Impairment loss)/reversal of impairment loss on trade receivables	*23(ii)*	(1,333)	(1,745)	3,076
Loss on disposal on subsidiary	*30*	—	—	(329)
Selling expenses		(2,000)	(790)	(1,924)
Administrative expenses		(19,072)	(29,563)	(15,836)
Share-based payments	*33*	—	(10,200)	—
Finance costs	*8*	(538)	—	(48)
Loss before taxation	*9*	(91,755)	(151,715)	(11,050)
Income tax	*10*	78	(418)	—
Loss for the year attributable to equity holders of the Company	*13*	(91,677)	(152,133)	(11,050)
Dividend	*14*	—	—	—
Loss per share	*15*			
— Basic and diluted (HK cents)		(10.96)	(22.47)	(2.69)

Consolidated Balance Sheets

		At 31 March		
		2009	**2008**	**2007**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	*16*	2,992	2,780	4,594
Prepaid land lease expenses	*17*	—	—	289
Investment property	*18*	1,060	1,250	—
Available-for-sale financial assets	*21*	60,419	134,364	—
		64,471	138,394	4,883
Current assets				
Inventories	*22*	—	—	3,656
Prepaid land lease expenses	*17*	—	289	431
Trade receivables	*23*	—	1,099	5,613
Deposits, prepayments and other receivables	*23*	1,190	544	1,835
Cash and cash equivalents	*24*	2,968	7,055	6,757
		4,158	8,987	18,292
Current liabilities				
Trade payables, accruals and other payables		5,880	5,588	3,066
Taxation payable		20,337	20,415	19,997
Amounts due to directors	*25*	5,378	10,583	—
		31,595	36,586	23,063
Net current liabilities		(27,437)	(27,599)	(4,771)
Total assets less current liabilities		37,034	110,795	112
Non-current liabilities				
Amounts due to directors	*25*	97,982	97,982	—
Deferred tax liabilities	*26*	167	167	167
Convertible notes	*27*	4,108	—	—
		102,257	98,149	167
NET (LIABILITIES)/ASSETS		(65,223)	12,646	(55)
CAPITAL AND RESERVES				
Share capital	*28*	9,852	7,603	3,840
Reserves	*29(a)*	(75,075)	5,043	(3,895)
TOTAL EQUITY		(65,223)	12,646	(55)

Balance Sheets

		At 31 March		
		2009	**2008**	**2007**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	*16*	833	1,007	115
Investments in subsidiaries	*19*	—	5,774	6,274
Available-for-sale financial assets	*21*	60,419	134,364	—
		61,252	141,145	6,389
Current assets				
Deposits, prepayments and other receivables		1,185	544	105
Amounts due from subsidiaries	*20*	—	1,132	—
Cash and cash equivalents	*24*	2,536	6,941	1,206
		3,721	8,617	1,311
Current liabilities				
Accruals and other payables		4,218	5,559	1,945
Amounts due to subsidiaries	*20*	5,691	5,691	5,241
Amounts due to directors	*25*	5,378	10,583	—
		15,287	21,833	7,186
Net current liabilities		(11,566)	(13,216)	(5,875)
Non-current liabilities				
Convertible notes	*27*	4,108	—	—
Amounts due to directors	*25*	97,982	97,982	—
		102,090	97,982	—
NET (LIABILITIES)/ASSETS		(52,404)	29,947	514
CAPITAL AND RESERVES				
Share capital	*28*	9,852	7,603	3,840
Reserves	*29(b)*	(62,256)	22,344	(3,326)
TOTAL EQUITY		(52,404)	29,947	514

Consolidated Statement of Changes in Equity

Group

	Share capital	Contribution surplus	Share premium	Share option reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 28)	*(Note 29(a))*	*(Note 29(a))*	*(Note 29(a))*		
At 1 April 2006	3,200	(85)	25,146	—	(25,010)	3,251
Loss for the year and total recognised expense for the year	—	—	—	—	(11,050)	(11,050)
Placing of shares	640	—	7,104	—	—	7,744
At 31 March 2007	3,840	(85)	32,250	—	(36,060)	(55)
Loss for the year and total recognised expenses for the year	—	—	—	—	(152,133)	(152,133)
Open offer of shares	1,920	—	35,120	—	—	37,040
Placing of shares	1,843	—	115,751	—	—	117,594
Recognition of equity-settled share-based payments	—	—	—	10,200	—	10,200
Lapse of share options	—	—	—	(2,828)	2,828	—
At 31 March 2008	7,603	(85)	183,121	7,372	(185,365)	12,646
Loss for the year and total recognised expenses for the year	—	—	—	—	(91,677)	(91,677)
Issue of shares upon conversion of Convertible Notes *(Note 27)*	2,249	—	11,559	—	—	13,808
Cancellation of share options	—	—	—	(5,875)	5,875	—
At 31 March 2009	9,852	(85)	194,680	1,497	(271,167)	(65,223)

Consolidated Cash Flow Statements

		For the year ended 31 March		
		2009	**2008**	**2007**
	Note	*HK$'000*	*HK$'000*	*HK$'000*
Cash flow from operating activities				
Loss before taxation		(91,755)	(151,715)	(11,050)
Adjustments for:				
Depreciation of property, plant and equipment		436	1,054	1,226
Release of prepaid land lease expenses		289	431	450
Interest income		(3)	(93)	(24)
Interest expenses		538	—	48
Write-off of property, plant and equipment		—	115	—
Loss on disposal of subsidiary	*30*	—	—	329
Charge for/(write-back of) provision for obsolete inventories		—	927	(2,597)
Impairment loss on available-for-sale financial assets		73,945	110,923	1,320
Impairment loss on property, plant and equipment		—	1,919	907
Impairment loss/(reversal of impairment loss) on trade receivables		1,333	1,745	(3,076)
Fair value loss/(gain) on investment property		190	(213)	—
Fair value gain on convertible notes		(872)	—	—
Share-based payments		—	10,200	—
Operating cash flow before working capital changes		(15,899)	(24,707)	(12,467)
Decrease in inventories		—	2,729	7,892
(Increase)/decrease in trade receivables		(234)	2,769	(211)
(Increase)/decrease in deposits, prepayments and other receivables		(646)	1,291	5,582
Increase/(decrease) in trade payables, accruals and other payables		292	2,522	(279)
Net cash (used in)/generated from operations		(16,487)	(15,396)	517
Profits tax paid		—	—	(453)
Interest expenses		—	—	(48)
Interest received		3	93	24
Net cash (outflow)/inflow from operating activities		(16,484)	(15,303)	40

		For the year ended 31 March		
		2009	2008	2007
	Note	*HK$'000*	*HK$'000*	*HK$'000*
Investing activities				
Payments to acquire property, plant and equipment		(648)	(1,274)	(286)
Proceeds from disposal of subsidiary	*30*	—	—	105
Acquisition of available-for-sale financial assets		—	(245,287)	—
Acquisition of investment property		—	(1,037)	—
Net cash outflow from investing activities		(648)	(247,598)	(181)
Financing activities				
Issue of shares by open offer and placements		—	154,634	7,744
Repayment of mortgage loan		—	—	(46)
Issue of convertible notes, net of transaction cost		18,250	—	—
Advances (to)/from directors		(5,205)	108,565	—
Repayment of advance from a director		—	—	(3,288)
Net cash inflow from financing activities		13,045	263,199	4,410
(Decrease)/increase in cash and cash equivalents		(4,087)	298	4,269
Cash and cash equivalents at beginning of year		7,055	6,757	2,488
Cash and cash equivalents at end of year		2,968	7,055	6,757
Analysis of the balances of cash and cash equivalents				
Cash and cash equivalents		2,968	7,055	6,757

Notes to the Financial Statements

1. ORGANISATION AND OPERATIONS

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

The Company engages in investment holding. The principal activities of its principal subsidiaries are set out in Note 19.

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

2. ADOPTION OF NEW AND REVISED STANDARDS

The Group has adopted all of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for the current accounting period of the Group and the Company. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies.

At the date of authorisation of these financial statements, the following HKFRSs were in issue but not yet effective:

		Effective dates
HKAS 1 (Revised)	Presentation of financial statements	(i)
HKAS 23 (Revised)	Borrowing costs	(i)
HKAS 32 & HKAS 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation	(i)
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate	(i)
HKFRS 8	Operating segments	(i)
HK(IFRIC) — Int 15	Agreements for the construction of real estates	(i)
HKFRS 2 (Amendments)	Vesting conditions and cancellations	(i)
HKFRS 7 (Amendments)	Improving disclosures about financial instruments	(i)
HKAS 27 (Revised)	Consolidated and separate financial statements	(ii)
HKAS 39 (Amendment)	Eligible hedged items	(ii)
HKFRS 1 (Revised)	First-time adoption of HKFRSs	(ii)
HKFRS 3 (Revised)	Business combinations	(ii)
HK(IFRIC) — Int 17	Distributions of non-cash assets to owners	(ii)
HK(IFRIC) — Int 13	Customer loyalty programmes	(iii)
HK(IFRIC) — Int 16	Hedges of a net investment in a foreign operation	(iv)
HK (IFRIC) — Int 9 & HKAS 39 (Amendments)	Embedded derivatives	(v)
HK(IFRIC) — Int 18	Transfers of assets from customers	(vi)

			Effective dates
2008 Improvements to HKFRSs that may result in accounting changes for presentation, recognition or measurement	—	HKAS 1, HKAS 16, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 36, HKAS 38, HKAS 39, HKAS 40 & HKAS 41	(i)
	—	HKFRS 5	(ii)
2009 Improvements to HKFRSs that may result in accounting changes for presentation, recognition or measurement	—	HKAS 39 (80)	(i)
	—	HKAS 38, HKFRS 2, HK(IFRIC) — Int 9, HK(IFRIC) — Int 16	(ii)
	—	HKAS 1, HKAS 7, HKAS 17, HKAS 36, HKAS 39, HKFRS 5 & HKFRS 8	(vii)

Effective date:

(i) Annual periods beginning on or after 1 January 2009

(ii) Annual periods beginning on or after 1 July 2009

(iii) Annual periods beginning on or after 1 July 2008

(iv) Annual periods beginning on or after 1 October 2008

(v) Annual periods ending on or after 30 June 2009

(vi) Transfers of assets from customers received on or after 1 July 2009

(vii) Annual periods beginning on or after 1 January 2010

The Group is in the process of making an assessment of what the impact of these new or revised standards or interpretations is expected to be in the period of initial application.

3. PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable HKFRSs, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

(b) Basis of preparation of financial statements

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property, available-for-sale financial assets and derivative component of convertible notes which are carried at fair value.

The financial statements have been prepared on a going concern basis notwithstanding the fact that the Group reported consolidated net current liabilities of HK$27,437,000, HK$27,599,000 and HK$4,771,000 and consolidated net liabilities of HK$65,223,000, net assets of HK$12,646,000 and net liabilities of HK$55,000 as at 31 March 2009, 2008 and 2007 respectively and loss for the Relevant Years then ended of HK$91,677,000, HK$152,133,000 and HK$11,050,000 respectively. This condition may indicate the existence of material uncertainty which may cast significant doubts on the Group's ability to continue as a going concern and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the above, the directors of the Company have considered the following situations and are satisfied that it is appropriate to prepare the Group's consolidated financial statements on a going concern basis:

(i) As disclosed in Note 38(ii), the Company raised working capital with net proceeds of HK$58,000,000 in aggregate by way of placing of its new shares of the Company after the balance sheet date as at 31 March 2009; and

(ii) Included in the non-current liabilities of the Group as at 31 March 2009 is an amount due to a director who is also an ultimate shareholder of the Company with aggregate carrying amount of HK$95,068,000, which is unsecured, interest free and has no fixed repayment term. The director and ultimate shareholder of the Company undertakes not to demand for the Group to repay this amount due until the Company and the Group are financially capable to do so. This interest-free advance is not repayable within twelve months from the balance sheet date and is considered in substance as a quasi-equity loan to finance the Group's long-term investments.

(c) Basis of consolidation

These financial statements incorporate the financial statements of the Company and its subsidiaries.

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

All intercompany transactions, balances and unrealised gains on transactions between Group entities are eliminated in full 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 subsidiaries to bring their accounting policies into line with those used by other members of the Group.

(d) Business combinations

Acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued 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 are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised in accordance with the accounting policy for goodwill in Note 3(f) below.

(e) Subsidiaries

Subsidiaries are entities in which the Group has the power to govern the financial and operating policies, so as to obtain benefits from their activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are included in the Company's balance sheet at cost less any impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(f) Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiaries recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other asset of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

(g) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. The 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 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 assets, the expenditure is capitalised as an additional cost of the asset.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each balance sheet date, with the effect of any changes in estimate accounted for on a prospective basis. The principal annual rates are as follows:

Buildings	2.5%, or over the terms of the leasehold land, if shorter
Leasehold improvements	20%, or over the terms of the lease if shorter
Furniture and fixtures	20%
Office equipment	20%
Motor vehicles	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 profit or loss.

(h) Investment property

Investment property, which was a property held to earn rentals and/or for capital appreciation, was measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property was measured at fair value. Gains or losses arising from changes in fair value of investment property were included in profit or loss for the period in which they arise.

(i) Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment and investments in subsidiaries 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 Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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 for which the estimates of future cash flows have not been adjusted.

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.

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.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, including an appropriate portion of fixed and variable overhead expenses, is assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and cost necessary to make the sale.

(k) Financial assets

Financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. These financial assets are subsequently accounted for as follows, depending on their classification:

(i) Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(ii) Available-for-sale financial assets

Investments in securities which do not fall into any of the other categories of financial assets are classified as available-for-sale financial assets and are stated at fair value.

Gains and losses arising from changes in fair value are recognised directly in equity in the revaluation reserves with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the revaluation reserves is included in profit or loss for the Relevant Years.

Dividends on available-for-sale financial assets are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of available-for-sale financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the balance sheet date.

(iii) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For equity securities, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

— significant financial difficulty of the issuer or counterparty; or

— default or delinquency in interest or principal payments; or

— it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

— For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which has been determined had no impairment loss been recognised.

— For available-for-sale securities, the cumulative loss that has been recognised directly in equity is removed from equity and is recognised in profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment losses on that asset previously recognised in profit or loss.

  Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised directly in equity.

  Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the Relevant Years. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate, a shorter period.

(v) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(l) Financial liabilities and equity instrument issued by the Group

(i) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangement.

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

(iii) Convertible notes

Convertible notes issued by the Company are regarded as a hybrid instrument. Derivatives embedded in the host debt contract is treated as separated derivatives when their economic risks and characteristics are not closely related to those of the host contract (the liability component) and the host contract is not carried at fair value through profit or loss. The conversion option is classified as equity component only if the option can be converted by exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. In the case that the conversion option is not settled by the exchange of a fixed amount of cash or another financial asset for fixed number of equity instrument, the conversion component is an embedded derivative.

At the date of issue, the conversion option derivative (the "derivative component") and liability component are recognised at its fair value.

In subsequent periods, the liability component of the convertible notes is carried at amortised cost using the effective interest method. The derivative component is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and derivative component in proportion to the allocation of the proceeds. Transaction costs relating to the derivative component is charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible notes using the effective interest method.

(iv) Financial liabilities

The Group's financial liabilities are initially measured at fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

(v) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period.

(vi) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

(m) 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 Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(n) 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 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 prepaid land lease expenses are stated at cost less accumulated releases to profit or loss and any impairment loss, which are released to profit or loss on a straight-line basis over the period of the lease term.

(o) Provisions

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(p) Contingent liabilities

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 Group. 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 financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(q) Taxation

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

(i) Current tax

The tax currently payable is based on taxable profit for the year. 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 Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

(ii) Deferred tax

Deferred tax is recognised on differences between the carrying amounts 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 generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. 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.

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 investments in subsidiaries, 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. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

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 Group intends to settle its current tax assets and liabilities on a net basis.

(r) 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"). For the purpose of the consolidated financial statements, the results and financial position of each Group entity are expressed in Hong Kong dollar which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognised in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Hong Kong dollar using exchange rates prevailing at the balance sheet date. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

(s) Employees' benefits

(i) Short term benefits

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

(ii) Pension obligations

Contributions to the Mandatory Provident Fund scheme as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance are charged to profit or loss when incurred. The Group has no further payment obligations once the contribution has been made.

(t) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

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 Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the share option reserve.

Equity-settled share-based payments transactions with other parties are measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the Group obtains the goods or the counterparty renders the service.

(u) Borrowing costs

All borrowing costs are recognised in profit or loss in the Relevant Years in which they are incurred.

(v) 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 shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group.

(w) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances and exclude value added tax or other sales related taxes.

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

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

(iii) Rental income from operating lease is recognised in equal instalments over the accounting periods covered by the lease term.

(iv) Revenue for providing services is recognised to be the extent of services rendered and according to the terms of the agreement.

(x) Segment reporting

In accordance with the Group's internal financial reporting, the Group has determined that business segments are presented as the primary reporting format and geographical segments are presented as the secondary reporting format.

In respect of geographical segment reporting, revenue is based on the country where the customer is located, and total assets and capital expenditure are where the assets are located.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect of the amounts recognised in the financial statements.

(i) Impairment of available-for-sale financial assets

The Group followed HKAS 39 in determining when an investment was impaired. This determination required significant judgements. In making these judgements, the Group evaluated, among other factors, the duration and extent to which the fair value of an investment mainly based on the quoted price, where the investment is listed, was below its cost.

(ii) Fair value estimation of the derivative component of convertible notes

As explained in Note 27, the directors use their judgement in selecting an appropriate valuation technique for the derivative component of convertible notes not quoted in an active market. Should the estimates including the early exercise behaviour and the relevant parameters of the valuation model be changed, there would be material changes in the amount of the fair value gain recognised in profit or loss in respect of the derivative component of convertible notes.

(iii) Write down of inventories

The Group performed regular review of the carrying amounts of inventories with reference to aged inventories analysis, expected future consumption and management judgement. Based on this review, write down of inventories would be made when the carrying amount of the inventories declined below the estimated net realisable value. However, actual consumption may be different from estimation and profit or loss could be affected by differences in this estimation.

