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## **GRANDTOP INTERNATIONAL HOLDINGS LIMITED**

*(Incorporated in Cayman Islands with limited liability)*

**(Stock Code: 2309)**

### **PROPOSED ISSUE OF UNLISTED WARRANTS AND RESUMPTION OF TRADING**

**Placing Agent**



**KINGSTON SECURITIES LIMITED**

#### **PLACING OF WARRANTS**

The Company entered into the Placing Agreement with the Placing Agent on 13 July 2007 pursuant to which the Company appointed the Placing Agent as sole and exclusive placing agent to procure not fewer than six Placées 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 Warrants entitle the Placées to subscribe for the Subscription Shares at an initial Subscription Price of HK\$1.5 per Subscription Share for a period of 18 months commencing from the date of issue of the Warrants. Each Warrant carries the right to subscribe for one Subscription Share. The Subscription Shares will be issued under the Specific Mandate to be sought at the EGM.

Completion is subject to the fulfillment of the conditions stated in the section headed “Conditions of the Placing” in this announcement.

It is expected the net proceeds of approximately HK\$13.2 million will be raised by the Placing and the same will be utilised by the Group as general working capital whilst the very substantial acquisition transaction as disclosed in the Company’s announcement dated 29 June 2007 will be financed by the shareholder’s loan.

Assuming the full exercise of the subscription rights attaching to the Warrants, it is expected approximately HK\$207 million will be raised which will be utilised by the Group for additional general working capital.

Since the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

A circular containing further details of the Placing Agreement and the notice of EGM will be despatched to the Shareholders as soon as practicable.

### **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, save for the 24,000,000 options granted by the Company on 7 June 2007 under the share option scheme of the Company adopted on 22 October 2002 and the Warrants to be issued and allotted, the Company had no other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares.

Pursuant to Rule 15.02(1) of the Listing Rules, the Subscription Shares to be issued upon exercise of the Warrants must not, when aggregated with all other equity securities which remain to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the issued equity capital of the Company at the time the Warrants are issued. Options granted under employee or executive share schemes which comply with Chapter 17 of the Listing Rules are excluded for the purpose of such limit. The Subscription Shares to be issued upon full exercise of the subscription rights attaching to the Warrants will represent approximately 20 % of the issued share capital of the Company upon completion of the New Shares Placing. Accordingly, the issue of the Warrants will be in compliance with Rule 15.02(1) of the Listing Rules.

### **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 13 July 2007 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 16 July 2007.

### **THE PLACING AGREEMENT**

Date: 13 July 2007

Parties: (i) Issuer: the Company  
(ii) Placing agent: Kingston Securities Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

The Placing Agent will receive a commission equal to 2.5% of the Issue Price multiplied by the aggregate number of the Warrants.

## **Information on the Warrants**

A total number of 138,240,000 Warrants is proposed to be issued. Upon full exercise of the subscription rights attaching to the Warrants, a total of 138,240,000 Subscription Shares, representing (i) approximately 20 % of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67 % of the issued share capital of the Company as enlarged by the Subscription Shares upon the full exercise of the subscription rights attaching to the Warrants, will be issued. It is expected that there will be no new substantial Shareholders resulting from the immediate exercise of the subscription rights attaching to the Warrants by the holders in full upon the issue of the Warrants.

The Warrants will be issued to the Placees upon Completion in registered form and constituted by the Instrument. The Warrants will rank *pari passu* in all respects among themselves.

Each Warrant carries the right to subscribe for one Subscription Share at the Subscription Price (subject to adjustment) and is issued at the Issue Price.

The subscription rights attaching to the Warrants can be exercised at any time during a period of 18 months commencing from the date of issue of the Warrants. The Subscription Shares, when fully paid and allotted, will rank *pari passu* in all respects with the then Shares in issue on the date of allotment and issue of the relevant Subscription Shares (other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the date of receipt by the Company of the relevant exercise notice).

## **The Placees**

The Placing Agent will procure not less than six Placees to subscribe for the Warrants on a fully underwritten basis. The Placees and their ultimate beneficial owners will be third parties independent of the Company and not connected persons (as defined in the Listing Rules) of the Company.

## **Issue Price and Subscription Price**

The Issue Price is HK\$0.1 per Warrant payable in cash.

The Subscription Price is HK\$1.5 per Subscription Share. The Subscription Price is subject to adjustment, including, among others, consolidation or subdivision of Shares, rights issue, extraordinary stock or cash distribution, and other dilutive events, details of which are set out in the instrument creating the Warrants.

The Subscription Price represents:

- (i) a discount of approximately 11.24% to the closing price of HK\$1.69 per Share as quoted on the Stock Exchange on 12 July 2007, being the Last Trading Day;
- (ii) a discount of approximately 13.19% to the average of the closing prices of HK\$1.728 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and

- (iii) a discount of approximately 8.59% to the average of the closing prices of HK\$1.641 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day.

The aggregate of the Issue Price and the Subscription Price of HK\$1.6 represents:

- (i) a discount of approximately 5.33% to the closing price of HK\$1.69 per Share as quoted on the Stock Exchange on 12 July 2007, being the Last Trading Day;
- (ii) a discount of approximately 7.41% to the average of the closing prices of HK\$1.728 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and
- (iii) a discount of approximately 2.50% to the average of the closing prices of HK\$1.641 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day.

