

**GRANDTOP INTERNATIONAL HOLDINGS LTD:
ENTER, THE SIU FAMILY COMPANY**

Unless there are rapid macroeconomic changes, in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) and, also, in the world's most important economies, and unless there are changes in recognised accounting practices, those of The Hongkong Society of Accountants, especially, it is almost a guarantee that Grandtop International Holdings Ltd will have to take a '*bath*' to the extent of at least \$HK4.50 million in respect of its investment in a company, listed on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd.

This is because, in the last Financial Year, ended March 31, 2002, Grandtop bought 15.90 million shares in the Issued and Fully Paid-Up Share Capital of the GEM-listed company, Info Communication Holdings Ltd (Code: 8082).

That equity stake is equal to about 1.99 percent of the Issued and Fully Paid-Up Share Capital of that company.

At a buying-in price of 34.50 cents per share, it means that there has been a diminution of about 90 percent in the current market value of that investment because, as at November 28, 2002, the share price of Info Communication had fallen to 3.30 cents.

That share price collapse, effectively, reduced the market value of Grandtop's investment in that GEM-listed company from \$HK5.52 million to about \$HK524,700, a diminution in value of not less than \$HK5 million.

So, Grandtop, today, holds just shy of 2 percent of the Issued and Fully Paid-Up Share Capital of Info Communication, which has a Market Capitalisation of not more than \$HK26.40 million.

Grandtop went public of the Main Board of The Stock Exchange of Hongkong Ltd (Code: 2309) on October 30, 2002 when it Offered 60 million, one-cent Shares at a Premium of 99 cents per Share.

Of the 60-million Shares on Offer, 9 million shares were New Shares, 27 million Shares were New Shares – those were Placed – and 24 million Shares were those shares, formerly owned by Siu Family, which controls 75 percent of the Issued and Fully Paid-Up Share Capital of the Company.

The Siu Family, therefore, bagged \$HK24 million, gross, while the Company ended up with about \$HK28.20 million, net of everything.

The net proceeds of this cash-raising exercise are to be used as follows, the Prospectus states at Page 77:

1. \$HK13 million to be used to establish offices in New York and Los Angeles, and the northern part of the PRC, proper;
2. \$HK4 million to establish a website;
3. \$HK2 million to employ compliance personnel;
4. \$HK1 million to develop a certification system; and,
5. \$HK8.20 million to be used as additional Working Capital.

While the Prospectus describes this Company in very flowery terms, talking about 'marketing and compliance monitoring services' and 'sales support services, to garment and fashion manufacturers in Hong Kong', TARGET likens this corporate entity to a type of middle-man operation, based in the HKSAR, making a middle-man commission, every step of the way.

HKSAR exporters, of course, have been doing this sort of thing for years, but Grandtop maintains that, today, this type of activity is an industry.

Maybe Management of this new listing is correct when one notes that number of middlemen that operate in the HKSAR.

Certainly, the profits of this Company for the past 3 Financial Years cannot be sneezed ... [CLICK TO ORDER FULL ARTICLE](#)

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