(iv) Impairment of property, plant and equipment

If the circumstances indicate that the carrying values of property, plant and equipment may not be recoverable, the assets may be considered "impaired", and an impairment loss may be recognised in accordance with HKAS 36 "Impairment of assets". Under HKAS 36, these assets are tested for impairment whenever events or changes in circumstances indicate that the 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 higher of the net selling price and the value in use. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to level of sales volume, selling price and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sales volume, selling price and amount of operating costs. However, actual sales volume, selling price and operating costs may be different from assumptions which may require a material adjustment to the carrying amount of the assets affected.

(v) Estimated useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges of its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimates lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

5. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products they provide. Each of the Group's business segments represents a strategic business unit that offers products which are subject to risks and returns that are different from those of the other business segments. The business segments of the Group are businesses of apparel sourcing, apparel trading, entertainment and investment holding.

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

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

(a) Business segments

The following tables present revenue, results and certain asset, liability and expenditure information for the Group's business segments for the Relevant Years.

	Apparel sourcing			Apparel trading			Entertainment			Investment holding			Consolidated		
	2009	**2008**	**2007**	**2009**	**2008**	**2007**	**2009**	**2008**	**2007**	**2009**	**2008**	**2007**	**2009**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue															
Sales to external customers	1,113	809	982	1,225	19,786	41,831	8,322	–	–	–	–	–	10,660	20,595	42,813
Segment results	1,113	809	656	(309)	2,212	5,560	3,343	–	–	–	–	–	4,147	3,021	6,216
Other revenue and net gains	–	–	–	–	–	–	47	–	–	936	236	–	983	236	–
Unallocated other revenue and net gains													3	168	24
													986	404	24
Unallocated expenses													(22,405)	(44,217)	(15,593)
Impairment loss on available-for-sale financial assets										(73,945)	(110,923)	(1,320)	(73,945)	(110,923)	(1,320)
Loss on disposal of subsidiaries													–	–	(329)
Finance costs													(538)	–	(48)
													(74,483)	(110,923)	(1,697)
Loss before taxation													(91,755)	(151,715)	(11,050)
Income tax	–	–	–	–	(418)	–	–	–	–	78	–	–	78	(418)	–
Loss for the year attributable to equity holders of the Company													(91,677)	(152,133)	(11,050)

	Apparel sourcing			Apparel trading			Entertainment			Investment holding			Consolidated		
	2009	2008	2007	2009	2008	2007	2009	2008	2007	2009	2008	2007	2009	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets															
Segment assets	–	–	5,525	–	1,099	13,656	–	–	–	66,049	144,220	–	66,049	145,319	19,181
Unallocated assets													2,580	2,062	3,994
Total assets													68,629	147,381	23,175
Liabilities															
Segment liabilities	–	–	269	–	–	20,812	1,420	–	–	111,695	114,215	–	113,115	114,215	21,081
Unallocated liabilities													20,737	20,520	2,149
Total liabilities													133,852	134,735	23,230
Capital expenditure	–	–	–	–	16	260	–	–	–	648	1,258	–	648	1,274	260
Unallocated capital expenditure													–	–	26
Depreciation and amortisation	–	–	365	–	688	676	–	–	–	615	740	–	615	1,428	1,041
Unallocated depreciation and amortisation													110	57	635
													725	1,485	1,676
Impairment loss of property, plant and equipment	–	–	909	–	1,813	–	–	–	–	–	106	–	–	1,919	909
Other non-cash expenses	–	–	–	1,333	1,745	583	–	–	–	73,263	110,710	–	74,596	112,455	583
Unallocated other non-cash expenses													–	10,200	1,320
													74,596	122,655	1,903

(b) Geographical segments

	Segment revenue			Segment capital expenditure		
	2009	**2008**	**2007**	**2009**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	8,322	—	3,291	648	1,274	260
The People's Republic of China (the "PRC")	—	—	19,290	—	—	—
Macau	—	15,103	20,232	—	—	—
United Kingdom ("U.K.")	2,338	5,492	—	—	—	—
	10,660	20,595	42,813	648	1,274	260

	Segment assets		
	2009	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
Hong Kong	7,135	10,555	16,272
Macau	1,076	1,363	6,903
U.K.	60,418	135,463	—
	68,629	147,381	23,175

6. TURNOVER

Turnover, which is also revenue, represents the sales value of goods supplied and services provided to customers and is analysed as follows:

	2009	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
Service income from entertainment business	8,322	—	—
Apparel sourcing	1,113	809	982
Apparel trading	1,225	19,786	41,831
	10,660	20,595	42,813

7. OTHER REVENUE AND NET GAINS

	2009	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
Rental income	64	23	—
Sundry income	237	75	—
Bank interest income	3	93	24
Fair value gain on convertible notes *(Note 27)*	872	—	—
Fair value (loss)/gain on investment property *(Note 18)*	(190)	213	—
	986	404	24

8. FINANCE COSTS

	2009	2008	2007
	HK$'000	*HK$'000*	*HK$'000*
Imputed interest expense on convertible notes *(Note 27)*	538	—	—
Interest on mortgage loan wholly repayable within five years	—	—	41
Bank charges	—	—	7
	538	—	48

9. LOSS BEFORE TAXATION

	2009	2008	2007
	HK$'000	*HK$'000*	*HK$'000*
Loss before taxation is arrived at after charging:			
Cost of inventories sold	1,534	16,647	39,194
Cost of services rendered	4,979	—	—
Charge for impairment loss on inventories (including in "cost of sales" in the income statement)	—	927	(2,597)
Depreciation of property, plant and equipment *(Note 16)*	436	1,054	1,226
Write-off of property, plant and equipment *(Note 16)*	—	115	—
Release of prepaid land lease expenses *(Note 17)*	289	431	450
Auditors' remuneration:			
— current year provision	750	600	450
— prior year underprovision	375	—	—
	1,125	600	450
Share-based payments to consultants	—	2,828	—
Minimum lease payments under operating lease in respect of premises	1,281	2,063	1,113
Net foreign exchange losses	—	67	—
Employee benefit expenses (including directors' remuneration *(Note 11)*):			
Salaries and allowances	7,756	11,664	5,329
Pension fund contributions	140	286	248
Share-based payments	—	7,372	—
	7,896	19,322	5,577
and crediting:			
Rental income from investment property (net of direct operating expenses)	(57)	(21)	—

10. INCOME TAX

(a) Taxation (credit)/charge in the consolidated income statement represents:

	2009 *HK$'000*	2008 *HK$'000*	2007 *HK$'000*
Current tax — U.K.			
— Provision for the year	—	418	—
Profits tax — Hong Kong			
— Overprovision for prior year	(78)	—	—
	(78)	418	—

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising from Hong Kong during the Relevant Years. Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

(b) The taxation (credit)/charge for the Relevant Years can be reconciled to the accounting loss as follows:

	2009 *HK$'000*	2008 *HK$'000*	2007 *HK$'000*
Loss before taxation	(91,755)	(151,715)	(11,050)
Taxation calculated at respective domestic statutory tax rates	(17,394)	(26,205)	(1,847)
Tax effect of expenses not deductible for taxation purposes	14,984	19,244	705
Tax effect of income not taxable for taxation purposes	(229)	(99)	(549)
Tax effect on unused tax losses not recognised	2,639	7,478	1,691
Overprovision for prior year	(78)	—	—
Taxation (credit)/charge for the year	(78)	418	—

(c) During the year ended 31 March 2006, the Hong Kong Inland Revenue Department ("IRD") issued certain estimated assessments for tax liabilities of Sun Tai Hing Garment Making Company Limited ("Sun Tai Hing"), a wholly owned subsidiary of the Company, for an aggregate amount of approximately HK$19,918,000 on the non-taxable claims 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 (the "Estimated Assessments"). Sun Tai Hing formally lodged objections with the IRD against the Estimated Assessments and a final settlement has not yet been reached. Full provision on the tax liabilities of the Estimated Assessment was made and included in taxation payable of the Group as at 31 March 2007, and the directors of Sun Tai Hing and the Company considered that the existing provision is adequate.

11. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to the Listing Rules and section 161 of the Hong Kong Companies Ordinance for the Relevant Years are as follows:

Year ended 31 March 2009

	Fees	Salaries and allowances	Retirement scheme contributions	Share-based payments	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors					
Yeung Ka Sing, Carson	—	600	—	—	600
Hui Ho Luek, Vico	—	441	10	—	451
Steven McManaman	—	800	—	—	800
Fan Zhi Yi	—	360	—	—	360
Lee Yiu Tung	—	660	2	—	662
Ip Wing Lun, Allan	—	441	12	—	453
Wong Po Ling, Pauline	—	441	12	—	453
	—	3,743	36	—	3,779
Non-executive directors					
Christian Lali Karembeu	—	800	—	—	800
Chan Wai Keung	—	180	—	—	180
	—	980	—	—	980
Independent non-executive directors					
Chang Kin Man	146	—	—	—	146
Yau Yan Ming, Raymond	146	—	—	—	146
Zhou Han Ping	130	—	—	—	130
Yip Man Ki	97	—	—	—	97
	519	—	—	—	519
	519	4,723	36	—	5,278

Year ended 31 March 2008

	Fees	Salaries and allowances	Retirement scheme contributions	Share-based payments	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors					
Yeung Ka Sing, Carson	—	600	—	—	600
Hui Ho Luek, Vico	—	300	10	—	310
Steven McManaman	—	896	—	260	1,156
Fan Zhi Yi	—	146	—	—	146
Lee Yiu Tung	—	340	—	898	1,238
Ip Wing Lun, Allan	—	306	9	898	1,213
Wong Po Ling, Pauline	—	324	10	898	1,232
	—	2,912	29	2,954	5,895
Non-executive directors					
Christian Lali Karembeu	—	781	—	—	781
Chan Wai Keung	—	55	—	—	55
	—	836	—	—	836
Independent non-executive directors					
Chang Kin Man	120	—	—	—	120
Yau Yan Ming, Raymond	70	—	—	—	70
Zhou Han Ping	120	—	—	—	120
Yip Man Ki	103	—	—	—	103
	413	—	—	—	413
	413	3,748	29	2,954	7,144

Year ended 31 March 2007

	Fees	Salaries and allowances	Pension scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors				
Lee Yiu Tung	—	90	—	90
Bessie Siu	—	160	8	168
Mao Yue	—	—	—	—
Tsai Lai Wa, Jenny	—	—	—	—
Edmund Siu	—	—	—	—
	—	250	8	258
Non-executive directors				
Fu Wing Kwok, Ewing	—	—	—	—
Alternative director				
Peter Christopher Tashjian	—	—	—	—
	—	—	—	—
Independent non-executive directors				
Chang Kin Man	—	90	—	90
Ip Wing Lun	—	30	—	30
Zhou Han Ping	—	10	—	10
Fu Wing Kwok, Ewing	—	—	—	—
Lo Wing Yan, Emmy	—	—	—	—
Liang Kwong Lim	—	—	—	—
	—	130	—	130
	—	380	8	388

There were no other emoluments payable to the directors and no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Years.

12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 March 2009 and 2008 are all directors of the Company whose remuneration is set out in Note 11 above.

During the year ended 31 March 2007, highest paid individuals during the year included director whose remuneration is set out in Note 11 above. Details of the emoluments of the remaining four individuals highest paid employees are as follows:

	2007
	HK$'000
Salaries, other allowances	629
Pension scheme contributions	34
Share-based payments	—
	663

The emoluments of the remaining 4 non-director, highest paid employees in the prior year fell within the HK$Nil to HK$1,000,000 band for the year ended 31 March 2007.

13. LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss for the years ended 31 March 2009, 2008 and 2007 attributable to equity holders of the Company included loss of HK$90,385,000, HK$135,401,000 and HK$11,161,000 respectively which has been dealt with in the financial statements of the Company.

14. DIVIDEND

No dividend was paid or proposed for the Relevant Years nor has any dividend been proposed since the balance sheet date.

15. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for each of the Relevant Years attributable to the equity holders of the Company, and the weighted average number of ordinary shares in issue during each of the Relevant Years.

The calculation of diluted loss per share is based on the loss for the year attributable to the equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during each of the Relevant Years, as used in the basic loss 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 potential dilutive ordinary shares into ordinary shares.

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

	2009	2008	2007
	HK$'000	*HK$'000*	*HK$'000*
Loss:			
Loss attributable to the equity holders of the Company, used in the basic loss per share calculations	(91,677)	(152,133)	(11,050)
Add: Imputed interest on convertible notes* *(Note 27)*	538	—	—
Less: Fair value gain on the derivative component of convertible notes* *(Note 27)*	(872)	—	—
	(92,011)	(152,133)	(11,050)

	Number of shares		
	2009	2008	2007
	'000	*'000*	*'000*
Shares:			
Weighted average number of ordinary shares for basic loss per share calculation	836,164	677,020	410,517
Effect of dilution on weighted average number of ordinary shares in respect of share options*	—	7,177	—
Effect of dilution on weighted average number of ordinary shares in respect of conversion of convertible notes*	43,288	—	—
Weighted average number of ordinary shares adjusted for the effect of dilution	879,452	684,197	410,517

* Diluted loss per share amounts for the Relevant Years are the same as the respective basic loss per share amounts because the basic loss per share amounts for the Relevant Years are reduced when taking respective convertible notes and share options (were applicable) into account, and therefore the conversion of convertible notes and share options have an anti-dilutive effect on the basic loss per share amounts for the Relevant Years.

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings *HK$'000*	Leasehold improvements *HK$'000*	Furniture and fixtures *HK$'000*	Office equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost:						
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 *(Note 30)*	(4,915)	(1,277)	(299)	—	—	(6,491)
At 31 March 2007	2,100	5,031	1,457	1,088	—	9,676
Additions	—	804	77	393	—	1,274
Write off	—	—	(157)	(153)	—	(310)
At 31 March 2008	2,100	5,835	1,377	1,328	—	10,640
Additions	—	56	1	39	552	648
At 31 March 2009	2,100	5,891	1,378	1,367	552	11,288
Accumulated depreciation and impairment:						
At 1 April 2006	578	1,499	908	793	753	4,531
Charge for the year	75	899	178	74	—	1,226
Impairment recognised for the year	—	909	—	—	—	909
Disposals	—	—	—	—	(753)	(753)
Disposal of subsidiaries *(Note 30)*	(382)	(362)	(87)	—	—	(831)
At 31 March 2007	271	2,945	999	867	—	5,082
Charge for the year	56	744	131	123	—	1,054
Impairment recognised for the year	—	1,503	300	116	—	1,919
Write off	—	—	(114)	(81)	—	(195)
At 31 March 2008	327	5,192	1,316	1,025	—	7,860
Charge for the year	56	172	15	83	110	436
At 31 March 2009	383	5,364	1,331	1,108	110	8,296
Net carrying value:						
At 31 March 2009	1,717	527	47	259	442	2,992
At 31 March 2008	1,773	643	61	303	—	2,780
At 31 March 2007	1,829	2,086	458	221	—	4,594

During the years ended 31 March 2008 and 2007, certain items of property, plant and equipment were under-utilised. As a result, the Group assessed the recoverable amounts of these items. Based on such assessment, the carrying value of these items of property, plant and equipment was written down by approximately HK$1,919,000 and HK$909,000 respectively during that year ended 31 March 2008 and 2007. The recoverable amount of the relevant assets has been determined on the basis of their value in use with reference to the probable cash flows from these items of property, plant and equipment. No such write-off was necessary during the year ended 31 March 2009.

The Group's buildings with a carrying amount of approximately HK$1,717,000 and HK$1,773,000 as at 31 March 2009 and 2008 respectively was charged by the plaintiff in respect of a litigation, details of which are disclosed in Note 32(ii). The Group's buildings are located in Hong Kong and held under a long term lease.

The Company

	Leasehold improvements	**Furniture and fixtures**	**Office equipments**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cost:				
At 1 April 2006	—	157	127	284
Additions	—	—	26	26
At 31 March 2007	—	157	153	310
Additions	804	76	378	1,258
Write off	—	(157)	(153)	(310)
At 31 March 2008	804	76	378	1,258
Additions	56	1	39	96
At 31 March 2009	860	77	417	1,354
Accumulated depreciation:				
At 1 April 2006	—	83	56	139
Charge for the year	—	31	25	56
At 31 March 2007	—	114	81	195
Charge for the year	161	15	75	251
Write off	—	(114)	(81)	(195)
At 31 March 2008	161	15	75	251
Charge for the year	172	15	83	270
At 31 March 2009	333	30	158	521
Net carrying value:				
At 31 March 2009	527	47	259	833
At 31 March 2008	643	61	303	1,007
At 31 March 2007	—	43	72	115

17. PREPAID LAND LEASE EXPENSES

	The Group		
	2009	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
Cost:			
At beginning	2,350	2,350	7,115
Disposal of subsidiaries	—	—	(4,765)
At end of year	2,350	2,350	2,350
Accumulated balance released to profit or loss:			
At beginning of year	2,061	1,630	1,358
Release for the year *(Note 9)*	289	431	450
Disposal of subsidiaries	—	—	(178)
At end of year	2,350	2,061	1,630
Carrying amount			
At 31 March	—	289	720
Non-current portion	—	—	289
Current portion	—	289	431
	—	289	720

The Group's prepaid land lease expenses are attributable to land located in Hong Kong and held under a long term lease.

As at 31 March 2008 and 2009, the Group's prepaid land lease expenses were charged by the plaintiff in respect of a litigation, details of which are disclosed in Note 32(ii).

18. INVESTMENT PROPERTY

	The Group		
	2009	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
Fair value:			
At beginning of year	1,250	—	—
Additions	—	1,037	—
Fair value adjustment *(Note 7)*	(190)	213	—
At end of year	1,060	1,250	—

The Group's investment property was revalued as at 31 March 2008 at its open market value by reference to recent market transactions in comparable properties on an open market value basis calculated by reference to net rental income allowing for reversionary income potential. The valuation was carried out by an independent firm of professional surveyors, Asset Appraisal Limited.

Subsequent to 31 March 2009, the Group entered into a sale and purchase agreement with an independent third party to dispose of the investment properties at a total consideration of HK$1,060,000, which was considered by the directors of the Company to be the amount that approximated the fair value of the investment property of the Group as at 31 March 2009.

During the year ended 31 March 2009, the property rental income earned by the Group from its investment property which is leased out under an operating lease, amounted to HK$64,000 (2008: HK$23,000). Direct operating expenses arising on the investment property in the year amounted to HK$6,600 (2008: HK$2,000).

