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## **GRANDTOP INTERNATIONAL HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 02309)**

### **(1) PLACING AND SUBSCRIPTION OF SHARES AND (2) RESUMPTION OF TRADING**

**PLACING AGENT**



**KINGSTON SECURITIES LIMITED**

#### **Placing and Subscription of Shares**

On 30th October, 2007, the Company and the Vendor entered into the Placing and Subscription Agreement with the Placing Agent pursuant to which the Placing Agent agreed to place up to 69,120,000 existing Shares at the Placing Price of HK\$0.80 per Placing Share on behalf of the Vendor to not less than six placees who will be third parties independent of the Group and its connected persons, on a best efforts basis. A further announcement regarding the number of the Placing Shares actually placed will be made by the Company.

Under the Placing and Subscription Agreement, the Vendor has agreed to subscribe for up to 69,120,000 Subscription Shares, which are equal to the number of Placing Shares to be placed under the Placing. The Subscription is conditional upon (i) the granting of approval for the listing of, and permission to deal in, the Subscription Shares by the Listing Committee of the Stock Exchange and (ii) the completion of the Placing. An application will be made to the Listing Committee of the Stock Exchange for granting approval for the listing of, and permission to deal in, the Subscription Shares.

The Placing Price represents (i) a discount of approximately 12.09% to the closing price of HK\$0.91 per Share as quoted on the Stock Exchange on 29th October, 2007, being the last trading day immediately before the date of the Placing and Subscription Agreement and the last trading day before the terms of the Placing and the Subscription were fixed; (ii) a discount of approximately 13.98% to the average of the closing price of approximately HK\$0.93 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 29th October, 2007; and (iii) a discount of approximately 14.89% to the average of the closing price of approximately HK\$0.94 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 29th October, 2007.

The Placing Price was arrived at after arm's length negotiations among the Company, the Vendor and the Placing Agent with reference to the closing price as shown above. The Directors consider that the Placing Price and the terms of the Placing and Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Placing Shares represent 10% of the existing issued share capital of the Company. The Subscription Shares represent approximately 9.09% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Subscription Shares are to be issued under the General Mandate.

Assuming full placing of the Placing Shares, the net proceeds of the Subscription of approximately HK\$52,000,000 will be applied by the Group for general working capital.

### **Suspension and Resumption of trading**

At the request of the Company, trading in the Shares has been suspended with effect from 9:30 a.m. on 30th October, 2007 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 1st November, 2007.

## **PLACING AND SUBSCRIPTION AGREEMENT**

Pursuant to the Placing and Subscription Agreement, the Placing Agent has agreed to place up to 69,120,000 existing Shares on behalf of Vendor at the Placing Price on a best efforts basis. On the business day next following the fulfillment of all the conditions of the Subscription, the Company will allot and issue up to 69,120,000 new Shares to the Vendor, which is equal to the number of Placing Shares that they place under the Placing, at the Subscription Price. Details of the Placing and the Subscription are set out below.

### **I. Placing**

#### ***The Vendor***

Premier Rise holds 96,000,000 Shares or approximately 13.89% of the existing issued share capital of the Company respectively.

#### ***The Placing Agent***

Kingston Securities Limited has been appointed to place the Placing Shares on a best efforts basis and will receive a placing commission of 0.50% of the aggregate Placing Price of the number of Placing Shares actually placed. The placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent. The Placing Agent and its ultimate beneficial owner(s) are third parties independent of the Group and its connected persons.

### ***The Placees***

The Placing Shares shall be placed to not less than 6 individual placees. The placees and their ultimate beneficial owners shall not be connected persons of the Company and shall be third parties independent of the Group and its connected persons. The placees and their ultimate beneficial owners shall also be third parties independent of the Vendor and its associates. The placees and their ultimate beneficial owners shall be independent of and not connected with other placees and their ultimate beneficial owners. No placees will become substantial Shareholders as a result of the Placing.

### ***Number of Placing Shares***

The number of Placing Shares shall be up to 69,120,000 Shares. The Placing Shares represent 10% of the existing issued share capital of the Company and approximately 9.09% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

### ***Placing Price***

The Placing Price of HK\$0.80 per Placing Share represents:

- (i) a discount of approximately 12.09% to the closing price of HK\$0.91 per Share as quoted on the Stock Exchange on 29th October, 2007, being the last trading day immediately before the date of the Placing and Subscription Agreement and being the last trading day before the terms of the Placing and the Subscription were fixed;
- (ii) a discount of approximately 13.98% to the average of the closing price of approximately HK\$0.93 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 29th October, 2007; and
- (iii) a discount of approximately 14.89% to the average of the closing price of approximately HK\$0.94 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 29th October, 2007.

The Placing Price was arrived at after arm's length negotiations among the Company, the Vendor and the Placing Agent with reference to the closing price as shown in the above. The Directors consider that the Placing Price and the terms of the Placing and Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### ***Rights***

The Placing Shares will be sold free of any liens, charges, encumbrances and other third party rights.

