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GRANDTOP INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 2309)

MAJOR TRANSACTION AND RESUMPTION OF TRADING IN SHARES

The Sale and Purchase Agreement

On 23 July 2007, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor pursuant to which the Vendor has agreed to sell and/or procure the sale of, and the Purchaser has agreed to purchase the Target Equity Interest, representing approximately 51% equity interest in the registered capital of GMF, for an aggregate consideration of RMB15,300,000 (approximately HK\$15,912,000) which will be paid in cash by third party financing (the amount of which is not yet determined) and/or internal resources of the Group.

Upon Completion, GTC will become a wholly-owned subsidiary of GMF. In addition, immediately upon Completion, each of the Purchaser and the Vendor shall extend a loan in the principal amount of RMB15,300,000 (approximately HK\$15,912,000) to GMF.

The Deed of Variation

On 24 July 2007, the Purchaser entered into the Deed of Variation with the Vendor pursuant to which the Vendor has undertaken to the Purchaser that in the event that the aggregate consolidated Net Profit attributable to the Target Equity Interest during the Relevant Period is less than RMB30,600,000 (approximately HK\$31,824,000), the Vendor will pay to the Purchaser an amount equal to the shortfall.

General

The Acquisition constitutes a major transaction for the Company under the Listing Rules and is therefore subject to the approval of the Shareholders at the EGM. As the Vendor is an Independent Third Party and has no interest in the Shares and no Shareholder has a material interest in the Acquisition which is different from the other Shareholders, no Shareholder is required to abstain from voting in respect of the proposed ordinary resolution to approve the Acquisition at the EGM.

A circular containing, among other things, the details of the Sale and Purchase Agreement and a notice of the EGM to approve the Acquisition will be despatched to the Shareholders as soon as practicable.

Press Articles

Reference is made to the press articles appearing on the various newspapers dated 24 July 2007 (the “Articles”) regarding the various statements made by the relevant Directors during the press conference held by the Company on 23 July 2007 including but not limited to the possible general offer for Birmingham City Plc. and the revenue to be generated by ticket sales. The Company confirms that such statements were made by the relevant Directors and only relate to the proposed business plan of the Company and that all the financial information appearing on the Articles is merely personal views of the relevant Directors based on past records and a rough estimate of revenue only which is entirely not a profit forecast. Investors are advised not to rely on such statements when dealing in the Shares of the Company.

Save as announced herein, the Company confirms that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under Rule 13.23, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09, which is or may be of a price-sensitive nature.

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 23 July 2007 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 3 August 2007.

THE SALE AND PURCHASE AGREEMENT

Date : 23 July 2007

Parties :

Vendor : Chung Tat Fun

Purchaser : Far Grow Investments Limited

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Vendor is an Independent Third Party.

The Purchaser is a wholly-owned subsidiary of the Company and an investment holding company.

Assets to be acquired:

Pursuant to the Sale and Purchase Agreement, the Vendor has agreed to sell and/or procure the sale of, and the Purchaser has agreed to purchase the Target Equity Interest, representing approximately 51% equity interest in the registered capital of GMF. Upon Completion, GTC will become a wholly-owned subsidiary of GMF.

Consideration:

The aggregate consideration for the Acquisition shall be RMB15,300,000 (approximately HK\$15,912,000) which shall be paid in cash by third party financing (the amount of which is not yet determined) and/or internal resources of the Group.

Pursuant to the Sale and Purchase Agreement, immediately upon Completion, each of the Purchaser and the Vendor shall extend a loan in the principal amount of RMB15,300,000 (approximately HK\$15,912,000) to GMF.

The Directors confirm that the consideration for the Acquisition was determined after arm's length negotiations between the Purchaser and the Vendor and was determined by taking into account the factors as set out in the section headed "Reasons for the Acquisition" in this announcement and the irrevocable and unconditional profit guarantee given by the Vendor to the Purchaser under the Deed of Variation as detailed in the paragraph headed "The Deed of Variation" below.

The Directors, including the independent non-executive Directors, are of the view that the consideration for the Acquisition is fair and reasonable and is in the interest of the Shareholders and the Group as a whole.