The Board considers that both the Subscription Price and the aggregate of it with the Issue Price, taking into account the recent trading prices of the Shares and an exercise period of 18 months, are fair and reasonable, which are determined after arm's length negotiations between the Company and the Placing Agent, and are in the interests of the Company and the Shareholders as a whole.

#### **Minimum subscription**

Subscription for the Warrants must be for a minimum of 20,000 Warrants or integral multiples thereof.

#### **Transferability**

The Warrants are transferable in integral multiples of 20,000 Warrants subject to the consent of the Company whose consent shall not be unreasonably refused or withheld.

The Company undertakes to comply with the Listing Rules and to make necessary announcement, where appropriate, if and when the Placees makes any transfer of the Warrants to other parties requiring disclosure.

#### **Conditions of the Placing**

Completion shall be subject to and conditional upon the following:

- (a) the listing committee of the Stock Exchange shall have granted (either unconditionally or subject to conditions to which neither the Company nor the Placees shall reasonably object) the listing of, and permission to deal in, the Subscription Shares which fall to be allotted and issued upon the exercise of the subscription rights attached to the Warrants;
- (b) the Shareholders approving the Placing Agreement and the issue of the Subscription Shares contemplated thereunder at the EGM; and

- (c) no event having occurred or occurring which would constitute an event of default or a potential event of default (as mentioned in the Instrument) had the Warrants been issued.

If the above conditions are not fulfilled on or before 5:00 p.m. on 27 August 2007 (or such later date as may be agreed between the Company and the Placing Agent), the Placing Agreement will lapse and become null and void and the parties shall be released from all obligations thereunder.

Pursuant to the Placing Agreement, in the event that the Subscription Shares to be issued upon exercise of the Warrants, when aggregated with all other equity securities which remain to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the issued share capital of the Company at the time the Warrants are issued, the Placing Agreement will be terminated and the parties shall be released from all obligations thereunder. Since the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

### **Completion**

Completion will take place on the fourth Business Day after the fulfillment of the conditions referred to in the section headed “Conditions of the Placing” in this announcement above.

### **Rights for the holders of the Warrants**

The holder of the Warrants will not have any right to attend or vote at any meeting of the Company by virtue of them being the holders of the Warrants. The holder of the Warrants shall not have the right to participate in any distributions and/or offers of further securities made by the Company.

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

The Subscription Shares will be allotted and issued under the Specific Mandate to be sought at the EGM.

### **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 Subscription Shares which fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

### **REASONS FOR THE PLACING**

The Group is principally engaged in the business of (i) apparel sourcing, (ii) apparel trading, and (iii) sale support services. The Group has no turnover derived from apparel sourcing services but is keen to establish its own apparel sourcing business if the opportunity exists.

The Directors concluded that the Placing would be a good opportunity to raise further capital for the Company in that it will not have an immediate dilution effect on the shareholding of the existing Shareholders and approximately HK\$13.2 million, after expense, will be raised immediately upon completion of the Placing. The Directors has considered the immediate funds to be raised is not essential to financing the operations of the Group, which the Group currently has sufficient working capital to carry on its principal activities. However, the Directors are of the view that the Placing would provide the Group with an excellent opportunity to raise further substantial funds in the event the Placees exercise their subscription rights attaching to the Warrants at any time during a period of 18 months commencing from the date of issue of the Warrants. If and when the Warrants are exercised, further funds of approximately HK\$207 million will also be raised.

In view of the above, the Directors consider that the proposed issue of the unlisted Warrants is an appropriate method of raising further funds for the Company in the circumstances and that the terms of the Placing Agreement which have been arrived at after arm's length negotiations between the Company and the Placing Agent are fair and reasonable and the Placing Agreement is in the interest of the Company and the Shareholders as a whole.

### **USE OF PROCEEDS**

It is expected the net proceeds of approximately HK\$13.2 million (with a net issue price of approximately HK\$0.095 per Warrant) will be raised by the Placing and the same will be utilised by the Group as general working capital whilst the very substantial acquisition transaction as disclosed in the Company's announcement dated 29 June 2007 will be financed by the shareholders' loan.

Assuming the full exercise of the subscription rights attaching to the Warrants, it is expected approximately HK\$207 million will be raised which will be utilised by the Group for additional general working capital.