The Group's investment property is located in Hong Kong and held under a medium term lease.

19. INVESTMENTS IN SUBSIDIARIES

	The Company		
	2009	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
Unlisted shares, at cost	22,316	22,316	22,316
Less: Impairment losses	(22,316)	(16,542)	(16,042)
	—	5,774	6,274

Particulars of the Company's principal subsidiaries as at 31 March 2009 are as follows:

Name of company	Country of incorporation and operation	Particulars of issued and paid-up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by the subsidiaries	Principal activity
Dollar Concept International Ltd.	BVI	US$1 Ordinary	100%	100%	—	Apparel sourcing and trading (overseas based)
Fanlink Far East Ltd.	BVI	US$1 Ordinary	100%	100%	—	Investment holding
Sun Ace Group Ltd.	BVI	US$1 Ordinary	100%	100%	—	Investment holding
Leader Ahead Investments Ltd.	BVI	US$1 Ordinary	100%	100%	—	Provision of entertainment services
East Step Trading Ltd.	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)
Sun Tai Hing Garment Making Company Limited	Hong Kong	HK$115,000 Ordinary	100%	—	100%	Investment holding

An impairment loss on investment costs of approximately HK$22,316,000 (2008: HK$16,542,000, 2007: HK$16,042,000) was recognised as at 31 March 2009 because the related recoverable amounts of the investment costs with reference to the net assets values of the respective subsidiaries were estimated to be less than their carrying amounts. Accordingly, the carrying amounts of the related investment costs are reduced to their recoverable amounts.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

20. AMOUNTS DUE FROM/TO SUBSIDIARIES

Amounts due from/to subsidiaries are unsecured, interest free and repayable on demand.

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group and Company		
	2009	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
(a) Equity securities listed in U.K. ***(Note (i))***			
At cost of acquisition	245,287	245,287	—
Less: Impairment losses	(184,868)	(110,923)	—
At fair value	60,419	134,364	—
(b) Equity securities listed in Hong Kong ***(Note (ii))***			
At cost	—	—	1,320
Less: Impairment losses	—	—	(1,320)
At fair value	—	—	—

(i) The Company acquired 24,375,975 ordinary shares of 10 pence each or approximately 29.9% of the issued capital of Birmingham City Plc. ("BCP") at a cash consideration of £14,950,029 (equivalent to approximately HK$237,225,000 at the acquisition date) from independent vendors during the year ended 31 March 2008. BCP was incorporated in the U.K. with limited liability and its shares are listed on the Alternative Investment Market of the London Stock Exchange (the "AIM"). BCP's principal place of business is in the U.K. and is principally engaged in investment holding. 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. As the Company failed to appoint any representative to the board of directors of BCP and had no power to exercise any significant influence or joint control over the financial and operating policy decisions of BCP after the acquisition of equity interest in BCP, the directors of the Company consider that the Company's investment in BCP is not an investment in an associate but should be designated as available-for-sale equity securities. Taking into account the transaction costs of HK$8,062,000 that are directly attributable to the Company's acquisition of the equity interest in BCP, the initial cost of the Company's investment in BCP as at the acquisition date amounted to approximately HK$245,287,000.

For the purpose of assessing the impairment of the Company's investment in BCP, market price of BCP's shares listed on the AIM is taken into account. The directors of the Company considered that there is a significant decline in the fair value of the securities, i.e. BCP's market share price quoted on the AIM below its cost, which is an evidence of impairment. Therefore, an impairment loss on available-for-sale financial assets of HK$73,945,000 (2008: HK$110,923,000) was directly recognised in profit or loss for the year ended 31 March 2009 based on the BCP's market share price quoted on the AIM at the spot transaction rate as at 31 March 2009. Such impairment losses recognised in profit or loss are not reversed through profit or loss, any subsequent increase in the fair value of such available-for-sale financial assets is recognised directly in equity. The market value of each as at the date of approval of these financial statements was approximately 30.55 pence (2008: 23.15 pence) based on the market share price of BCP quoted on the AIM.

(ii) There was a significant decline in the fair value of the security below its cost of the equity securities listed in Hong Kong as at 31 March 2007 and accordingly an impairment was recognised as at 31 March 2007.

22. INVENTORIES

		The Group	
	2009	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
Finished goods	—	4,251	6,980
Less: Provision for on obsolete inventories	—	(4,251)	(3,324)
	—	—	3,656

The Group carried out regular reviews on the carrying amounts of inventories with reference to aged inventories analysis, expected future consumption and management judgement. During the years ended 31 March 2008 and 2007, the carrying value of certain inventories were determined to decline below its estimated net realisable value and was written down by approximately HK$4,251,000 and HK$3,324,000 respectively.

23. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

		The Group	
	2009	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables	4,687	4,453	7,222
Less: Allowance for doubtful debts	(4,687)	(3,354)	(1,609)
	—	1,099	5,613
Deposits, prepayments and other receivables	1,190	544	1,835
	1,190	1,643	7,448

(i) The average credit period to the Group's trade receivables is 60 days (2008: 60 days, 2007: 60 days).

(ii) The movements in the allowance for doubtful debts during the Relevant Years, including both specific and collective loss components, are as follows:

	The Group		
	2009	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
At beginning of year	3,354	1,609	4,685
Impairment loss on trade receivables	1,333	1,745	(3,076)
At end of year	4,687	3,354	1,609

At 31 March 2009, the Group's trade receivables of approximately HK$4,687,000 (2008: HK$3,354,000 and 2007: HK$1,609,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that none of the related receivables is expected to be recovered. Consequently, full allowance for doubtful debts of HK$4,687,000 (2008: HK$3,354,000 and 2007: HK$1,609,000) was recognised. The Group does not hold any collateral over these balances.

(iii) The ageing analysis of gross trade receivables, based on invoice date, is as follows:

	The Group		
	2009	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
Within 30 days	—	335	4,291
31 to 60 days	—	1,730	1,636
Over 60 days	4,687	2,388	1,295
	4,687	4,453	7,222

24. CASH AND CASH EQUIVALENTS

For the purpose of the balance sheets and consolidated cash flow statement, cash and cash equivalents include cash and bank balances.

Most of the Company's and the Group's cash and cash equivalents are denominated in Hong Kong dollar.

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

25. AMOUNTS DUE TO DIRECTORS — THE GROUP AND COMPANY

The amounts due to directors, included in current liabilities, are unsecured, interest free and repayable on demand.

The amounts due to directors who are ultimate shareholders of the Company, included in non-current liabilities, are unsecured and interest-free advances, out of which (i) an amount of HK$95,068,000 has no fixed repayment term, and the director and ultimate shareholder of the Company has undertaken not to demand for the Group to repay this amount due until the Company and the Group are financially capable to do so. This interest-free advance is not repayable within twelve months from the balance sheet date as at 31 March 2009 and is considered in substance as a quasi-equity loan to finance the Group's long-term investments; and (ii) an amount of HK$2,914,000 due to another director and ultimate shareholder of the Company is not repayable within twelve months after the balance sheet date as at 31 March 2009.

26. DEFERRED TAX LIABILITIES

The movements for the Relevant Years in the deferred tax liabilities are as follows:

		The Group	
	2009	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
At beginning and end of year	167	167	167

The deferred tax liabilities mainly represent accelerated depreciation allowances.

At 31 March 2009, the Group has unused tax losses of approximately HK$65,359,000 (2008: HK$49,532,000, 2007: HK$6,800,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. Such losses may be carried forward indefinitely.

There was no other material unprovided deferred tax in respect of the Relevant Years and as at the balance sheet date.

27. CONVERTIBLE NOTES

The Group and the Company

On 7 May 2008, the Company entered into a subscription agreement with Pacific Capital Investment Management Limited ("Pacific Capital") pursuant to which Pacific Capital has agreed to subscribe for the convertible notes (the "Convertible Notes") for an aggregate principal amount of up to HK$200,000,000 to be issued by the Company.

The Convertible Notes are convertible into conversion shares at the option of the noteholders at any time during the conversion period into conversion shares at the conversion price. The price at which conversion shares will be issued shall be either:

(i) 125% of the average of the closing day price of the Company for the 30 business days immediately prior to:

— in respect of tranche 1 of the Convertible Notes, the date of the subscription agreement; and

— in respect of the subsequent tranches of the Convertible Notes, the respective closing dates (the "Fixed Conversion Price"), subject to adjustment in accordance with the terms and conditions; or

(ii) 90% of the average of the closing day price on any 5 consecutive business days (as selected by the relevant noteholder) during the 30 business days immediately preceding the relevant conversion date as selected at the discretion of the relevant noteholder at the time of exercising the conversion right in respect of the relevant tranche of the Convertible Notes provided always that the conversion price shall not in any event be less than HK$0.05 per conversion share (the "Floating Conversion Price").

The Company may redeem those Convertible Notes presented by the noteholder for conversion redemption amount if on presentation of such convertible notes, the Fixed Conversion Price or the Floating Conversion Price (as the case may be) is less than or equal to 70% of the closing day price for the 30 consecutive business days prior to the relevant closing date in respect such Convertible Note.

The maturity date of the Convertible Notes was 36 months from the date of issue. The Convertible Notes will not bear any interest. Unless previously redeemed, purchased, converted or cancelled in the circumstances set out in the terms and conditions, the Company will redeem the outstanding convertible notes on the maturity date at 100% of the principal amount thereof.

On 4 June 2008, the Company and Pacific Capital entered into a supplementary agreement to supplement the subscription agreement including, among other things, the addition of a conversion restriction in the terms and conditions so that no conversion of the Convertible Notes can be made at any time when the Company cannot maintain 25% public float as a result of such conversion.

On 28 July 2008 and 7 August 2008, the Convertible Notes with aggregate principal amounts of HK$20,000,000 were issued.

Based on the determination of the conversion price with reference to the Fixed Conversion Price and the Floating Conversion Price as mentioned above, the exercise of conversion option would not result in settlement by the exchange of a fixed amount of cash for a fixed number of shares of the Company. The embedded derivative of conversion option is therefore accounted for as a financial liability. The proceeds from the issue of the Convertible Notes of HK$20,000,000 have been split into liability and derivative components. On issue of the Convertible Notes, the fair value of the derivative component is determined using an option pricing model and this amount is carried as a derivative component of the liability until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the liability component and is carried as a liability on the amortised cost basis until extinguished on conversion or redemption. The derivative component is measured at fair value on the issue date and any subsequent changes in fair value of the derivative component as at the balance sheet date are recognised in the consolidated income statement.

The movements of the liability component and derivative component of the issued Convertible Notes are as follows:

	Liability component of Convertible Notes	**Derivative component of Convertible Notes**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At the issuance date	14,056	5,944	20,000
Direct transaction costs	(1,750)	—	(1,750)
Conversion into ordinary shares	(9,045)	(4,763)	(13,808)
Imputed interest *(Note 8)*	538	—	538
Fair value gain *(Note 7)*	—	(872)	(872)
At 31 March 2009	3,799	309	4,108

Interest on the Convertible Notes is calculated using the effective interest method by applying the effective interest rate of 9.1968% per annum.

The fair value of the derivative component of the Convertible Notes is determined taking into account the valuation performed by Asset Appraisal Ltd., an independent firm of professionally qualified valuers, using the Monte Carlo Simulation Model with the major inputs as at issue dates and 31 March 2009 as follows:

	Issue dates	**31 March 2009**
Share price	HK$0.14 to HK$0.28	HK$0.068
Exercise price	HK$0.311 to HK$0.355	HK$0.311
Volatility	119.4% to 127.38%	144.73%
Risk free rate	2.712% to 2.926%	0.907%

During the years ended 31 March 2009, there was a decrease in the share price of the Company, and accordingly, the fair value of the derivative component of the Convertible Notes decreased, resulting in a fair value gain of HK$872,000.

On 30 April 2009, all the Convertible Notes outstanding as at 31 March 2009 were fully converted into shares of the Company. As detailed in the Company's announcement dated 7 June 2009, the Company and Pacific Capital terminated the subscription agreement and the supplementary agreement of Convertible Notes.

28. SHARE CAPITAL

	2009		2008		2007	
	Number of shares	**Amount**	**Number of shares**	**Amount**	**Number of shares**	**Amount**
		HK$'000		*HK$'000*		*HK$'000*
Authorised:						
Ordinary shares of HK$0.01 each	10,000,000,000	100,000	10,000,000,000	100,000	10,000,000,000	100,000
Issued and fully paid:						
At beginning of year	760,320,000	7,603	384,000,000	3,840	320,000,000	3,200
Issue of shares by way of:						
Open offer *(i)*	—	—	192,000,000	1,920	—	—
Placements *(ii)*	—	—	184,320,000	1,843	64,000,000	640
Issue of shares upon conversion of Convertible Notes *(iii)*	224,831,000	2,249	—	—	—	—
At end of year	985,151,000	9,852	760,320,000	7,603	384,000,000	3,840

Notes:

(i) During the year ended 31 March 2008, the Company raised approximately HK$37,040,000, after expenses, by issuing 192,000,000 offer shares at a subscription price of HK$0.20 per offer share by way of open offer, on the basis of one offer share per every two shares held, to provide additional working capital of the Group. The open offer was approved at the special general meeting of the Company held on 23 April 2007 and was completed on 7 June 2007, resulting in additional amount of HK$1,920,000 and HK$35,120,000 standing in the share capital and share premium account respectively. All shares issued by the Company rank pari passu with the then existing shares in all respects. Further details are set out in the Company's prospectus dated 18 May 2007.

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 has been completed on 5 March 2007.

(ii) From 11 July 2007 to 13 November 2007, the Company raised approximately HK$117,594,000, after expenses, by issuing 184,320,000 shares by placements at subscription prices ranging from HK$0.57 to HK$0.80 each to provide additional working capital of the Group, resulting in additional amount of approximately HK$1,843,000 and HK$115,751,000 standing in the share capital and share premium account respectively.

(iii) During the year ended 31 March 2009, the Convertible Notes in the carrying amount of HK$13,808,000 were converted into 224,831,000 shares of HK$0.01 each of the Company, resulting in additional amount of approximately HK$2,249,000 and HK$11,559,000 standing in the share capital and share premium account respectively.

All the above shares issued by the Company rank pari passu with the then existing shares in all respects.

29. RESERVES

The nature and purpose of each reserve are set out below:

(a) Reserves of the Group

(i) Contributed surplus

The contributed surplus represents the difference between the nominal value of share capital of the subsidiaries acquired pursuant to the group reorganisation on 22 October 2002, over the nominal value of the shares of the Company issued in exchange therefor.

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.

(ii) Share premium

The application of the share premium account is governed by applicable regulations of the Cayman Islands.

(iii) Share option reserve

The share option reserve represents the fair value at respective grant dates in respect of the outstanding share options of the Company.

(b) Reserves of the Company

	Contribution surplus	Share premium	The Company Share option reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note)	*(Note29(a))*	*(Note 29(a))*		
At 1 April 2006	22,116	25,146	—	(46,531)	731
Share premium arising on placement of shares	—	7,104	—	—	7,104
Loss for the year *(Note 13)*	—	—	—	(11,161)	(11,161)
At 1 April 2007	22,116	32,250	—	(57,692)	(3,326)
Share premium arising on open offer of shares	—	35,120	—	—	35,120
Share premium arising on placement of shares	—	115,751	—	—	115,751
Recognition of equity-settled share-based payments	—	—	10,200	—	10,200
Lapse of share options	—	—	(2,828)	2,828	—
Loss for the year	—	—	—	(135,401)	(135,401)
At 31 March 2008	22,116	183,121	7,372	(190,265)	22,344
Issue of shares upon conversion of Convertible Notes *(Note 27)*	—	11,559	—	—	11,559
Cancellation of share options	—	—	(5,875)	5,875	—
Loss for the year	—	—	—	(96,159)	(96,159)
At 31 March 2009	22,116	194,680	1,497	(280,549)	(62,256)

Note:

Contributed surplus of the Company

The contributed surplus represents the excess of the fair value of the subsidiaries acquired pursuant to the group reorganisation over the nominal value of the shares of the Company issued in exchange therefor.

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.

30. DISPOSAL OF SUBSIDIARIES

On 2 June 2006, the Group disposed of its subsidiaries, namely Elite Team Limited, Easy Billion Limited and Fairgood Limited

The net assets of those disposed subsidiaries at the date of disposal were as follows:

	2007
	HK$'000
Net assets disposed of:	
Property, plant and equipment *(Note 16)*	5,660
Prepaid land lease expenses *(Note 17)*	4,587
Available-for-sales financial assets	1,376
Deposits, prepayments and other receivables	154
Bank and cash balances	15
Interest-bearing bank borrowings	(5,950)
Trade and other payables	(5,393)
	449
Loss on disposal of subsidiaries	(329)
Total cash consideration	120
Net cash inflow arising on disposal:	
Total cash consideration	120
Bank balances and cash acquired	(15)
	105

The subsidiaries disposed of during year ended 31 March 2007 did not contribute significantly to the Group's cash flows nor results.

31. OPERATING LEASE ARRANGEMENTS

The Group as lessee

The Group did not have any outstanding commitment under non-cancellable operating leases as at 31 March 2009, 2008 and 2007.

The Group as lessor

At the balance sheet date, the Group's total future minimum lease receivables under non-cancellable operating leases are receivable as follows:

	2009	2008	2007
	HK$'000	*HK$'000*	*HK$'000*
Within one year	37	68	—
After one year but within five years	—	46	—
	37	114	—

The Company did not have any operating lease arrangement under non-cancellable operating lease as at 31 March 2009 and 2008.

32. CONTINGENT LIABILITIES

The Group and Company had the following outstanding litigations at the balance sheet date as at 31 March 2009:

(i) A writ was filed against the Group entities 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. Based on the written legal opinion from the legal counsel, the board of directors is of the opinion that the claim is not justifiable and without merit.

(ii) A writ was filed by Siu Ban & Sons Limited ("Siu Ban") against 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 damages for costs and loss of interest. Siu Ban claimed that Sun Tai Hing did not pay the purchase consideration for the acquisition of the Property in May 2002. The Property was also charged by the plaintiff for this claim, details of which are set out in Notes 16 and 17. The board of directors is of the opinion that the claim is not justifiable and without merit.