Conditions Precedent

Completion of the Sale and Purchase Agreement is conditional upon the following conditions being fulfilled and remaining fulfilled or waived by the Purchaser as at the Completion:

- (a) the passing by the Shareholders at the EGM of a resolution to approve the Sale and Purchase Agreement and the Deed of Variation and the transactions contemplated under the Sale and Purchase Agreement and the Deed of Variation in accordance with the Listing Rules;
- (b) all consents of the Shareholders and the Stock Exchange (if applicable) having been obtained and all filings with any relevant governmental or regulatory authorities and other relevant third parties in Hong Kong, the PRC and Cayman Islands or elsewhere which are required or appropriate for the entering into and the implementation of the Sale and Purchase Agreement having been made; all waiting periods required under the laws of Hong Kong, the PRC and Cayman Islands or any other relevant jurisdictions having expired or terminated; and all applicable statutory or other legal obligations having been complied with;
- (c) the Purchaser having conducted a due diligence investigation in respect of GMF and GTC including but not limited to their affairs, business, assets, legal and financial structure and the Purchaser being satisfied with the results of such due diligence investigation in its absolute discretion;

- (d) receipt by the Purchaser of a legal opinion in form and substance satisfactory to the Purchaser issued by a practising lawyer in the PRC appointed by the Purchaser confirming, inter alia, the following:
 - (i) the due incorporation, valid and continued existence of GMF (including payment of its registered capital in accordance with the PRC laws and its articles of association, to the extent required);
 - (ii) the due incorporation, valid and continued existence of GTC as a wholly-owned subsidiary of GMF (including payment of its registered capital in accordance with the PRC laws and its articles of association, to the extent required);
 - (iii) all reasonably relevant approvals, consents, licenses and/or permits in relation to the transactions contemplated under the Sale and Purchase Agreement, including without limitation from the PRC Foreign Exchange Bureau, Industry and Commerce Bureau and the Ministry of Commerce, having been obtained;
 - (iv) completion of all the legal procedures in respect of changing the legal status of GMF from a PRC domestic limited liability company to a Sino-foreign equity joint venture in full compliance with the PRC laws;
 - (v) the legality, validity and enforceability of all the licenses, permits and consents necessary for carrying out the business of GMF and GTC in the PRC; and
 - (vi) that the Vendor is a legal and beneficial owner of the Target Equity Interest.
- (e) receipt by the Purchaser of a confirmation letter in form and substance satisfactory to the Purchaser issued by a practising certified public accountant appointed by the Purchaser confirming, inter alia, that (i) the Vendor has waived all the loans due to him by GMF and GTC and that there is no outstanding loans due by GMF and GTC to the Vendor (if applicable) as at the date of Completion; and (ii) there are no outstanding account payable, loan and amount due to any other parties by GMF and GTC as at the date of Completion;
- (f) the restructuring whereby the transfer of all equity interests in GTC to GMF at nil consideration having been completed and all relevant approvals, consents and permits having been obtained;
- (g) no event having occurred since the date of signing of the Sale and Purchase Agreement to the date of Completion, the consequence of which is to materially and adversely affect the financial position, business or property, results of operations or business prospects of GMF and/or GTC and such material adverse changes (or effect) shall not have been caused; and
- (h) the warranties contained in the Sale and Purchase Agreement remaining true and accurate and not misleading in all material aspects and at all times between the date of the Sale and Purchase Agreement and the date of the Completion.

In the event that not all the above conditions have been fulfilled or waived by the Purchaser at its absolute discretion (other than conditions (a) and (b)) by 31 October 2007 (or by such later date(s) as the parties to the Sale and Purchase Agreement may agree in writing), the Sale and Purchase Agreement shall lapse and be of no further effect and no party to the Sale and Purchase Agreement shall have any claim against or liability or obligation (save as in respect of any antecedent breaches of the Sale and Purchase Agreement).

Completion

Subject to satisfaction of all the conditions precedent in full (save for any condition the full compliance or satisfaction of which has been waived by the Purchaser), Completion shall take place on the fifth business day on which the conditions precedent are satisfied or waived. Upon the Completion, GMF will be held as to 51% by the Purchaser and 49% by the Vendor, and GTC will be wholly-owned by GMF. GMF and GTC will become subsidiaries of the Company and their financial results will be consolidated in the financial results of the Company.