## FUND RAISING DURING THE PAST TWELVE MONTHS

The following table summaries the fund raising activities of the Group during the last 12 months before the date of this announcement

<b>Date of Announcements</b>	<b>Event</b>	<b>Net Proceeds</b>	<b>Intended use of Proceeds</b>	<b>Actual use of Proceed as at the date of this Announcement</b>
6 February 2007	Issue of 64,000,000 Shares	approximately HK\$7,744,000	For general working capital of the Group	The amount of approximately HK\$5,127,000 has been used for general working capital of the Group and the remaining balance has not yet been utilized
23 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 general working capital of the Group
20 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 placing has completed on 11 July 2007. The amount of approximately HK\$64,930,000 has been used for general working capital of the Group and the remaining balance has not yet been utilized

## CHANGES OF SHAREHOLDING STRUCTURE

The shareholding structure of the Company before and after the full exercise of the subscription rights attaching to the Warrants (assuming full subscription of the Warrants) are as follows:

	As at the date of this announcement		Assuming full exercise of the subscription rights attaching to the Warrants	
	No. of Shares	Approximate percentage %	No. of Shares	Approximate percentage %
Huge Gain Development Limited ("Huge Gain") (Note 1)	96,000,000	13.89	96,000,000	11.57
Premier Rise Investments Limited ("Premier Rise") (Note 2)	96,000,000	13.89	96,000,000	11.57
Great Luck Management Limited (Note 3)	115,200,000	16.67	115,200,000	13.89
Ms. Leung Choi Fan (Note 4)	18,975,000	2.74	18,975,000	2.29
<i>Public Shareholders:</i>				
The Placees (Note 5)	—	—	138,240,000	16.67
Other public Shareholders	<u>365,025,000</u>	<u>52.81</u>	<u>365,025,000</u>	<u>44.01</u>
Total	<u>691,200,000</u>	<u>100</u>	<u>829,440,000</u>	<u>100</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 Ban, co-founder of the Company and its subsidiaries and the discretionary objects. Ms. Bessie Siu and Ms. Tsai Lai Wa, Jeny have indirect interest in Nerine Trust.
2. Premier Rise, a company incorporated in the British Virgin Islands and wholly owned by Mr. Hui Ho Luek, Vico, a substantial Shareholder.
3. Great Luck Management Limited, a company incorporated in British Virgin Islands and wholly owned by Mr. Yeung Ka Sing, Carson.
4. Ms. Leung, spouse of Mr. Hui Ho Luek, Vico who wholly and beneficially owns Premier Rise.
5. This row represents number of Shares to be issued upon exercise of the Warrants.



## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, save for the 24,000,000 options granted by the Company on 7 June 2007 under the share option scheme of the Company adopted on 22 October 2002 and the Warrants to be issued and allotted, the Company had no other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares.

Pursuant to Rule 15.02(1) of the Listing Rules, the Subscription Shares to be issued upon exercise of the Warrants must not, when aggregated with all other equity securities which remain to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the issued equity capital of the Company at the time the Warrants are issued. Options granted under employee or executive share schemes which comply with Chapter 17 of the Listing Rules are excluded for the purpose of such limit. The Subscription Shares to be issued upon full exercise of the subscription rights attaching to the Warrants will represent approximately 20 % of the issued share capital of the Company upon completion of the New Shares Placing. Accordingly, the issue of the Warrants will be in compliance with Rule 15.02(1) of the Listing Rules.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 13 July 2007 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 16 July 2007.

## **DEFINITIONS**

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“Board”	the board of Directors
“Business Day”	any day (not being a Saturday) on which licensed banks in Hong Kong are generally open for business
“Company”	Grandtop International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to approve, among others, the Placing Agreement and the Specific Mandate;

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Instrument”	the deed poll constituting the Warrants to be executed by the Company on Completion
“Issue Price”	HK\$0.1 per unit of Warrant to be issued pursuant to the Placing
“Last Trading Day”	being the full trading day immediately prior to the date of the Placing Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any person or entity whom the Placing Agent have procured to subscribe for the Warrants
“Placing”	a private placing of the Warrants to selected independent institutional and/or private investors pursuant to the Placing Agreement
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry on business in type 1 regulated activities (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 13 July 2007 entered into between the Company and the Placing Agent in relation to the Placing
“Shares”	ordinary shares of HK\$0.01 each in the capital of the Company
”Shareholders”	holders of the Shares
“Specific Mandate”	the specific mandate for the issue of the Subscription Shares to be granted to the Directors by the Shareholders at the EGM;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the initial subscription price of HK\$1.5 per Subscription Share (subject to adjustment) at which holder of the Warrants may subscribe for the Subscription Shares

“Subscription Shares”	new Shares which may fall to be allotted and issued upon the exercise of the subscription rights attaching to the Warrants
“Warrants”	a total number of 138,240,000 unlisted warrants to be issued by the Company at the Issue Price, in registered form, in units of HK\$0.1 each of subscription rights entitling the holder thereof to subscribe for one Subscription Share at the Subscription Price at any time during a period of 18 months commencing from the date of issue of the Warrants, subject to the terms and conditions set out in the Instrument
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order Of The Board  
**Hui Ho Luek, Vico**  
*Executive Director*

Hong Kong, 13 July 2007

*As at the date of this announcement, the Directors of the Company are Mr. Hui Ho Luek, Vico, Mr. Steven McManaman, Mr. Lee Yiu Tung Ms. Wong Po Ling, Pauline and Ms. Bessie Siu as executive Directors, Mr. Ip Wing Lun and Mr. Fu Wing Kwok, Ewing as non-executive Directors, Mr Chang Kin Man, Mr. Yip Man Ki and Mr. Zhou Han Ping as the independent non-executive Directors.*