## ***Completion of the Placing***

The Placing is unconditional. Completion of the Placing is expected to take place on the fourth Business Day immediately after the date of this announcement, or such other time as the Vendor and the Placing Agent shall agree. Under the Placing and Subscription Agreement, the Placing Shares will be placed by the Placing Agent to not less than 6 placees who will be third parties independent of the Group and its connected persons on a best efforts basis. A further announcement regarding the number of the Placing Shares actually placed will be made by the Company.

## **II. Subscription**

### ***The Issuer***

*The Company*

### **The Subscribers**

Premier Rise, which, as at the date of this announcement, is interested in 96,000,000 Shares, representing approximately 13.89% of the existing issued share capital of the Company. Immediately after completion of the Placing, 69,120,000 Shares will be placed and the total shareholding of Premier Rise will be reduced to 26,880,000 Shares, representing approximately 3.89% of the existing issued share capital of the Company. The Subscription will then increase the total shareholding of Premier Rise by 69,120,000 Shares to 96,000,000 representing 12.63% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

### **Number of Subscription Shares**

The number of Subscription Shares shall be equivalent to the number of Shares placed pursuant to the Placing. Assuming all the 69,120,000 Placing Shares has been placed, the Subscription Shares represent 10% of the existing issued share capital of the Company and approximately 9.09% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

### **Subscription Price**

The subscription price is HK\$0.80 per Subscription Share, which is equivalent to the Placing Price. In line with the market practice, the Company will bear all costs and expenses of the Subscription and will reimburse the Vendor all costs and expenses incurred by them in respect of the Placing because it is the fund raising conducted by the Company. Based on the estimated expenses for the Placing and the Subscription, the net subscription price is approximately HK\$0.75 per Share.

## **Rights**

The Subscription Shares, when allotted and issued, will rank equally in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

## **Mandate to issue the Subscription Shares**

The Subscription Shares are to be issued under the General Mandate. Under the General Mandate, up to 138,240,000 Shares, representing 20% of the issued Shares as at the date of the annual general meeting of the Company held on 3rd September, 2007, may be issued by the Company. As at the date of this announcement, no Share has been issued under the General Mandate. Upon completion of the Subscription, 69,120,000 Shares will be issued under the General Mandate and 69,120,000 Shares will remain outstanding under the General Mandate.

## **Conditions of the Subscription**

The Subscription is conditional upon the following conditions having been fulfilled on or before 13th November, 2007 (or such other date as may be agreed between the Company and the Vendor):

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant approval for the listing of, and permission to deal in, the Subscription Shares; and
- (ii) the completion of the Placing pursuant to the Placing and Subscription Agreement.

In the event that the conditions of the Subscription are not fulfilled in full by the date stipulated, neither the Company nor the Vendor shall have any obligations and liabilities under the Subscription.

## **Completion of the Subscription**

Completion of the Subscription will take place on the business day next following the fulfillment of the conditions of the Subscription. The Subscription must be completed and the Subscription Shares must be issued on or before 13th November, 2007, being 14 days from the date of the Placing and Subscription Agreement or such other time as the Company and the Vendor shall agree. If the Subscription is to be completed after 13th November, 2007, the Company is required to seek independent shareholders' approval for the Subscription under Chapter 14A of the Listing Rules, including but not limited to the issue of a separate announcement and approval of the independent Shareholders.

## **Application for listing**

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

## CHANGES OF SHAREHOLDING STRUCTURE

The changes of the shareholding structure of the Company as a result of the Placing and the Subscription, assuming all the Placing Shares are sold in full, are as follows:

	Shareholding at the date of this announcement and immediately before completion of the Placing and the Subscription		Shareholding immediately after completion of the placing but before completion of the Subscription		Shareholding immediately after completion of the Placing and the Subscription	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Huge Gain Development Limited (“Huge Gain”) ( <i>Note 1</i> )	96,000,000	13.89	96,000,000	13.89	96,000,000	12.63
Premier Rise Investments Limited ( <i>Note 2</i> )	96,000,000	13.89	26,880,000	3.89	96,000,000	12.63
Great Luck Management Limited ( <i>Note 3</i> )	115,200,000	16.67	115,200,000	16.67	115,200,000	15.15
Mr. Yeung Ka Sing, Carson ( <i>Note 4</i> )	10,000,000	1.45	10,000,000	1.45	10,000,000	1.31
Ms. Leung Choi Fan ( <i>Note 5</i> )	18,975,000	2.75	18,975,000	2.75	18,975,000	2.50
Public Shareholders:						
The Places	-	-	69,120,000	10.00	69,120,000	9.09
Other Public Shareholders	<u>355,025,000</u>	<u>51.35</u>	<u>355,025,000</u>	<u>51.35</u>	<u>355,025,000</u>	<u>46.69</u>
	<u><u>691,200,000</u></u>	<u><u>100.00</u></u>	<u><u>691,200,000</u></u>	<u><u>100.00</u></u>	<u><u>760,320,000</u></u>	<u><u>100.00</u></u>