33. SHARE-BASED PAYMENTS

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

(i) The purpose of the Scheme is providing incentives rewards to full-time employees and consultants of the Group in recognition of their contribution to the Group.

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

(iii) The total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme of the Company must not exceed 30% of the total issued share capital of the Company from time to time.

(iv) 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 of the Eligible Persons 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 Persons and their associates abstain from voting on the resolution.

(v) An offer of the grant of an option shall be made to the Eligible Persons by letter in such form as the board of directors may from time to time determine and shall remain open for acceptance by the Eligible Persons 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 Scheme has been terminated.

(vi) A non-refundable nominal consideration of HK$1 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 Persons together with the said consideration of HK$1 is received by the Company.

(vii) The exercise price for shares under the Scheme may be determined by the directors at its absolute discretion but in any event will not be less than the highest of:

(a) 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;

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

(c) nominal value of shares.

Unless otherwise in the terms of the Scheme, an option may be exercised 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 of directors 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 Scheme.

The fair value of the share options granted during the year ended 31 March 2009 and the share-based payments recognised in income statement was HK$Nil (2008: HK$10,200,000, 2007: HK$Nil). No share option was granted during the current year.

(a) The following table shows the movements in the Company's share options during the year ended 31 March 2009 and 2008:

2009

	Date of grant	Outstanding at the beginning of year	Cancelled during the year	Outstanding at the end of year	Closing price immediately before the date of grant
					HK$
Directors:					
Ip Wing Lun	21/8/2007	6,912,000	(6,912,000)	—	1.09
Lee Yiu Tung	21/8/2007	6,912,000	(6,912,000)	—	1.09
Steven McManaman	21/8/2007	2,000,000	—	2,000,000	1.09
Wong Po Ling, Pauline	21/8/2007	6,912,000	(6,912,000)	—	1.09
		22,736,000	(20,736,000)	2,000,000	
Other employees	7/6/2007	24,000,000	—	24,000,000	0.49
	21/8/2007	24,384,000	(24,384,000)	—	1.09
		48,384,000	(24,384,000)	24,000,000	
		71,120,000	(45,120,000)	26,000,000	

2008

	Date of grant	Granted during the year	Lapsed during the year	Outstanding at the end of year	Closing price immediately before the date of grant
					HK$
Directors:					
Ip Wing Lun	21/8/2007	6,912,000	—	6,912,000	1.09
Lee Yiu Tung	21/8/2007	6,912,000	—	6,912,000	1.09
Steven McManaman	21/8/2007	2,000,000	—	2,000,000	1.09
Wong Po Ling, Pauline	21/8/2007	6,912,000	—	6,912,000	1.09
		22,736,000	—	22,736,000	
Other employees	7/6/2007	24,000,000	—	24,000,000	
	21/8/2007	24,384,000	—	24,384,000	0.49
		48,384,000	—	48,384,000	1.09
Consultants					
	21/8/2007	22,000,000	(22,000,000)	—	1.09
		93,120,000	(22,000,000)	71,120,000	

(b) The weighted average exercise price of the share options outstanding during the year ended 31 March 2009 is HK$0.5482 (2008: HK$0.9646, 2007: HK$Nil). The options outstanding at the end of the year have a weighted average remaining contractual life of 8.2 years (2008: 9.34 years, 2007: Nil).

At the balance sheet date as at 31 March 2009 and the date of approval of these financial statements, the Company had 26,000,000 (2008: 71,120,000, 2007: Nil) share options outstanding under the Scheme. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 26,000,000 (2008: 71,120,000 and 2007: Nil) additional ordinary shares of the Company which represented 2.6% and 2.3% of the Company's shares in issue and as at the balance sheet date as at 31 March 2009 and the date of approval of these financial statements respectively, and result in additional share capital of approximately HK$260,000 and share premium of HK$13,993,000 (before issue expenses).

34. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties during the Relevant Years are disclosed below.

(a) No commission (2008: HK$784,000 and 2007: HK$Nil) was charged by a shareholder of the Company as underwriting commission in connection with an open offer of the Company during the year ended 31 March 2009.

(b) Details of the amounts due to directors are set out in Note 25.

(c) Included in the Company's and the Group's accruals and other payables as at 31 March 2009 was an aggregate salaries and other allowances amount of approximately HK$2,840,000 (2008: HK$2,375,000 and 2007: HK$235,000) due to directors which is unsecured, interest free and repayable on demand.

(d) Members of key management during the Relevant Years comprised only of the directors whose remuneration is set out in Note 11.

(e) During the year ended 31 March 2007, the amount due to a director was secured by a corporate guarantee provided by the Company. The corporate guarantee had been released following the full settlement of the balance due during the year.

35. CAPITAL RISK MANAGEMENT

The Group's objective of managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The capital structure of the Group consists of debts, which includes the amounts due to directors under current liabilities disclosed in Note 25 and outstanding Convertible Notes in Note 27, cash and cash equivalents in Note 24 and equity attributable to equity holders of the Company, comprising share capital and reserves as disclosed in the consolidated statement of changes in equity.

The Group's risk management reviews the capital structure on a semi-annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. The Group has a target gearing ratio of 20 — 40% determined as the proportion of net debt to equity. Based on the management's recommendations, the Group expects to increase its gearing ratio closer to 30% through the issue of new debts.

The gearing ratios at the year end was as follows:

	2009	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
Debts	9,486	10,583	—
Cash and cash equivalents	(2,968)	(7,055)	(6,757)
Net debt	6,518	3,528	(6,757)
Equity	(65,223)	12,646	(55)
Net debt to equity ratio	N/A	28%	N/A

36. FINANCIAL RISK MANAGEMENT

During the Relevant Years, exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entity.

These risks are limited by the Group's financial management policies and practices described below.

(a) Credit risk

The Group's credit risk is primarily attributable to its trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customers' past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At the balance sheet date, the Group has no significant concentration of credit risk.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in Note 23 to the financial statements.

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the balance sheet date of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on rates current at the balance sheet date) and the earliest date the Group can be required to pay:

The Group	**Carrying amount**	**Total contractual undiscounted cash flow**	**Within 1 year or on demand**	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2009					
Accruals and other payables	5,880	5,880	5,880	—	—
Amounts due to directors	103,360	103,360	5,378	97,982	—
Convertible Notes	4,108	4,124	—	—	4,124
	113,348	113,364	11,258	97,982	4,124
2008					
Accruals and other payables	5,588	5,588	5,588	—	—
Amounts due to directors	108,565	108,565	10,583	97,982	—
	114,153	114,153	16,171	97,982	—
2007					
Accruals and other payables	3,066	3,066	3,066	—	—

(c) Interest rate risk

Convertible Notes were issued at a fixed rate (i.e. zero coupon interest) which expose the Group and Company to fair value interest-rate risk. The Group has no significant interest bearing financial liabilities and operating cash flows are substantially independent of changes in market interest rate.

(d) Currency risk

The Group is exposed to currency risk primarily through its investment in quoted equity securities in BCP with a carrying value of approximately HK$60,419,000 (2008: HK$134,364,000 and 2007: HK$Nil) as at 31 March 2009 that are denominated in Pound Sterling ("£"), which was acquired during the prior year.

Sensitivity analysis

At 31 March 2009, it is estimated that a general appreciation/depreciation of 5% (2008: 1% and 2007: Nil) in exchange rate of HK$ to £, with all other variables held constant, would increase/decrease the Group's consolidated loss and decrease/increase its consolidated equity by approximately HK$3,021,000 (2008: HK$1,344,000 and 2007: HK$Nil).

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to each of the group entities; exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular equity price, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. Results of the analysis as presented above represent an aggregation of the effects on each of the group entities' equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the balance sheet date for presentation purposes. The analysis is performed on the same basis for the Relevant Years, where applicable.

(e) Equity price risk

The Group is exposed to equity price changes arising from equity instruments classified as available-for-sale financial assets. These investments are listed.

The Group's listed investments are listed on the AIM. Decisions to buy and sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the indexes and other industry indicators, as well as the Group's liquidity needs. Listed investments held in the available-for-sale portfolio have been chosen based on their longer term growth potential and are monitored regularly for performance against expectations.

Sensitivity analysis

At 31 March 2009, it is estimated that a general increase/decrease of 5% in the quoted market price of the equity investments, with all other variables held constant, would decrease/increase the Group's consolidated loss and increase/decrease its consolidated equity by approximately HK$3,021,000 (2008: HK$6,718,000 and 2007: HK$Nil).

The sensitivity analysis has been determined assuming that the reasonably possible changes in the stock market index or other relevant risk variables had occurred at the balance sheet date and had been applied to the exposure to equity price risk in existence at that date. It is also assumed that the fair value of the Group's equity investments would change in accordance with the historical correlation with the relevant stock market index or the relevant risk variables and that all other variables remain constant. The stated changes represent management's assessment of reasonably possible changes in the relevant stock market index or the relevant risk variables over the period until the next annual balance sheet date. The analysis is performed on the same basis for the Relevant Years.

(f) Fair values and estimation basis

All financial instruments are carried at amounts not materially different from their values as at 31 March 2009, 2008 and 2007. In respect of equity securities, fair value is based on quoted market price at the balance sheet date without any deduction for transaction costs. The estimate of fair value of the conversion option embedded in Convertible Notes is measured using an option pricing model.

37. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 March 2009, 2008 and 2007 may be categorised as follows:

	2009	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
Financial assets			
Loans and receivables (including cash and bank balances) measured at amortised cost	4,158	8,698	14,205
Available-for-sale financial assets measured at fair value	60,419	134,364	—
Financial liabilities			
Quasi-equity loan	95,068	95,068	—
Financial liabilities measured at amortised cost	17,971	19,085	3,066

38. SIGNIFICANT POST BALANCE SHEET NON-ADJUSTING EVENT

(i) The Company entered into termination agreement on 5 June 2009 with Pacific Capital to cancel and terminate the subscription agreement and the supplemental agreement in respect of the Convertible Notes under mutual agreement. The Company and Pacific Capital agreed to release and discharge each other from all obligations under subscription agreement and the supplemental agreement. Further details are set out in the Company's announcement dated 7 June 2009.

(ii) On 7 June 2009, Great Luck Management Limited and Mr. Yeung Ka Sing, Carson ("Vendors"), the Company and the placing agent entered into the top-up placing and subscription agreement pursuant to which, the Vendors agreed to place, through the placing agent, an aggregate of 150,000,000 existing shares. The gross proceeds from the top-up subscription are HK$60,000,000. The net proceeds of approximately HK$58,000,000 from the top-up subscription are intended to be used as general working capital of the Group, for expansion of the Group's business and/or possible investments in the future when opportunities arise. The details of the top-up placing and subscription agreement are set out in the Company's announcement dated 8 June 2009.

39. COMMITMENT

The Company and the Group did not have any capital commitment for the Relevant Years.

A. INDEBTEDNESS STATEMENT

As at the close of business on 31 July 2009, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had total outstanding borrowings of approximately HK$103 million, representing unsecured amounts due to directors of the Company.

Apart from intra-group liabilities and normal trade and other payables arising in the ordinary course of business, at the close of business on 31 July 2009, the Group 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.

The directors confirmed that, save as disclosed herein, there has not been any material change in the indebtedness or contingent liabilities of the Group since 31 July 2009 except that subsequent to 31 July 2009, the Company has entered into a loan agreement of HK$690 million with a third party (the "Lender") on 13 August 2009, HK$690 million has been drawn down under the facility, which is secured by a debenture of HK$690 million issued by the Company to the Lender and personal guarantees from two directors of the Company up the aggregate amount of HK$690 million. The loan facility is repayable six months from the date of drawdown. The Company's (i) custody money placed in a financial institution and available-for-sale financial assets with an aggregate carrying value of approximately HK$120 million as at 31 July 2009; and (ii) equity interests in its two subsidiaries are pledged to the Lender to secure the above loan facility granted to the Company by way of first floating charge, all its undertaking, property, assets and rights of the Company, whatsoever and wheresoever, both present and future including but not limited to, its uncalled capital, book and other debts, goodwill, patents, patent applications, trade marks, trade names, registered designs, copyrights, privileges, licenses and ancillary and connected rights other than those disclosed in (i) and (ii) hereafter referred to as (the "Security"). The Security shall exist and operate as a specific security in respect of all or part of the undertaking or present and future property or assets of the Company or in respect of any specifically identifiable or ascertainable property or assets of the Company.

B. WORKING CAPITAL

Taking into consideration the financial resources available to the Group, including their internally generated funds and financial supports from one of beneficial and substantial shareholders of the Company by not demanding for repayment on amount due to a director until the Company and the Group are financially capable to do so for a period of at least twelve months from the date of the Initial Circular and the estimated net proceeds from the Open Offer, and in the absence of unforeseen circumstances, the Directors are of the opinion that the Group will have sufficient working capital for a period of at least twelve months from the date of this circular.

Under the situation where the Open Offer cannot proceed, the Company will still have sufficient working capital for a period of at least twelve months from the date of this circular after the repayment of the loan amount of HK$690 million, on the basis that the guarantee given by the directors of the Company regarding the HK$690 million loan to the Company remains valid and the directors of the Company do not demand for repayment on the amounts due to them until the Company and the Group is financially capable to do so for a period of at least twelve months from the date of the circular.

C. MATERIAL ADVERSE CHANGES

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 2009, the date of which the latest published financial statements of the Group were made up.

A. UNAUDITED PRO FORMA STATEMENT OF THE ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is an illustrative and unaudited pro forma statement of the adjusted consolidated net tangible assets of the Group which has been prepared on the basis of the notes set out below for illustrating the effect of the open offer on the audited consolidated net tangible liabilities of the Group as if it had taken place on 31 March 2009. This pro forma financial information has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the financial position of the Group as at 31 March 2009 or any future date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is prepared based on the audited consolidated net tangible liabilities of the Group as at 31 March 2009 as set out in the financial information on the Group in Appendix III of the Initial Circular and is adjusted for the effect of the open offer.

	Consolidated net tangible liabilities of the Group as at 31 March 2009	**Estimated net proceeds from the open offer**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group after the open offer**	**Consolidated net tangible liabilities of the Group per share as at 31 March 2009**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group per share as at 31 March 2009**
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*
	HK$'000	*HK$'000*	*HK$'000*	*HK$*	*HK$*
Based on the Subscription Price of HK$0.4 per offer share	(65,223)	750,000	684,777	(0.066)	0.232

Notes:

1. The consolidated net tangible liabilities of the Group as at 31 March 2009 represents the net liabilities of the Group of approximately HK$65,223,000 as at 31 March 2009.

2. The estimated net proceeds from the open offer are calculated based on 1,961,694,400 offer shares to be issued at the subscription price of HK$0.4 per offer share and deducting the estimated related legal and professional expenses of approximately HK$34,678,000. Pursuant to the underwriting agreement, an underwriting commission shall be payable to the underwriter calculated at 2.5% of the aggregate subscription price of the offer shares underwritten by the underwriter, being not less than 1,554,537,600 offer shares and not more than 1,596,137,600 offer shares. No underwriting commission is recorded as it is assumed that the underwriter is not required to underwrite the offer shares for the preparation of the unaudited pro forma financial information.

3. The calculation of consolidated net tangible liabilities value of the Group per share as at 31 March 2009 is based on the consolidated net tangible liabilities of the Group of approximately HK$65,223,000 and the 985,151,000 shares in issue as at 31 March 2009.

4. The calculation of unaudited pro forma adjusted consolidated net tangible assets value of the Group per share as at 31 March 2009 is based on the unaudited pro forma adjusted consolidated net tangible assets of the Group after the open offer of approximately HK$684,777,000; and 2,946,845,400 adjusted shares in issue immediately following the completion of the open offer which comprise the 985,151,000 shares in issue as at 31 March 2009 and the 1,961,694,400 offer shares to be issued to the qualifying shareholders on the basis of 8 offer shares for every 5 existing shares held on the record date.

5. No adjustment has been made to reflect any trading results or other transaction of the Group entered into subsequent to 31 March 2009.

B. REPORT ON UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is the text of a report from BDO Limited, the reporting accountants of the Company as set out in this Appendix and prepared for the sole purpose of inclusion in this circular.

BDO Limited
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14 September 2009

The Board of Directors
Grandtop International Holdings Limited
Unit 3008
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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 (hereinafter collectively referred to as the "Group") as set out on pages 166 and 167 under the heading of "UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP" in Appendix V to the Company's initial circular (the "Initial Circular") dated 14 September 2009, which have been prepared by the directors of the Company, solely for illustrative purposes only, to provide information about how the proposed issue of offer shares to the qualifying shareholders on the basis of 8 offer shares for every 5 existing shares held on the record date to raise not less than approximately HK$785 million but not more than approximately HK$801 million, before expenses, might have affected the relevant financial information of the Group as at 31 March 2009. The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages 166 and 167 of the Initial 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 Rule 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 Rule 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 consolidated net liabilities of the Group as at 31 March 2009 as set out in the financial information on the Group in Appendix III of the Initial Circular for the year ended 31 March 2009, 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 Rule 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 as at 31 March 2009 or any future date.

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 Rule 4.29(1) of the Listing Rules.

Yours faithfully,
BDO Limited
Certified Public Accountants
Hong Kong

A. SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and the assets and liabilities of BCFC for the six months period ended 28 February 2009, years ended 31 August 2008 and 2007 which are prepared in accordance with the accounting policies of International Financial Reporting Standards (IFRS) and the published results and assets and liabilities for the year ended 31 August 2006 which is prepared in accordance with the accounting policies of UK Generally Accepted Accounting Practice (UK GAAP), as extracted from the audited financial statements, is set out below. No qualified or modified opinion has been issued on the BCFC's financial statements for the three years ended 31 August 2008, 2007 and 2006 (the "Relevant Years").