*Notes:*

1. The entire issued share capital of Huge Gain is owned by Nerine Trust Company Limited (“Nerine Trust”) which is the trustee of SB Unit Trust and holds properties for the benefit of holders of units issued by SB Unit Trust. All the units issued by SB Unit Trust were held by the family members of Mr. Siu Bau, co-founder of the Company and its subsidiaries and the discretionary objects. Ms. Bessie Siu and Ms. Tsai Lai Wa, Jenny have indirect interest in Nerine Trust.
2. Premier Rise Investments Limited, a company incorporated in the British Virgin Islands and wholly owned by Mr. Hui Ho Luek, Vico, an executive Director.
3. Great Luck Management Limited, a company incorporated in British Virgin Islands and wholly owned by Mr. Yeung Ka Sing, Carson, an executive Director.
4. The Chairman and an executive Director.
5. Ms. Leung, spouse of Mr. Hui Ho Luek, Vico who wholly and beneficially owns Premier Rise.

## **REASONS FOR THE PLACING AND SUBSCRIPTION**

In view of the current market conditions, the directors of the Company consider that the Placing and Subscription represents a good opportunity to raise capital for the Company while broadening the shareholders base and the capital base of the Company and also enables the Group to have a higher level of working capital to further diversify its business.

The net proceeds of the Subscription of approximately HK\$52,000,000 will be applied by the Group for its general working capital.

The Directors consider that the Placing and Subscription Agreement are entered into upon normal commercial terms following arm’s length negotiations among the Company, the Vendors and the Placing Agent and that the terms of the Placing and Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## FUND RAISING DURING THE PAST TWELVE MONTHS PRECEDING THE DATE OF THE PLACING AND SUBSCRIPTION AGREEMENT

<b>Date of Announcements</b>	<b>Events</b>	<b>Net Proceeds</b>	<b>Intended use of Proceeds</b>	<b>Actual use of Proceed as at this announcement</b>
6th February, 2007	Issue of 64,000,000 Shares	approximately HK\$7,744,000	For general working capital of the Group	The amount approximately HK\$6,320,000 has been used for general working capital of the Group and the remaining balance has not yet been utilised
23rd April, 2007	Open Offer of 192,000,000 Shares	approximately HK\$37,000,000	For future investments, expansion of the Group's business and as general working capital of the Group	The amount of approximately HK\$37,000,000 has been used for the acquisition of approximately 29.9% equity interest in Birmingham City Plc.
20th June, 2007	Placing of 115,200,000 Shares	approximately HK\$65,414,000	For future investments, expansion of the Group's business and as general working capital of the Group	The amount of approximately HK\$65,414,000 has been used for the acquisition of approximately 29.9% equity interest in Birmingham City Plc.

## SUSPENSION RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been suspended with effect from 9:30 a.m. on 30th October, 2007 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 1st November, 2007.



## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Board”	the board of Directors
“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 Stock Exchange
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“General Mandate”	the general mandate to allot, issue and deal with Shares granted to the Directors by the Shareholders by a resolution passed at the annual general meeting of the Company held on 3rd September, 2007
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of the Placing Shares by the Placing Agent on behalf of the Vendor pursuant to the Placing and Subscription Agreement
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry on types 1 (dealing in securities) regulated activities for the purposes of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing and Subscription Agreement”	the conditional placing and subscription agreement dated 30th October, 2007 and entered into among the Vendor, the Company and the Placing Agent in respect of the Placing and the Subscription
“Placing Price”	the placing price of HK\$0.80 per Placing Share
“Placing Shares”	up to 69,120,000 Shares beneficially owned by the Vendor and which will be placed by the Placing Agent on behalf of the Vendor pursuant to the Placing and Subscription Agreement

“Premier Rise”	Premier Rise Investments Limited, a company incorporated in the British Virgin Islands which is wholly owned by Mr. Hui Ho Luek, Vico, an executive Director
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Subscription”	the subscription for the Subscription Shares by the Vendor pursuant to the Placing and Subscription Agreement
“Subscription Shares”	up to 69,120,000 Shares for which the Vendor has conditionally agreed to subscribe up to 69,120,000 Shares pursuant to the Placing and Subscription Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“Vendor”	Premier Rise
“%”	per cent.

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

Hong Kong, 31st October, 2007

*As at the date of this announcement, the board of directors of the Company comprises executive directors, namely, Mr. Yeung Ka Sing, Carson, Mr. Hui Ho Luek, Vico, Mr. Steven McManaman, Mr. Lee Yiu Tung, Mr. Ip Wing Lun, Ms. Wong Po Ling, Pauline and Ms. Bessie Siu; non-executive director, namely Mr. Christian Lali Karembu and independent non-executive directors, namely Mr. Chang Kin Man, Mr. Zhou Han Ping, Mr. Yip Man Ki and Mr. Yau Yan Ming, Raymond.*