B. CONSOLIDATED FINANCIAL INFORMATION

Income Statements

	Notes	For the six months period ended 28 February 2009 £000 (Unaudited)	For the year ended 31 August 2008 £000	2007 £000 Restated *(note 21)*	2006 £000
Continuing operations					
Revenue	*2*	15,614	49,836	25,039	40,117
Operating expenses		(15,259)	(37,007)	(30,534)	(34,391)
Profit/(loss) from operations before player amortisation and profit on sale of players		355	12,829	(5,495)	5,726
Player amortisation		(5,257)	(13,975)	(8,170)	(10,084)
Profit on sale of player registrations		895	5,530	7,769	7,063
Profit/(loss) from operations		(4,007)	4,384	(5,896)	2,705
Finance income — bank interest receivable		186	30	62	39
Finance costs	*3*	(35)	(118)	(800)	(111)
Profit/(loss) before taxation	*4*	(3,856)	4,296	(6,634)	2,633
Taxation	*6*	1,065	(1,700)	1,889	(882)
Profit/(loss) attributable to equity shareholders	*21*	(2,791)	2,596	(4,745)	1,751
Earnings per share:					
— Basic and diluted (pence per share)	*7*	(3.42p)	3.19p	(5.87p)	2.17p

Consolidated Statement of Recognised Income and Expense

There were no recognised gains or losses other than those reported in the results above for the year ended 31 August 2008 and the impact of the adjustment of £631,000 for the year ended 31 August 2007 as disclosed in note 21 of these financial statements.

Balance Sheets

	Notes	As at 28 February 2009 £000 (Unaudited)	Group As at 31 August 2008 £000	2007 £000 Restated *(note 21)*	2006 £000	Company As at 31 August 2008 £000	2007 £000	2006 £000
ASSETS								
Non-current assets								
Intangible assets	*8*	13,230	17,470	25,206	14,185	—	—	—
Property, plant and equipment	*9*	12,672	12,891	13,138	12,529	—	—	—
Deferred tax asset	*18*	—	203	789	—	—	—	—
Investments	*10*	—	—	—	—	3,518	3,518	3,518
Trade and other receivables	*12*	—	500	1,750	—	14,731	14,731	14,648
		25,902	31,064	40,883	26,714	18,249	18,249	18,166
Current assets								
Inventories	*11*	360	612	555	360	—	—	—
Trade and other receivables	*12*	7,452	11,687	12,075	10,407	—	—	—
Cash and cash equivalents		—	4,235	3,905	4,308	—	—	—
		7,812	16,534	16,535	15,075	—	—	—
Total assets		33,714	47,598	57,418	41,789	18,249	18,249	18,166
LIABILITIES								
Non-current liabilities								
Preference shares	*14*	18	18	18	18	18	18	18
Interest bearing loans and borrowings	*15*	1,296	861	981	282	—	—	—
Deferred income		297	541	1,233	2,514	—	—	—
Capital grants (deferred income)	*16*	1,994	2,022	2,079	2,136	—	—	—
Trade payables	*13*	1,728	3,056	2,678	—	—	—	—
		5,333	6,498	6,989	4,950	18	18	18

		As at 28 February	Group	As at 31 August		Company	As at 31 August	
		2009	2008	2007	2006	2008	2007	2006
	Notes	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
		(Unaudited)		Restated *(note 21)*				
Current liabilities								
Interest bearing loans, overdrafts and borrowings	*15*	3,198	942	113	90	—	—	—
Trade and other payables	*13*	9,558	13,357	20,059	11,534	—	—	—
Corporation tax payable		—	1,114	—	889	—	—	—
Deferred income		4,417	11,836	21,156	10,771	—	—	—
Capital grants (deferred income)	*16*	56	57	57	57	—	—	—
Provisions	*17*	2,154	2,154	—	—	—	—	—
Deferred tax liability	*18*	149	—	—	10	—	—	—
		19,532	29,460	41,385	23,351	—	—	—
Total liabilities		24,865	35,958	48,374	28,301	18	18	18
Net assets		8,849	11,640	9,044	13,488	18,231	18,231	18,148
Capital and reserves								
Issued share capital	*20*	8,150	8,150	8,150	8,075	8,150	8,150	8,075
Other reserves	*21*	7,855	7,855	7,855	7,847	10,081	10,081	10,073
Retained earnings	*21*	(7,156)	(4,365)	(6,961)	(2,434)	—	—	—
Total Equity	*21*	8,849	11,640	9,044	13,488	18,231	18,231	18,148

Cash Flow Statements

	Note	For the six months ended 28 February 2009	Group For the year ended 31 August 2008	2007	2006	Company For the year ended 31 August 2008	2007	2006
		£000 (Unaudited)	£000	£000	£000	£000	£000	£000
Net cash inflow from operations	25	(5,727)	1,218	8,167	3,707	—	—	—
Cashflow from investing activities								
Acquisition of property, plant and equipment		(72)	(341)	(1,162)	(228)	—	—	—
Proceeds from sale of property, plant and equipment		—	20	12	—	—	—	—
Acquisition of player's registrations		(4,923)	(13,013)	(16,997)	(12,671)	—	—	—
Proceeds from sale of players registrations		3,795	11,737	8,739	7,100	—	—	—
Net cash outflow from investing activities		(1,200)	(1,597)	(9,408)	(5,799)	—	—	—
Cashflows from financing activities								
Proceeds from issue of capital		—	—	83	—	—	—	—
Capital repayments of borrowings		(67)	(110)	(81)	(45)	—	—	—
New loans		503	—	836	—	—	—	—
Net cashflow from financing activities		436	(110)	838	(45)	—	—	—
Net decrease in cash and cash equivalents		(6,491)	(489)	(403)	(2,137)	—	—	—
Cash and cash equivalents at start of period		3,416	3,905	4,308	6,404	—	—	—
Cash and cash equivalents at end of period		(3,075)	3,416	3,905	4,267	—	—	—
Represented by:								
Cash in hand and at bank		—	4,235	3,905	4,308	—	—	—
Bank overdraft		(3,075)	(819)	—	(41)	—	—	—
		(3,075)	3,416	3,905	4,267	—	—	—

Notes to the Financial Statements

1. ACCOUNTING POLICIES

(a) Reporting entity

Birmingham City plc is a company domiciled in the United Kingdom. The address of the company's registered office is located at St Andrew's Stadium, Birmingham B9 4NH.

(b) Basis of preparation

The financial statements of the group and parent entity for the years ended 31 August 2008 and 2007 have been prepared in accordance with IFRS adopted by the European Union and IFRIC interpretations and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS for the first time. The financial statements have been prepared under the historical cost convention. The group has prepared the financial statements on a going concern basis.

The group financial statements consolidate those of the company and its subsidiary (together referred to as "the group"). As permitted by section 230 of the Companies Act 1985, the income statement of Birmingham City plc has not been presented in the financial statements. The parent company does not trade. Its results for the year ended 31 August 2008 is £nil (2007 and 2006: £nil).

Standards that have been issued in the period, but are not yet effective for the financial year ended 31 August 2008 includes:

- IAS 1 (Revised 2007) "Presentation of financial statements" effective for year ended 31 August 2010 and will require the group to alter the format of its primary statements.

Other changes not expected to have any significant impact on the group include:

- IFRS 8 "Segmental reporting" effective for the year ended 31 August 2010.
- IAS 23 (Revised 2007) "Borrowing costs" effective for the year ended 31 August 2010.
- IAS 27 (Revised 2008) — "Consolidated and Separate Financial Statements" effective for year ended 31 August 2010.
- IAS 32 (Revised) "Financial instruments" effective for the year ended 31 August 2010.

The accounting policies set out below have, unless otherwise stated, been applied consistently for the group to the year ended 31 August 2008 and 2007 presented in these consolidated financial statements and in preparing an opening IFRS balance sheet at transition date, being 1 September 2006.

(c) Transition to IFRS

The group have prepared their financial statements in accordance with IFRSs for the first time for the year ended 31 August 2008 and 2007 and consequently have applied IFRS 1. An explanation of how the transition to IFRSs has affected the previously reported financial position, financial performance and cash flows of the group is provided in note 26.

IFRS 1 grants certain exemptions from the full reporting requirements of IFRSs in the transitional period. The following exemptions have been applied in these financial statements:

- ***Business combinations:*** The group has applied the business combinations exemption in IFRS 1. It has not restated business combinations that took place prior to 1 September 2006 (being its transition date).

- ***Fair value as deemed cost:*** the group has not taken the option to restate items of property, plant and equipment to their fair value at 1 September 2006. Instead, the deemed cost under adopted IFRSs will be the cost amount of each asset, previously shown under UK GAAP.

(d) Basis of consolidation

Control exists where the group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra group balances and intra group transactions are eliminated in preparing the consolidated financial statements.

(e) Revenue recognition

Revenue represents income arising from sales to third parties, and excludes transfer fees receivable and value added tax.

(i) Season ticket and corporate hospitality revenue is recognised over the period of the football season as home matches are played.

(ii) Fixed elements of FA Premier League central broadcasting contracts are recognised over the period of the football season as league matches (home and away) are played. Appearance fees are accounted for as earned. The merit based payment in respect of the position achieved in the league table is recognised at the end of the league season, when the final league position is known (applicable to Premier League only).

(iii) Sponsorship contracts are recognised over the duration of the contract, either on a straight-line basis, or over the period of the football season, as appropriate, based on the terms of the contract.

(iv) Catering revenues are recognised on an earned basis.

(v) Revenue from the sale of branded products is recognised at the point of despatch when significant risks and rewards of ownership is deemed to have been transferred to the buyer.

(f) Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives are recognised in the income statement as an integral part of the total lease expense on the same basis. The group does not have any obligations under finance leases.

Net financing costs

Net financing costs comprise interest payable on borrowings, calculated using the effective interest rate method and interest receivable on funds invested.

The discounting of the deferred payments for the purchase of players' registrations produces a notional interest payable amount and this is charged to finance costs.

(g) Taxation

Tax on the result for each period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax is not discounted.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(h) Intangible assets

(i) Acquired players' registrations

The costs associated with the acquisition of players' registrations are initially recorded at their fair value at the date of acquisition. These costs are fully amortised over the period of the respective players' contracts, being between 1 and 5 years. A provision is made in accruals, where in management's opinion, the club is likely to achieve promotion to the premiership league or retain premiership status or where a player is likely to achieve a contractually agreed number of first team appearances. Where the outcome of this is uncertain, the maximum amount payable is disclosed as a contingent liability.

For the purposes of impairment reviews, acquired players' registrations are classified as a single cashgenerating unit until the point at which it is made clear that the player no longer remains an active member of the playing squad. In these circumstances the carrying value of the players' registration is reviewed against a measurable net realisable value.

Acquired players' registrations are classified as "Assets held for sale" on the balance sheet if, at any time it is considered that the carrying amount of a registration will be recovered principally through a sale. The measurement of the registration is the lower of (a) fair value (less costs to sell) and (b) carrying value. Amortisation of the asset is suspended at the time of reclassification, although impairment charges still need to be made if applicable.

(ii) Amortisation

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible fixed assets unless such lives are indefinite. Intangible assets with an indefinite life are systematically tested for impairment at each balance sheet date.

(i) Property, plant and equipment

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

Depreciation is charged to the income statement, to write off the cost of property, plant and equipment less estimated residual value, on a straight-line basis, over their estimated useful lives as follows:

Freehold land	—	Not depreciated
Freehold buildings	—	50 years
Long leasehold property improvements	—	Shorter of lease or 50 years
Fixtures and equipment	—	Between 3 and 5 years
Motor vehicles	—	5 years

(j) Leased assets

Assets held under finance leases are included in the balance sheet and depreciated in accordance with the group's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged in the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to the profit and loss account as incurred.

(k) Grants

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

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is based on the estimated selling price in the ordinary course of business. Provision is made for obsolete, slow-moving or defective items where appropriate.

(m) Cash and cash equivalents

Cash and cash equivalents comprises cash balances and call deposits and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(n) Signing on fees and image rights

Signing on fees and image rights are charged, on a straight-line basis, to the income statement over the period of the player's contract. Prepayments/accruals arising at each period end are included within prepayments and accrued income or accruals within current assets or current liabilities, as appropriate. Where a player's registration is transferred, any signing on fees payable in respect of future periods are charged against the profit/(loss) on disposal of players' registrations in the period in which the disposal is recognised.

(o) Deferred income

Deferred income comprises amounts received from capital grants, sponsorship and season ticket income. Capital grants are released to the income statement on a straight-line basis over the estimated useful lives of the assets to which they relate. Other deferred income is released to the income statement on a straight-line basis over the period to which it relates.

(p) Financial instruments

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

Financial assets

The group's financial assets relate to trade and other receivables and cash and cash equivalents. Trade and other receivables are classified as loans and receivables and are measured initially at fair value plus transaction costs and are carried subsequently at amortised cost under the effective interest method, less provision for any impairment. Any change in their value through impairment or reversal of impairment is recognised in the Income Statement. There are no financial assets classified as fair value through profit and loss or as held to maturity or available for sale.

All financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is evidence that a loss event has occurred and that estimated future cash flows of the financial asset have been impacted. Objective evidence of impairment for a portfolio of receivables could include the group's past experience of collecting payments, an increase in the delayed number of payments in the portfolio and the average credit period, as well as observed changes in the national or local economic conditions that correlate with default on receivables.

Financial liabilities

Financial liabilities which includes bank loans, overdrafts and trade and other payables are measured initially at fair value net of transaction costs under the effective interest method and thereafter at amortised cost. Finance charges are accounted for on an accruals basis in the Consolidated Income Statement using the effective interest method.

Derivative financial instruments

The group does use derivative financial instruments to hedge its exposure to interest rates by using an interest rate swap on its variable rate bank loan advanced in 2006. The group does not hedge account and has recognised the fair value attributable to the derivative financial instrument. Further disclosure is made in note 19 of these financial statements. The group does not use any other derivative financial instruments.

(q) Employee benefits — Pensions

Eligible employees of the group are members of the Football League Limited Pensions and Life Assurance Scheme. The group does not make contributions to the scheme. The assets and liabilities of the scheme are managed independently of the group and therefore do not form part of these financial statements.

(r) Impairment of non-current assets

All non-current assets are assessed annually for indications of impairment. Where such indicators exist, the recoverable amount is measured and any impairment loss is charged to the Income Statement. The impairment is considered based on future cash flow generation and the players marketable values.

(s) Segment reporting

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 the other segments.

(t) Investments — interests in subsidiary undertakings

Investments in subsidiaries are shown at cost, less provision for impairment.

(u) Critical accounting judgements and key sources of estimates of uncertainty

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, income and expense, which may differ from actual results.

Principal risks and uncertainties facing the Group have been disclosed on page 8 in the Directors' Report to these financial statements.

There are no critical accounting judgements. The key sources of estimates of uncertainty that have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are identified below:

Player transfer costs

Management have to make certain judgements as to whether a liability should be recognised under the terms of the contracts with other football clubs in respect of player transfers. These judgements include whether in management's opinion, at the balance sheet date, the club is likely to achieve promotion to the premiership, or once promoted retain premier league status in the next season. It also requires certain judgements as to whether a player will continue to make the contractually agreed number of first team appearances. Based on these judgements, management decide on an individual player by player basis as to whether the liability is disclosed as a contingent liability in note 23 or whether it becomes recognised as a liability in trade payables on the balance sheet.

Intangible assets — acquired player registrations

Management considers the recoverability of the acquired player registrations held on the balance sheet based on current estimated fair values. Management considers the economic life of the intangible asset to be between 1 to 5 years, based on the respective players' contracts. These are reviewed annually on a player by player basis to determine whether there are indicators of an impairment. Determining whether the intangible asset should be impaired at the balance sheet date, is based on management's judgement of whether the player will no longer remain an active member of the playing squad and an assessment of the league that the club will be playing in.

Deferred tax asset

Deferred tax is accounted for on temporary timing differences using the liability method. Management considers it reasonable to recognise deferred tax assets attributable to unused tax losses based on future profit projections.

VAT tribunal over agents fees

During the year ended 31 August 2008, HM Revenue & Customs issued assessments for repayment of £576,000 (2007: £576,000) of input VAT previously recovered, which relates to payments made under the contractual arrangements between the group and certain football agents. An estimate of the potential maximum liability to 31 August 2008 is £827,000 (2007: unprovided and disclosed as a contingent liability of £820,000). A VAT tribunal decision published in May 2007 found some individual cases in favour of the group and some against. The group considers the VAT concerned has been properly recovered and, accordingly, an appeal has been lodged against the tribunal decision. The group still firmly believe that they have a strong case following the recent outcome of the Redrow case, but have decided to make a prudent provision within these accounts. The group awaits the outcome of the appeal.

2. SEGMENT ANALYSIS

The group has one main business segment, that of professional football operations. As a result, no additional business segment information is required to be provided. It operates in one geographical segment, in the United Kingdom, and accordingly no additional geographical segmental information is required to be provided. A voluntary analysis of the revenue streams is given below to assist with an understanding of the business.

	2008	**2007**	**2006**
	£000	*£000*	*£000*
Matchday	20,921	11,379	17,913
Media	18,956	6,701	13,984
Commercial	9,959	6,959	8,220
	49,836	25,039	40,117

Revenue streams comprise:

— Matchday — season and matchday tickets and FA and League distributions.

— Media — television and broadcasting income, including distributions from the FA Premier League broadcasting agreements, cup competitions and local radio.

— Commercial — sponsorship income, merchandising, conference and banqueting and other sundry revenue.

3. FINANCE COSTS

	Group		
	2008	**2007**	**2006**
	£000	*£000*	*£000*
Bank interest payable	266	196	111
Notional interest on player registrations	(148)	604	—
	118	800	111

4. ANALYSIS OF PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is stated after (crediting) and charging the following:

	Group		
	2008	**2007**	**2006**
	£000	*£000*	*£000*
Other operating income — release of capital grants	(57)	(57)	(57)
Staff costs *(note 5)*	26,624	20,922	26,797
Depreciation of property, plant and equipment	568	543	555
Amortisation of intangible assets	13,975	8,170	10,084
Profit on disposal of property, plant and equipment	—	(2)	—
Profit on sale of players' registrations	(5,530)	(7,769)	(7,063)
Operating leases — property	84	84	84
— other	138	140	122

Auditors' remuneration:

	2008	**2007**	**2006**
	£000	*£000*	*£000*
Group			
Audit of consolidated financial statements and parent company	13	9	9
Fees receivable by the auditors and their associates in respect of other services:	14	16	15
Other fees relating to taxation	31	5	2
	58	30	26
Fees paid to Auditors:			
Edwards	19	21	20
Grant Thornton UK LLP	39	9	6
	58	30	26

5. STAFF COSTS

	Group		
	2008	**2007**	**2006**
	£000	*£000*	*£000*
Wages, salaries and signing on fees	23,956	18,831	24,478
Social security costs	2,668	2,091	2,319
	26,624	20,922	26,797

The average monthly number of persons employed by the group, including directors:

	Group		
	2008	**2007**	**2006**
	No.	*No.*	*No.*
Playing staff	48	47	59
Training staff	22	20	18
Training ground staff	18	18	17
Commercial and fund raising	24	21	21
Shop	8	9	10
Administration and other	26	24	25
	146	139	150

In addition, the group also employs approximately 398 temporary staff on match days during the year ended 31 August 2008 (2007: 363 and 2006: 376), the cost of which is included in the staff costs above. The company has no employees or staff costs.

Directors' remuneration

	Group		
	2008	**2007**	**2006**
	£000	*£000*	*£000*
Aggregate directors' emoluments	973	1,361	536
Highest paid director	346	485	184

The group has not made any contributions to directors' personal pension arrangements in the year ended 31 August 2008 (2007 and 2006: £nil).

During the year ended 31 August 2008, the aggregate directors' emoluments include £22,000 (2007: £52,000 and 2006: £nil) paid to Sport Newspapers Limited for Roger Bannister, £265,000 (2007: £485,000 and 2006: £140,000) paid to Roldvale Limited for David Sullivan, and £265,000 (2007: £485,000 and 2006: £140,000) paid to Gold Group International Limited in respect of David and Ralph Gold.

In addition to the emoluments, during the year ended 31 August 2007, 750,000 11 pence share options were exercised (2006: £nil). The gain recognised on the exercise of these share options was £nil as at 31 August 2008 (2007: £217,500 and 2006: £nil). No options have been exercised in the current year.

6. TAXATION

	Group		
	2008	**2007**	**2006**
	£000	*£000*	*£000*
Continuing operations			
Corporation tax charge/(credit) at 30% (2007 and 2006: 30%)	1,114	(911)	911
Deferred tax charge/(credit) *(note 18)*	586	(978)	(29)
Total tax charge/(credit)	1,700	(1,889)	882

The tax losses not utilised at 31 August 2008 amount to £nil (2007: £2,661,000 and 2006: £nil).

Factors affecting the tax charge/(credit) for the years:

	Group		
	2008	**2007**	**2006**
	£000	*£000*	*£000*
Tax reconciliation:			
Profit/(loss) on ordinary activities before taxation	4,296	(6,634)	2,633
Profit on ordinary activities multiplied by standard rate of 30% (2007 and 2006: 30%)	1,289	(1,990)	790
Expenses not deductible for tax purposes	398	20	18
Excess of capital allowances over depreciation	7	(26)	(47)
(Use)/creation of tax losses brought forward	(775)	798	(87)
Clawback of tax relief for amortisations of players with rollover relief	195	239	237
Deferred tax	586	(930)	(29)
Total tax charge/(credit)	1,700	(1,889)	882

Profits on sale of players' registrations are taxable.

Factors that may affect future tax charges

The group expects to continue to be able to claim capital allowances in excess of depreciation in future years.

7. EARNINGS PER SHARE

	Group			
	For the six months period ended 28 February 2009	**For the year ended 31 August**		
		2008	**2007**	**2006**
	£000	*£000*	*£000*	*£000*
	(Unaudited)			
The earnings per ordinary share have been calculated as follows:				
Profit/(loss) on ordinary activities after taxation	(2,791)	2,596	(4,745)	1,751
Basic and diluted	*No.*	*No.*	*No.*	*No.*
Weighted average number of ordinary shares in issue during the period/year	81,505,000	81,505,000	80,849,520	80,755,000
(Deficit)/earnings per ordinary share	(3.42p)	3.19p	(5.87p)	2.17p

The weighted average numbers of shares in issue is the same for both the basic and diluted earnings per share.

8. INTANGIBLE ASSETS

Group	Players' registrations £000
Cost:	
At 1 September 2005	33,831
Additions	11,224
Disposals	(16,326)
At 31 August 2006	28,729
Additions	20,533
Disposals	(10,796)
IFRS adjustments	(311)
At 31 August 2007	38,155
Additions	12,145
Disposals	(16,837)
At 31 August 2008	33,463
Amortisation:	
At 1 September 2005	15,319
Charge for the year	10,084
Eliminated on disposals	(10,859)
At 31 August 2006	14,544
Charge for the year	8,170
Eliminated on disposals	(9,662)
IFRS adjustments	(103)
At 31 August 2007	12,949
Charge for the year	13,975
Eliminated on disposals	(10,931)
At 31 August 2008	15,993
Net book value:	
At 31 August 2008	17,470
At 31 August 2007	25,206
At 31 August 2006	14,185

The company has no intangible fixed assets.

9. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and buildings £000	Long leasehold improvements £000	Fixtures and equipment £000	Motor vehicles £000	Total £000
Cost:					
At 1 September 2005	12,933	1,669	3,100	109	17,811
Additions	—	130	98	—	228
At 31 August 2006	12,933	1,799	3,198	109	18,039
Additions	47	828	177	110	1,162
Disposals	—	—	(19)	—	(19)
At 31 August 2007	12,980	2,627	3,356	219	19,182
Additions	—	42	192	107	341
Disposals	—	—	—	(48)	(48)
At 31 August 2008	12,980	2,669	3,548	278	19,475
Depreciation:					
At 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
Disposals	—	—	(9)	—	(9)
Charge for the year	260	49	213	21	543
At 31 August 2007	2,894	188	2,886	76	6,044
Disposals	—	—	—	(28)	(28)
Charge for the year	259	53	208	48	568
At 31 August 2008	3,153	241	3,094	96	6,584
Net book value:					
At 31 August 2008	9,827	2,428	454	182	12,891
At 31 August 2007	10,086	2,439	470	143	13,138
At 31 August 2006	10,299	1,660	516	54	12,529

Company

The company has no property, plant and equipment.

10. INVESTMENT IN SUBSIDIARY UNDERTAKING

Company

The company owns 100% of the preference and ordinary share capital of Birmingham City Football Club plc, a company registered in England and Wales. Its principal activity of the company continued to be that of a Football Club. For the football season 2007/08 the club was promoted to the Premier League, but relegated to the Championship for the 2008/09 season.

	£000
Cost:	
As at 1 September 2005 and 31 August 2006, 2007 and 2008	3,518

11. INVENTORIES

	Group		
	2008	**2007**	**2006**
	£000	*£000*	*£000*
Goods for resale	612	555	360

The replacement cost of stocks would not be significantly different from the values stated.

12. TRADE AND OTHER RECEIVABLES

	Group			Company		
	2008	**2007**	**2006**	**2008**	**2007**	**2006**
	£000	*£000*	*£000*	*£000*	*£000*	*£000*
		Restated				
Trade receivables	9,530	8,579	9,651	—	—	—
Other debtors	36	79	43	—	—	—
Corporation tax recoverable	29	22	—	—	—	—
Prepayments	2,092	3,395	713	—	—	—
Current assets	11,687	12,075	10,407	—	—	—
Non current assets						
Trade receivables	500	1,750	—	—	—	—
Amounts owed by group undertaking	—	—	—	14,731	14,731	14,648
	500	1,750	—	14,731	14,731	14,648

Included within trade receivables as at 31 August 2008 is £6,475,000 (2007: £6,775,000 and 2006: £6,611,000) in respect of transfer fees, of which £500,000 (2007: £1,750,000 and 2006: £2,300,000) is not due until after more than one year. The restatement for the year ended 31 August 2007 reflects prepayments of £2,629,000 in respect of signing on fees now accounted for on an accruals basis. See note 21 for further details.

Trade receivables are individually assessed based on estimated recoverable amounts.

Group

Ageing of past due but not impaired receivables, based on normal 30 day credit terms

	Group	
	2008	**2007**
	£000	*£000*
30 — 90 days	4,656	1,706
90 — 120 days	295	203
120 — 180 days	210	563
180 days+	3,046	4,669
> 1 year	500	1,750
Total	8,707	8,891

No aging analysis is performed for the balance as at 31 August 2006.

Movement in bad and doubtful debt provisions

	Group	
	2008	**2007**
	£000	*£000*
Balance brought forward	229	170
Amounts written off	(38)	—
Amounts recovered	(67)	(2)
Amounts provided in year	325	61
Balance carried forward	449	229

No aging analysis is performed for the balance as at 31 August 2006.

The directors believe that there is no further provision required in excess of the allowance for doubtful debts. Included in the allowance for doubtful debts are individually impaired receivables. The ageing of impaired trade receivables:

	Group	
	2008	**2007**
	£000	*£000*
0 — 90 days	14	45
90 — 120 days	5	24
120 — 180 days	24	40
180 days+	406	120
	449	229

No aging analysis is performed for the balance as at 31 August 2006.

The directors consider the carrying amount of trade and other receivables approximates to their fair value.

Company

The company has no trade receivables.

13. TRADE AND OTHER PAYABLES

		Group			Company	
	2008	**2007**	**2006**	**2008**	**2007**	**2006**
	£000	*£000*	*£000*	*£000*	*£000*	*£000*
		Restated				
Current liabilities						
Trade payables	8,753	14,177	7,719	—	—	—
Taxation and social security	3,479	3,567	3,013	—	—	—
Other creditors	61	156	5	—	—	—
Accruals	1,064	2,159	797	—	—	—
Total current liabilities	13,357	20,059	11,534	—	—	—
Non-current liabilities						
Trade payables	3,056	2,678	—	—	—	—

Included within trade payables as at 31 August 2008 is £8,595,000 (2007: £9,611,000 and 2006: £5,471,000) in respect of transfer fees payable of which £3,056,000 (2007: £2,678,000) is not due until after more than one year. The restatement reflects an accrual of £1,728,000 in respect of signing on fees now accounted for on an accruals basis. See note 21 for further details.

14. PREFERENCE SHARES

Group and Company due after five years:

	2008		2007		2006	
	No. '000	*£000*	*No. '000*	*£000*	*No. '000*	*£000*
Authorised						
4.2% redeemable cumulative preference shares of 50p each	40	20	40	20	40	20
Allotted, called up and fully paid						
4.2% redeemable cumulative preference shares of 50p each	37	18	37	18	37	18

The preference shares are shown as debt rather than equity. The company may redeem cumulative preference shares at par at 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, the cumulative 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 preference shares carry no votes except on a winding up or on variations of their rights.

15. INTEREST BEARING LOANS AND BORROWINGS

	Group			Company		
	2008	2007	2006	2008	2007	2006
	£000	*£000*	*£000*	*£000*	*£000*	*£000*
Bank overdraft	819	—	41	—	—	—
Bank loans	976	1,086	331	—	—	—
Preference share capital	18	18	18	18	18	18
Derivative instrument (interest rate swap) see note 19	8	8	—	—	—	—
	1,821	1,112	390	18	18	18
Borrowings maturity:						
Within one year	942	113	90	—	—	—
More than one year but not more than two years	125	115	53	—	—	—
More than two years but not more than five years	334	395	182	—	—	—
After five years	420	489	65	18	18	18
Total borrowings	1,821	1,112	390	18	18	18

The group has the following undrawn committed borrowing facilities:

	Group			Company		
	2008	**2007**	**2006**	**2008**	**2007**	**2006**
	£000	*£000*	*£000*	*£000*	*£000*	*£000*
Undrawn committed borrowings	6,181	5,000	4,960	—	—	—

The bank overdraft and loan is secured on the land and buildings of the group. The group has an overdraft facility of £7m for the year ended 31 August 2008 (2007 and 2006: £5m) which is due for renewal on 31 August 2009.

Included within bank loans is £401,000 (2007: £471,000 and 2006: £47,000) due after more than five years repayable in equal instalments as at 31 August 2008.

16. DEFERRED CAPITAL GRANT

Included within creditors is £2,079,000 (2007: £2,136,000 and 2006: £2,193,000) relating to a deferred capital grant as at 31 August 2008.

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

17. PROVISIONS

	Group			Company		
	2008	**2007**	**2006**	**2008**	**2007**	**2006**
	£000	*£000*	*£000*	*£000*	*£000*	*£000*
Refurbishment of main stand	1,327	—	—	—	—	—
VAT liability on agents fees	827	—	—	—	—	—
	2,154	—	—	—	—	—

The provision of £1,327,000 has been made at 31 August 2008 in respect of the refurbishment work planned and required for the main stand expected to start in March 2009.

HM Revenue & Customs issued assessments for repayment of £576,000 (2007: £576,000) of input VAT previously recovered, which relates to payments made under the contractual arrangements between the group and certain football agents. An estimate of the potential maximum liability to 31 August 2008 is £827,000 (2007: unprovided and disclosed as a contingent liability of £820,000). A VAT tribunal decision published in May 2007 found some individual cases in favour of the group and some against. The group considers the VAT concerned has been properly recovered and, accordingly, an appeal has been lodged against the tribunal decision. The group still firmly believe that they have a strong case following the recent outcome of the Redrow case, but have decided to make a prudent provision within these accounts. The group awaits the outcome of the appeal.

18. DEFERRED TAXATION

	Group			Company		
	2008	**2007**	**2006**	**2008**	**2007**	**2006**
	£000	*£000*	*£000*	*£000*	*£000*	*£000*
At 1 September	789	(189)	(39)	—	—	—
Amount (charged)/credited to income statement *(note 6)*	(586)	978	29	—	—	—
At 31 August	203	789	(10)	—	—	—

	Group			Company		
	2008	**2007**	**2006**	**2008**	**2007**	**2006**
Provided	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Deferred taxation comprises:						
Excess of depreciation over capital allowances	203	253	430	—	—	—
Roll-over relief for intangible assets	—	(187)	(440)	—	—	—
Losses	—	723	—	—	—	—
Deferred tax asset/(liability)	203	789	(10)	—	—	—

19. FINANCIAL INSTRUMENTS

Capital risk management

The group manages its capital to ensure that the group will be able to continue as a going concern through the optimisation of the debt and equity balance. The capital structure of the group consists of debt, which includes the borrowings disclosed in note 15, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued share capital, reserves and retained earnings as disclosed in notes 20 and 21.

The group's audit committee reviews the capital structure as part of its risk analysis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

The group is not subject to externally imposed capital requirements, other than the minimum capital requirements and duties regarding reduction of capital, as imposed by the Companies Act 1985 on all public limited companies.

Categories of financial instruments

	Group			Company		
	2008	**2007**	**2006**	**2008**	**2007**	**2006**
	£000	*£000*	*£000*	*£000*	*£000*	*£000*
Financial assets						
Loans and receivables:						
— Cash and cash equivalents	4,235	3,905	4,308	—	—	—
— Trade and other receivables	10,066	10,408	9,694	14,731	14,731	14,648
	14,301	14,313	14,002	14,731	14,731	14,648
Financial liabilities						
Trade and other payables-held at amortised cost	15,349	20,579	10,737	—	—	—
Borrowings at amortised cost — see note 15	1,821	1,112	390	—	—	—
	17,170	21,691	11,127	—	—	—

Except for derivative instruments, the fair value of the financial instruments set out above is not materially different to the book value. The above financial assets and financial liabilities do not include prepayments or accruals respectively.

Financial risk management objectives

Management monitor and manage the financial risks relating to the operations of the group through internal risk reports. These risks include currency risk, interest rate risk, credit risk, liquidity risk and cash flow interest rate risk.

Where the group considers the impact arising from one or more of these risks to be potentially material to the group's financial position, derivative financial instruments are used to reduce risk exposure. The use of financial derivatives requires the prior approval of the Board. The group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. Whilst the group entered into an interest rate hedging arrangement in 2006 to mitigate the risk of significant movements in interest rates, it does not apply hedge accounting.

Price risk

The group has no significant exposure to securities price risk, as it holds no listed equity investments.

Foreign currency risk

The group has no significant exposure in its trading subsidiary to the risk of changes in foreign currency exchange rates.

Credit risk

The group's principal financial assets are bank balances, cash, and trade receivables. The group's credit risk is primarily attributable to its trade receivables. Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating. The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the group's management based on prior experience and their assessment of the current economic environment.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

The group's policy has been to ensure continuity of funding through operating within its overdraft facility and to match borrowing against the useful life of assets purchased.

The group's financial liabilities have contractual maturities summarised below:

		Non current	
	Current year	**1 to 5 years**	**Over 5 years**
	£000	*£000*	*£000*
Preference shares	—	—	18
Bank overdraft and loans	934	467	402
Trade and other payables	12,293	3,056	—
At 31 August 2008	13,227	3,523	420

		Non current	
	Current year	**1 to 5 years**	**Over 5 years**
	£000	*£000*	*£000*
Preference shares	—	—	18
Bank overdraft and loans	105	518	471
Trade and other payables	17,901	2,678	—
At 31 August 2007	18,006	3,196	489

		Non current	
	Current year	**1 to 5 years**	**Over 5 years**
	£000	*£000*	*£000*
Preference shares	—	—	18
Bank overdraft and loans	90	235	47
Trade and other payables	10,737	—	—
At 31 August 2006	10,827	235	65

The bank overdraft bears interest at the bank base rate of HSBC plc plus 1.75%.

The bank loans bear interest at the bank base rate of HSBC plc plus 1.5%. The two term loans are repayable by way of equal monthly amounts until July 2012 and April 2017.

The group's exposure to derivative financial instruments is limited to an interest rate swap for a fixed term that matches the duration of one of the group's term debt facilities. This derivative financial instrument expires on 14 March 2012. £8,000 has been recognised in the income statement in respect of the interest rate swap and is included in bank loans in the balance sheet.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonable possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the group's profit for the year ended 31 August 2008 would decrease/increase by £4,000 (2007: decrease/increase by £3,000). This is mainly attributable to the group's exposure to interest rates on its variable rate borrowings.

Interest rate swap contract

Under interest rate swap contracts, the group agrees to exchange the difference between the fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the yield curves at the reporting date and the credit risk inherent in the contract. The average interest rate is based on the outstanding balances at the end of the financial year.

20. SHARE CAPITAL

		Group			Company	
	2008	**2007**	**2006**	**2008**	**2007**	**2006**
Authorised						
Ordinary shares of 10p each						
No. in thousands	120,000	120,000	120,000	120,000	120,000	120,000
£000	12,000	12,000	12,000	12,000	12,000	12,000
Allotted, called up and fully paid						
Ordinary shares of 10p each						
No. in thousands	81,505	81,505	80,755	81,505	81,505	80,755
£000	8,150	8,150	8,075	8,150	8,150	8,075

No options were outstanding at either 31 August 2008, 2007 and 2006. All share options were exercised during the year ended 31 August 2007.

21. STATEMENT OF CHANGES IN EQUITY

	Share Capital and Share Premium	**Revaluation reserve**	**Merger reserve**	**Profit and loss account**	**Total equity**
	£000	*£000*	*£000*	*£000*	*£000*
Group					
At 1 September 2006	18,148	313	(2,539)	(2,646)	13,276
Prior year adjustment	—	—	—	430	430
Revised 1 September 2006	18,148	313	(2,539)	(2,216)	13,706
Loss for the year	—	—	—	(4,745)	(4,745)
Issue of shares	83	—	—	—	83
At 31 August 2007	18,231	313	(2,539)	(6,961)	9,044
Profit for the year	—	—	—	2,596	2,596
At 31 August 2008	18,231	313	(2,539)	(4,365)	11,640

Prior year adjustment

Signing on fees were originally charged to the Income Statement on a cash paid basis. A change in accounting policy results in signing on fees being accounted for on a straight-line basis over the period of the players' contracts and are now recognised on an accruals basis. At 31 August 2007, signing on fees results in the recognition of a prepayment of £2,629,000 (1 September 2006: £1,056,000) and accruals of £1,729,000 (1 September 2006: £443,000). A tax liability has been provided in respect of the signing on fees of £269,000 at 31 August 2007 (1 September 2006: £183,000).

The impact on the Income Statement for the year ended 31 August 2007 is an increase in profit after tax of £201,000 (£287,000 in operating expenses less £86,000 taxation). The impact on the Retained earnings for the year ended 31 August 2006 is an increase in profit of £430,000 after tax of £183,000.

	2007	**2006**
	£000	*£000*
Prepayments	2,629	1,056
Accruals	(1,729)	(443)
Net impact	900	613
Less taxation	(269)	(183)
Cumulative prior year adjustment	631	430

	Share Capital and Share Premium	**Revaluation reserve**	**Merger reserve**	**Profit and loss account**	**Total equity**
	£000	*£000*	*£000*	*£000*	*£000*
Company					
At 1 September 2006	18,148	—	—	—	18,148
Issue of shares	83	—	—	—	83
At 31 August 2007 and 2008	18,231	—	—	—	18,231

22. RELATED PARTY TRANSACTIONS

Group

During the year ended 31 August 2008, goods and services to the value of £nil (2007: £556 and 2006: £981) have been supplied by the Club to Gold Group International Limited which is owned by D Gold (director). At the balance sheet date £nil was due from Gold Group International Limited to the group.

Henri Brandman & Co (Henri Brandman — Director of Birmingham City Football Club plc) acted as Solicitors on behalf of the Club during the year ended 31 August 2008 with fees amounting to £62,500 (2007: £46,750 and 2006: £31,500). As at 31 August 2008, £nil was due from the group to Henri Brandman & Co.

During the year ended 31 August 2008, goods and services to the value of £43,272 (2007 and 2006: £nil) have been supplied by the Club to Grandtop International Holdings Limited of which C Yeung (minority shareholder) is a director. As at 31 August 2008, £29,125 was due from Grandtop International Holdings Limited to the company.

During the year ended 31 August 2008, goods and series to the value of £nil (2007: Nil and 2006: £3,360) have been supplied by the Club to Nettcollex Limited in which D Sullivan (director) has an interest. As at 31 August 2008, £nil was due from Nettcollex Limited to the group.

Company

There were no related party transactions with the company.

23. CONTINGENT LIABILITIES AND POST BALANCE SHEET EVENTS

(a) Player Transfer Costs

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 amount not provided that could be payable in respect of transfers to 31 August 2008 is £2,475,000 (2007: £5,454,000 and 2006: £5,771,000). Since the year end and to the approval of these accounts £Nil of this has crystallised.

(b) Image Rights Payable

The maximum possible commitments in respect of image rights contracts at the year end, contingent on whether the players remain contracted with the Club, amounted to £786,000 (2007: £1,429,000 and 2006: £3,280,000). The amounts are payable on future dates specified in their contracts and are not provided for in the accounts.

24. CAPITAL AND OTHER FINANCIAL COMMITMENTS

(a) Capital commitments

	Group		
	2008	**2007**	**2006**
	£000	*£000*	*£000*
Contracted but not provided for:			
Leasehold land and buildings	—	70	706
Fixtures and equipment	27	—	—

The company has no capital commitments.

(b) Lease commitments

The group and company had commitments under operating leases for plant and equipment and leasehold land at the training ground. The total future minimum lease payments are as follows:

	Land & buildings			Other		
	2008	**2007**	**2006**	**2008**	**2007**	**2006**
	£000	*£000*	*£000*	*£000*	*£000*	*£000*
Expiring:						
Within one year	84	84	97	118	130	—
Between two and five years	336	336	45	48	129	—
Over five years	7,056	7,140	84	—	—	—
	7,476	7,560	226	166	259	—

25. NOTES TO THE CASH FLOW STATEMENT

	Group			Company		
	2008	**2007**	**2006**	**2008**	**2007**	**2006**
	£000	*£000*	*£000*	*£000*	*£000*	*£000*
Cash flows from operating						
Profit/(loss) after taxation	2,596	(4,745)	1,751	—	—	—
Amortisation of intangible assets	13,975	8,170	10,084	—	—	—
Profit on sale of players registrations	(5,530)	(7,769)	(7,063)			—
Profit on disposal of property, plant and equipment	—	(2)	—	—	—	—
Depreciation on property, plant and equipment	568	543	555	—	—	—
Finance cost	118	800	111	—	—	—
Finance income	(30)	(62)	(39)	—	—	—
Taxation	1,700	(1,889)	882	—	—	—
Amortisation of deferred grant	(57)	(57)	(57)	—	—	—
Increase in inventories	(57)	(195)	(166)	—	—	—
Decrease/(increase) in receivables	1,645	(2,362)	6,159	—	—	—
(Decrease)/increase in trade and other payables, deferred income and provisions	(13,467)	15,869	(8,438)	—	—	—
Cash flow from operations	1,461	8,301	3,779	—	—	—
						—
Interest paid	(266)	(196)	(111)	—	—	—
Interest received	30	62	39	—	—	—
Tax paid	(7)	—	—	—	—	—
						—
Net cash flow from operations	1,218	8,167	3,707	—	—	—

26. EXPLANATION OF TRANSITION TO IFRS

As stated in the accounting policies, these are the group's first consolidated financial statements prepared in accordance with IFRS. There are no adjustments for the parent company or the consolidated cash flow statement between IFRS and UK GAAP. All comparative information presented in these consolidated financial statements have been restated to IFRS. In preparing the opening balance sheet at 1 September 2007, an explanation of the IFRS adjustments is given in the tables below:

Consolidated Income Statement for the year ended 31 August 2007

	Notes	UK GAAP	UK GAAP Prior year adjustments	IFRS adjustments	IFRS
		£000	*£000*	*£000*	*£000*
Continuing operations					
Revenue		25,039	—	—	25,039
Operating expenses	*b, c*	(30,821)	287	—	(30,534)
Profit from operations before player amortisation and trading		(5,782)	287	—	(5,495)
Player amortisation and trading	*a*	(8,371)	—	201	(8,170)
Profit on sale of players registrations		7,769	—	—	7,769
Loss from operations		(6,384)	287	201	(5,896)
Finance income		62	—	—	62
Finance cost	*a*	(196)	—	(604)	(800)
Loss before taxation		(6,518)	287	(403)	(6,634)
Taxation	*d*	1,794	(86)	181	1,889
Loss attributable to equity shareholders		(4,724)	201	(222)	(4,745)

Consolidated Opening Balance Sheet at 31 August 2006

	Notes	UK GAAP	UK GAAP Prior year adjustments	IFRS adjustments	IFRS
		£000	£000	£000	£000
ASSETS					
Non-current assets					
Intangible fixed assets	a	14,185	—	(208)	13,977
Property, plant and equipment		12,529	—	—	12,529
		26,714	—	(208)	26,506
Current assets					
Inventories		360	—	—	360
Trade and other receivables	b	10,407	1,056	—	11,463
Cash and cash equivalents		4,308	—	—	4,308
		15,075	1,056	—	16,131
Total assets		41,789	1,056	(208)	42,637
Liabilities					
Non-current liabilities					
Preference shares		18	—	—	18
Interest bearing loans and borrowings		282	—	—	282
Deferred income		2,514	—	—	2,514
Capital grants (deferred income)		2,136	—	—	2,136
Deferred tax	d	10	183	(4)	189
		4,960	183	(4)	5,139
Current liabilities					
Interest bearing loans, overdrafts and borrowings	e	90	—	8	98
Trade and other payables	b, c	12,423	443	—	12,866
Deferred income		10,771	—	—	10,771
Capital Grant (deferred income)		57	—	—	57
		23,341	443	8	23,792
Total liabilities		28,301	626	4	28,931
Net assets		13,488	430	(212)	13,706
Capital and reserves					
Issued capital and reserves		15,922	—	—	15,922
Retained earnings		(2,434)	430	(212)	(2,216)
Total equity		13,488	430	(212)	13,706

Consolidated Balance Sheet at 31 August 2007

	Notes	UK GAAP	UK GAAP Prior year adjustments	IFRS adjustments	IFRS
		£000	*£000*	*£000*	*£000*
ASSETS					
Non-current assets					
Intangible fixed assets	*a*	25,817	—	(611)	25,206
Property, plant and equipment		13,138	—	—	13,138
Deferred tax asset	*d*	873	(269)	185	789
Trade and other receivables		—	—	1,750	1,750
		39,828	(269)	1,324	40,883
Current assets					
Inventories		555	—	—	555
Trade and other receivables	*b*	11,196	2,629	(1,750)	12,075
Cash and cash equivalents		3,905	—	—	3,905
		15,656	2,629	(1,750)	16,535
Total assets		55,484	2,360	(426)	57,418
Liabilities					
Non-current liabilities					
Preference shares		18	—	—	18
Interest bearing loans and borrowings		981	—	—	981
Deferred income		1,233	—	—	1,233
Capital grants (deferred income)		2,079	—	—	2,079
Trade payables		—	—	2,678	2,678
		4,311	—	2,678	6,989
Current liabilities					
Interest bearing loans, overdrafts and borrowings	*e*	105	—	8	113
Trade and other payables	*b, c*	21,008	1,729	(2,678)	20,059
Deferred income		21,156	—	—	21,156
Capital Grant (deferred income)		57	—	—	57
		42,326	1,729	(2,670)	41,385
Total liabilities		46,637	1,729	8	48,374
Net assets		8,847	631	(434)	9,044
Capital and reserves					
Issued capital and reserves		16,005	—	—	16,005
Retained earnings		(7,158)	631	(434)	(6,961)
Equity shareholders' funds		8,847	631	(434)	9,044

(a) Intangible fixed assets

Under IAS 38 "Intangible Assets", players acquired on deferred terms are recorded at their fair value at the date of acquisition. The related creditor is then increased to the settlement value at an effective interest rate over the period of the deferral, with this value being charged as notional interest within finance costs in the Income Statement. The interest charged for the year ended 31 August 2007 was £604,000. The corresponding player registration value in intangible fixed assets is also reduced by the notional interest amount. The cumulative notional interest charged from the transition date of 1 September 2006 to the year ended 31 August 2007 is £915,000.

An adjustment has also been made to reflect the respective adjustment to the amount of amortisation charged on the intangible fixed asset as a result of the above adjustment. This results in a reduction in amortisation charged in the year ended 31 August 2007 of £201,000. The cumulative amortisation since date of transition 1 September 2006 to the year ended 31 August 2007 is £304,000, which gives a net adjustment of £611,000 reduction in the intangible asset.

(b) Signing on fees (UK GAAP prior year adjustment)

Signing on fees were charged to the Income Statement on a cash paid basis. A change in accounting policy has meant that signing on fees are now accounted for on a straight-line basis over the period of the players' contracts and are now recognised on an accruals basis. This is disclosed as a UK GAAP prior year adjustment in note 21 of these financial statements.

(c) Holiday pay

In accordance with IAS 19, an accrual has been recognised for holiday pay of £8,000 at 31 August 2007 which is reflected in the reduction in profit in operating expenses.

(d) Deferred taxation

Taxation has been adjusted in respect of deferred tax on the signing on fees, holiday pay accrual and the notional interest cost adjustments stated above.

Deferred tax of £88,000 has been provided on the revaluation reserve of £313,000 in respect of the stadium.

(e) Interest rate swap

A provision of £8,000 has been made in respect of the fair value attributable of the interest rate swap on the variable rate loan taken out on 17 August 2006 (1 September 2006: £8,000).

(f) Non current assets held for sale

Under IFRS 5 "Non current assets held for sale" if at any time, it is considered that the carrying amount of an asset (including players registrations) will be recovered principally through sale rather than continuing use, then the value of the asset is classified as an asset held for sale. The asset will be disclosed as current assets at its lower of cost or net realisable value. At such time of the reclassification, no further amortisation will be charged to the Income Statement, unless there is an indication of impairment. At each date of the balance sheet, the directors do not consider any assets were held for sale and therefore no reclassification has been made to current assets.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. 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. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately following completion of the Open Offer was and will be, as follows:

Authorised	*HK$*
10,000,000,000 Shares	100,000,000.00
Issued and to be issued as fully paid	
1,226,059,000 Shares as at the Latest Practicable Date	12,260,590.00
1,961,694,400 Offer Shares to be issued pursuant to the Open Offer (assuming all the outstanding Options are not exercised)	19,616,944.00
	31,877,534.00

All the Shares in issue and to be issued (when fully paid) rank and will rank pari passu in all respects with each other including rights to dividends, voting and return of capital. As at the Latest Practicable Date, no share or loan capital of the Company has been issued or is proposed to be issued for cash or otherwise and no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any such capital, except for the Open Offer.

The Shares are listed on the Main Board of the Stock Exchange. No part of the share or loan capital of the Company is listed or dealt in, nor is listing or permission to deal in the share or loan capital of the Company being, or proposed to be, sought, on any other stock exchange. There are no arrangements under which future dividends will be waived or agreed to be waived.

Save for the options granted under the Company's share option scheme adopted on 30 July 2007, the Company has no share or loan capital of the Company or any member of the Enlarged Group has been put under option or agreed conditionally or unconditionally to be put under option and no warrant or conversion tight affecting the Shares has been issued or granted or agreed conditionally or unconditionally to be issued or granted.

3. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which (a) 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); (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), to be notified to the Company and the Stock Exchange, was as follows:

(a) Long Position in Shares

Name of Director	Capacity	Total number of Shares held	Approximate percentage in issued Shares
Yeung Ka Sing, Carson	Beneficial owner/ Interest in controlled corporation	196,252,000 *(Note 1)*	16.01%
Hui Ho Luek, Vico	Deemed interest/ Interest in controlled corporation	76,245,000 *(Note 2)*	6.22%

Notes:

1. These Shares are held as to 71,328,000 by Yeung Ka Sing, Carson and as to 124,924,000 by Great Luck Management Limited, a company incorporated in the British Virgin Islands and wholly-owned by Yeung Ka Sing, Carson.

2. These Shares are held as to 13,245,000 by Leung Choi Fan, the spouse of Hui Ho Luek, Vico and as to 63,000,000 by Premier Rise Investments Limited, a company incorporated in the British Virgin Islands and wholly-owned by Hui Ho Luek, Vico.

(b) Long Position in Underlying Shares Under the Share Option Scheme of the Company

Name of Director	Capacity	Number of options held	Number of Underlying Shares held
Steven McManaman	Beneficial Owner	2,000,000	2,000,000

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (i) 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 the interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO); (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to in such provisions of the SFO; or (iii) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

4. SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors or chief executive of the Company, save as disclosed in (3) above and here below no other person (other than a Director or chief executive of the Company), who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying shares 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 who was directly or indirectly interested in 10% or more of the normal value of any class of shares carrying the rights to vote in all circumstances at general meetings of the Company or any other members of the Enlarged Group and none of the Directors held any directorship or employment in a company which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Long Position in BCFC Shares

Name of shareholder	Capacity	Number of BCFC Shares held	Percentage of issued share capital of BCFC
David Sullivan as trustee of the Roldvale & Associated Pension Scheme	Trustee	10,924,137	13.40%
Conegate Limited	Beneficial Owner	9,000,690	11.04%
David Gold	Beneficial Owner	10,619,786	13.03%
Ralph Gold	Beneficial Owner	10,212,413	12.53%

5. DIRECTORS' 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 director's salary 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. On 1 August 2008, the changes of the terms of employment under the service agreement have been made with the Company regarding a monthly director's salary changed from HK$100,000 to HK$50,000 with effect from 1 August 2008. Other than the rate of monthly director's salary, the remaining terms of the service agreement shall be unaffected. 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 director's salary 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. On 1 August 2008, the changes of the terms of employment under the service agreement have been made with the Company regarding a monthly director's salary changed from HK$100,000 to HK$50,000 with effect from 1 August 2008. Other than the rate of monthly director's salary, the remaining terms of the service agreement shall be unaffected. 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 or was proposing to enter into any service contract with the Company or any other member of the Enlarged Group (excluding contracts expiring or determinable by the Group within one year without payment of compensation other than statutory compensation). There will be no variation to the remuneration and benefit in kind receivable by the Directors as a result of the Acquisition.

6. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective associates were considered to have interest in any business which competes or may compete, either directly or indirectly, with the business of the Group or have or may have any other conflicts of interest with the Group pursuant to the Listing Rules.

7. LITIGATION

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 Directors are in 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 Enlarged Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Enlarged Group.

8. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the member of the Enlarged Group within the two years immediately preceding the Latest Practicable Date:

(a) a deed of variation dated 24 August 2007 entered into between the Company and Kingston Securities Limited ("Kingston") in relation to the extension of the longstop date of the placing agreement dated 13 July 2007 entered into between the Company and Kingston in relation to the private placing of unlisted warrants of the Company (the "Placing Agreement");

(b) a deed of variation dated 14 September 2007 entered into between the Company and Kingston in relation to the extension of the longstop date of the Placing Agreement;

(c) a deed of variation dated 12 October 2007 entered into between the Company and Kingston in relation to the extension of the longstop date of the Placing Agreement;

(d) a conditional placing and subscription agreement dated 30 October 2007 entered into among Premier Rise Investments Limited ("Premier Rise"), the Company and Kingston in respect of the placing of up to 69,120,000 Shares owned by Premier Rise and subscription for 69,120,000 Shares by Premier Rise;

(e) a deed of variation dated 23 November 2007 entered into between Far Grow Investments Limited, a wholly-owned subsidiary of the Company and Chung Tat Fun in relation to the extension of the longstop date of the sale and purchase agreement dated 23 July 2007 in relation to the acquisition of a 51% equity interest in Guangzhou Yuexiu Music Factory Entertainment Ballroom;

(f) a termination agreement dated 29 November 2007 entered into between the Company and Kingston in relation to the termination of the Placing Agreement;

(g) a supplemental agreement dated 4 June 2008 (the "Supplemental Agreement") entered into between the Company and Pacific Capital Investment Management Limited ("Pacific Capital") in relation to the additional of a supplemental provision to the subscription agreement dated 7 May 2008 entered into between the Company and Pacific Capital in connection with the issue of the convertible notes of the Company (the "Subscription Agreement");

(h) a termination agreement dated 5 June 2009 entered into between the Company and Pacific Capital in relation to the termination of the Subscription Agreement and the Supplemental Agreement;

(i) the agreement dated 7 June 2009 entered into between Great Luck Management Limited and Mr. Yeung Ka Sing, Carson (the "Vendors"), the Company and Kingston in relation to the top-up placing of and top-up subscription for 150,000,000 Shares by the Vendors;

(j) the Underwriting Agreement;

(k) an Escrow Agreement entered into between the Company and the lawyers to BCFC regarding the making of a £3 million deposit to BCFC in connection with the Acquisition; and

(l) the loan facility agreement dated 13 August, 2009 entered into between the Company as Best China Limited, a company beneficially owned by Mrs. Chu Yuet Wah, the controlling shareholder of Kingston Securities Limited, in relation to a loan of up to HK$690,000,000.

9. MISCELLANEOUS

(a) The company secretary of the Company is Mr. Ip Wing Lun who is a member of the Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants.

(b) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The head office and principal place of business in Hong Kong is located at Unit 3008, 30/F., Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong. The principal share registrar and transfer office of the Company in the Cayman Islands is at HSBC Trustee (Cayman) Limited, P. O. Box 484, HSBC House, 68 West Bay Road, Grand Cayman, KY1-1106, Cayman Islands.

(c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(d) The English text of this circular shall prevail over the Chinese text.

(e) None of the Directors was materially interested, directly or indirectly, in any asset, contract or arrangement entered into by any member of the Enlarged Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Enlarged Group.

(f) None of the Directors has or had any direct or indirect in any assets which have been acquired or disposed of by or leased to any member of the Enlarged Group are proposed to be acquired or disposed of by or leased to member of the Enlarged Group since 31 March 2009, being the date to which the latest published audited accounts of the Group were made up.

(g) The Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Law of the Cayman Islands, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the articles of association in general, can be varied with the sanction of a special resolution of the Company.

(h) Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

(i) The authorised representative of the Company are Ms. Wong Po Ling, Pauline and Mr. Ip Wing Lun. Their business address is at Unit 3008, 30th Floor, West Tower, Shun Tak Centre, No. 168-200 Connaught Road Central, Hong Kong.

10. EXPERT AND CONSENT

The following are the qualifications of the experts who have given opinion or advice contained in this circular:

Name	Qualification
BDO Limited ("BDO")	Chartered Accountants
Cinda International Capital Limited ("Cinda International")	a licensed corporation to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

Each of BDO and Cinda International is not beneficially interested in the share capital of any member of the Enlarged Group nor has any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group.

Each of BDO and Cinda International has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report and references to its name in the form and context in which they appear.

Each of BDO and Cinda International did not have any direct or indirect interest in any assets which have been since 31 March 2009 (the date to which the latest published audited accounts of the Group were made up) acquired or disposed of by or leased to any member of the Enlarged Group, or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company at Unit 3008, 30/F., Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong during normal business hours on any weekday other than public holidays, up to and including the date of the EGM:

(a) the Memorandum and Articles of Association of the Company;

(b) the material contracts referred to in the paragraph headed "Material Contracts" to this Appendix;

(c) the annual reports of the Group for the three financial years ended 31 March 2007, 2008 and 2009;

(d) a letter from the Independent Board Committee, the text of which is set out on page 41 to 42 of this circular;

(e) a letter from the Independent Financial Adviser, the text of which is set out on pages 43 to 62 of this circular;

(f) a letter from BDO in respect of the unaudited pro-forma financial information on the net tangible assets of the Group referred to in Appendix VI to this circular; and

(g) the written consent of the experts referred to in the section headed "Expert and Consent" in this Appendix.

12. CORPORATE INFORMATION

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, 30/F., West Tower Shun Tak Centre 168-200 Connaught Road Central Hong Kong

Authorised representatives	Ms. Wong Po Ling, Pauline Unit 3008, 30/F, West Tower Shun Tak Centre 168-200 Connaught Road Central Hong Kong
	Mr. Ip Wing Lun Unit 3008, 30/F, West Tower Shun Tak Centre 168-200 Connaught Road Central Hong Kong
Qualified accountant	Ms. Wong Po Ling, Pauline Unit 3008, 30/F, West Tower Shun Tak Centre 168-200 Connaught Road Central Hong Kong
Company Secretary	Mr. Ip Wing Lun Unit 3008, 30/F, West Tower Shun Tak Centre 168-200 Connaught Road Central Hong Kong
Auditors	BDO Limited *Certified Public Accountant* 25th Floor, Wing On Centre 111 Connaught Road Central Hong Kong
Legal Advisers	*as to Hong Kong law* Robertsons, Solicitors & Notaries 57th Floor, The Center 99 Queen’s Road Central Hong Kong
	as to Cayman Islands law Conyers Dill & Pearman 2901 One Exchange Square 8 Connaught Place Central, Hong Kong

Principal share registrar and transfer office	HSBC Trustee (Cayman) Limited PO Box 484, HSBC House, 68 West Bay Road, Grand Cayman, KY1-1106, Cayman Islands
Hong Kong branch share Registrar and transfer office	Tricor Tengis Limited 26th Floor, Tesbury Centre 28 Queen's Road East, Wanchai, Hong Kong
Principal bankers	Wing Lung Bank Limited 45 Des Voeux Road Central, Hong Kong The Hong Kong and Shanghai Banking Corporation Limited 1 Queen's Road Central, Central, Hong Kong

13. PARTICULARS OF DIRECTORS

Executive Directors

Mr. Yeung Ka Sing, Carson, aged 49, of Unit 3008, 30th Floor, West Tower, Shun Tak Centre, No 168-200 Connaught Road Central, Hong Kong has accumulated many years of experience in international investments. He has been the Chairman of Hong Kong Rangers Football Club during 2005 to 2006. Mr. Yeung is a director of Universal Management Consultancy Limited and Universal Energy Resources Holdings Limited. He was appointed as an executive director and the Chairman of the Board of the Company on 20 July 2007.

Mr. Hui Ho Luek, Vico, aged 43, of Unit 3008, 30th Floor, West Tower, Shun Tak Centre, No 168-200 Connaught Road Central, Hong Kong has accumulated over 20 years of experience in management of business trade and project investments. Mr. Hui also has extensive experience in corporate finance and in international investments. He was appointed as an executive director on 20 June 2007.

Mr. Steven McManaman, aged 37, of Unit 3008, 30th Floor, West Tower, Shun Tak Centre, No 168-200 Connaught Road Central, Hong Kong has accumulated over 15 years of experience in football industry. He is a former English footballer of the

1990s and early 2000s, who played in a career spanning two of European Football's biggest club in Liverpool F.C. and Real Madrid F.C. Mr. McManaman has substantial experience in the management of football club and its continuing development. He was appointed as an executive director on 2 July 2007.

Mr. Lee Yiu Tung, aged 46, of Unit 3008, 30th Floor, West Tower, Shun Tak Centre, No 168-200 Connaught Road Central, Hong Kong is a registered architect in Hong Kong with extensive working experiences related to PRC property development, project management and development consultant services. Mr. Lee is a member of Royal Institute of British Architects and Hong Kong Institute of Architects. He holds a Bachelor of Arts in Architectural Studies with Honors, a Bachelor of Architecture and a Master of Science degree in Real Estate all from the University of Hong Kong. He also holds a qualification of Real Estate Planner recognized by the Ministry of Labor and Social Security, PRC. He was appointed as an executive director on 13 June 2006.

Mr. Ip Wing Lun, aged 41, of Unit 3008, 30th Floor, West Tower, Shun Tak Centre, No 168-200 Connaught Road Central, Hong Kong is a Certified Public Accountant (Practising) in Hong Kong. Mr. Ip is currently an independent nonexecutive director of China Energy Development Holdings Limited (stock code 228) which is listed on the Main Board of The Stock Exchange of Hong Kong Limited, a non-executive director of SMI Publishing Group Limited (stock code 8010) which is listed on the GEM Board of The Stock Exchange of Hong Kong Limited. Mr. Ip holds a Master degree of Business Administration and is a fellow member of Hong Kong Institute of Certified Public Accountants, an associate member of the Institute of Chartered Secretaries and Administrator, the Hong Kong Institute of Chartered Secretaries and the Taxation Institute of Hong Kong, and an ordinary member of Hong Kong Securities Institute. He has over 15 years of experience in auditing, taxation and provision of financial consultancy services of companies in Hong Kong and the PRC. He was re-designated as an executive director on 17 July 2007. On 5 December 2006, he was appointed as an independent non-executive director and re-designated as a non-executive director on 22 May 2007. He is a spouse of Ms. Wong Po Ling, Pauline who is the executive director of the Company.

Ms. Wong Po Ling, Pauline, aged 31, of Unit 3008, 30th Floor, West Tower, Shun Tak Centre, No 168-200 Connaught Road Central, Hong Kong is an associate member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. She is also an associate member of the Institute of Chartered Secretaries and Administrator and the Hong Kong Institute of Chartered Secretaries, and an ordinary member of Hong Kong Securities

Institute. She holds a Master degree of Corporate Governance and a Bachelor's degree in Accountancy. Ms. Wong has more than 10 years of experience in financial accounting, management accounting and auditing, including working experience in other listed companies. She was appointed as an executive director on 29 May 2007. She is a spouse of Mr. Ip Wing Lun who is the executive director of the Company.

Non-executive Directors

Mr. Christian Lali Karembeu, aged 38, of Unit 3008, 30th Floor, West Tower, Shun Tak Centre, No 168-200 Connaught Road Central, Hong Kong has accumulated over 20 years of experience in professional football and a member of the French National Team which won the World Cup in 1998. He played in a career spanning famous football clubs in Middlesbrough F.C., Real Madrid F.C. and Sampdoria F.C. Mr. Karembeu has substantial experience in the management of football club and its continuing development. He was appointed as a non-executive director on 7 August 2007.

Mr. Chan Wai Keung, aged 56, of Unit 3008, 30th Floor, West Tower, Shun Tak Centre, No 168-200 Connaught Road Central, Hong Kong is the committee member of the People's Political Consultation Committee of Lungguang, Shenzhen, the PRC since 1998. Currently, he is an executive director of China Energy Development Holdings Limited (stock code: 228) which is listed on the Main Board of the Stock Exchange of Hong Kong, He is also the President of Global Resources Recovery (Canada) Inc., GRR Conception Recycling Inc. and the chief executive officer of True Product ID Technology Limited, China Fishery and Agriculture Bioenvironmental Technology (Hong Kong) Ltd. and Sure Trace Security Corporation (shares of which are listed in OTC Bulletin Board). Mr. Chan has over 25 years of experience in the operation of business development, China trade, international trade and venture capital etc. He was appointed as a non-executive director on 12 December 2007.

Independent Non-executive Directors

Mr. Chang Kin Man, aged 45, of Unit 3008, 30th Floor, West Tower, Shun Tak Centre, No 168-200 Connaught Road Central, Hong Kong is a certified public accountant in Hong Kong and a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Chang holds a Bachelor of Science degree in Economics and a Master's degree in Applied Finance. Mr. Chang has extensive experience in corporate finance and in accounting field. He worked for an international accounting firm and a number of public listed companies for more than 15 years. He is currently an independent non-executive director of China Energy Development Holdings Limited (stock code: 228) and China Water Industry Group Limited (stock code: 1129), both are listed companies on the Main Board of the Stock Exchange. He was appointed as an independent non-executive director on 13 July 2006.

Mr. Yau Yan Ming, Raymond, aged 41, of Unit 3008, 30th Floor, West Tower, Shun Tak Centre, No 168-200 Connaught Road Central, Hong Kong has over 12 years of work experience in auditing, accounting, taxation, company secretarial, corporate finance and financial management, in both private and listed companies. Mr. Yau is an associate member of both the Hong Kong Institute of Certified Public Accountants and American Institute of Certified Public Accountants. He is currently an independent non-executive director of Willie International Holdings Limited (stock code: 273) which is listed on the main board of the Stock Exchange and he is currently a chairman and executive director of iMerchants Limited (stock code: 8009) which is listed on the Growth Enterprise Market of the Stock Exchange. Mr. Yau holds a Master degree in Science majoring in Japanese business studies and Bachelor degree in Business Administration majoring in accounting in the United States of America. He was appointed as an independent non-executive director on 9 October 2007.

Mr. Zhou Han Ping, aged 39, of Unit 3008, 30th Floor, West Tower, Shun Tak Centre, No 168-200 Connaught Road Central, Hong Kong graduated in Guangzhou Institute of Foreign Trade in 1994. Mr. Zhou was an Export & Import Manager of China National Packaging Import & Export Corporation)（中國包裝進出口總公司）. Mr. Zhou was a Manager of South China Region of CIMC (China International Marine Container Holding Limited)（中國國際海運集裝箱（集團）股份有限公司）. He had over 10 years experience in International Trade Settlement. Now, Mr. Zhou is Managing Director of Shenzhen Miao Fang Development Company Limited（深圳市苗方科技有限公司）since 2002. He was appointed as an independent non-executive director on 28 February 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: 2309)

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the "**Meeting**") of Grandtop International Holdings Limited (the "**Company**") will be held at Taishan Room, Level 5, Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong on Tuesday, 29 September 2009 at 3:00 p.m. for the purpose of considering and, if thought fit, passing with or without modification the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. "**THAT**

   (a) the acquisition of the entire issued share capital of Birmingham City PLC ("**BCFC**") not already owned by the Company, pursuant to the general offer as described in the circular of the Company dated 14 September 2009 (the "**Circular**"), which offer is to be made by the Company on the terms and subject to the conditions to be set out in the offer document to be sent to the shareholders of BCFC (the "**General Offer**") including the escrow arrangement relating to the general offer-related deposit described in the Circular and the transactions contemplated under the General Offer be and are hereby each approved, confirmed and ratified; and

   (d) the directors of the Company (the "**Directors**") be and are hereby authorised to execute all such documents and do all such acts and things as they consider desirable, necessary or expedient in connection with and to give effect to the General Offer and the transactions contemplated thereunder."

2. "**THAT** subject to and conditional upon (i) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment), the listing of, and permission to deal in, the Offer Shares (as defined below) in their fully-paid forms to the shareholders of the Company (the "**Shareholders**") pursuant to the terms and conditions of the Open Offer (as defined below); (ii) the filing with and registration by the respective Registrars of Companies in Hong Kong and the Cayman Islands of all documents relating to the Open Offer as required by applicable law; and

* *For identification purpose only*

(iii) the obligations of Kingston Securities Limited (the "**Underwriter**") under the underwriting agreement dated 21 August 2009 (the "**Underwriting Agreement**") made between the Company and the Underwriter, a copy of which has been produced to this meeting marked "A" and signed by the Chairman of this meeting for the purpose of identification, becoming unconditional and the Underwriting Agreement not being terminated in accordance with its terms or otherwise:

(a) the entering into of the Underwriting Agreement by the Company be and is hereby approved, confirmed and ratified and the performance of the transactions contemplated thereunder by the Company be and is hereby approved;

(b) the issue by way of a open offer of not less than 1,961,694,000 Shares and not more than 2,003,294,400 Shares (the "**Open Offer**") at a price of HK$0.40 per Offer Share on the basis of eight Offer Shares for every five Shares held on the Record Date (as defined below) to the Shareholders whose names appear on the register of members of the Company at the close of business on 29 September 2009 (or such other date as the Underwriter may agree in writing with the Company) (the "**Record Date**") other than those Shareholders (the "**Prohibited Shareholders**") whose registered addresses as shown on the register of members of the Company are outside Hong Kong and whom the directors of the Company, after making relevant enquiry, consider it necessary or expedient not to offer the Offer Shares to them on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, and on the terms and conditions as set out in the circular of the Company dated 14 September 2009 (the "**Circular**") despatched to the Shareholders containing the notice convening this meeting, a copy of the Circular has been produced to this meeting marked "B" and signed by the Chairman of this meeting for the purpose of identification, be and is hereby approved;

(c) the directors of the Company be and are hereby authorised to allot and issue the Offer Shares pursuant to or in connection with the Open Offer notwithstanding that the same may be offered, allotted or issued otherwise than pro rata to the existing Shareholders and, in particular, the directors of the Company be and are hereby authorised to make such exclusions or other arrangements in relation to the Prohibited Shareholders as they may, at their absolute discretion, deem necessary, desirable or expedient;

(d) the performance of all transactions contemplated under the Open Offer be and are hereby approved, confirmed and ratified; and

(e) the directors of the Company be and are hereby authorised to do all acts, deeds and things and to sign and execute all documents as they may, in their absolute discretion, deem necessary, desirable or appropriate to carry out or to give effect to the Open Offer and any or all transactions contemplated in this resolution."

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

Hong Kong, 14 September 2009

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

Notes:

(1) A member of the Company entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

(2) A form of proxy for use at the Meeting is enclosed. Whether or not you intend to attend the Meeting in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the Meeting or any adjournment thereof, should he so wish.

(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 certified copy of such power or authority must be deposited at Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.

(4) In the case of joint holders of shares, any one of such holders may vote at the Meeting, either personally or by proxy, in respect of such shares as if he was solely entitled thereto, but if more than one of such joint holders are present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first in the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.