The Deed of Variation

On 24 July 2007, the Purchaser entered into the Deed of Variation with the Vendor pursuant to which the Vendor irrevocably and unconditionally warrants and undertakes to the Purchaser that in the event that the aggregate consolidated Net Profit of GMF attributable to the Target Equity Interest during the Relevant Period as determined by the auditors of GMF is less than RMB30,600,000 (approximately HK\$31,824,000) (“Attained Lower Profit”), then the Vendor shall pay to the Purchaser a cash sum in an amount equal to the shortfall of the Attained Lower Profit bears to RMB30,600,000 (approximately HK\$31,824,000).

If GMF does not have any Net Profit or incurs a net loss during the Relevant Period as determined by the auditors of GMF, then the Vendor shall pay to the Purchaser a cash sum in the amount of RMB30,600,000. If the aggregate Net Profit of GMF attributable to the Target Equity Interest during the Relevant Period as determined by the auditors of GMF is more than RMB30,600,000, the Purchaser shall not be obliged to pay any excess amount to the Vendor.

INFORMATION ON GMF

GMF is a domestic limited liability company duly incorporated in the PRC on 8 June 1999 with an authorised total investment of RMB30,000,000, and a fully paid-up registered capital of RMB3,500,000. GMF is currently held by three Independent Third Parties (“Existing GMF Shareholders”) who are holding all equity interests in GMF (“GMF Equity Interest”) for and on behalf of the Vendor. Each of the Existing GMF Shareholders entered into an equity transfer agreement dated 22 July 2007 with the Vendor (“Equity Transfer Agreement”) pursuant to which the Existing GMF Shareholders agree to transfer to the Vendor the legal ownership in the GMF Equity Interest they held for and on behalf of the Vendor at nil consideration. The Equity Transfer Agreement has not yet been completed as at the date of this announcement pending approval by the relevant government authority in the PRC.

The Existing GMF Shareholders are PRC residents who are principally engaged in operating cafe and bar as well as providing catering services in the PRC.

GMF is principally engaged in operating cafe and bar as well as providing catering services in the PRC. GMF has commenced business since its incorporation until April 2005. GMF has been carrying out renovation work since April 2005. In February 2006, GMF commenced part of its business and is currently still conducting necessary renovation and development works before its business comes into full operation.

Based on the management account of GMF for the years ended 31 December 2005 and 31 December 2006 which was prepared in accordance with the PRC GAAP, the unaudited net asset value of GMF as at 31 December 2005 and 31 December 2006 were approximately RMB750,285 (approximately HK\$780,296) and RMB78,705 (approximately HK\$81,852) respectively. The unaudited loss before tax of GMF for the years ended 31 December 2005 and 31 December 2006 were approximately RMB2,469,848 (approximately HK\$2,568,642) and RMB558,000 (approximately HK\$580,320) respectively. The unaudited net loss after tax attributable to GMF's shareholders for the years ended 31 December 2005 and 31 December 2006 were approximately RMB2,548,559 (approximately HK\$2,650,501) and RMB828,990 (approximately HK\$862,150) respectively.

Based on the management account of GMF for the period from 1 January 2007 to 30 June 2007, the unaudited net asset value of GMF as at 30 June 2007 was approximately RMB244,458 (approximately HK\$254,236) and the unaudited net loss of GMF was approximately RMB165,753 (approximately HK\$172,383).

INFORMATION ON GTC

GTC is a domestic limited liability company to be incorporated in the PRC with an authorised total investment of RMB33,000,000 and a registered capital of RMB3,000,00 (which has not been fully paid-up). GTC will be initially incorporated and held by two Independent Third Parties ("Existing GTC Shareholders") who are currently incorporating GTC and holding all equity interests in GTC ("GTC Equity Interest") for and on behalf of the Vendor. On 22 July 2007, each of the Existing GTC Shareholders entered into an equity transfer agreement with the Vendor pursuant to which they agree to transfer to the Vendor the legal ownership in the GTC Equity Interest they held for and on behalf of the Vendor at nil consideration. The incorporation of GTC and full payment of its registered capital of RMB3,000,000 are expected to be completed by late September 2007 (i.e. before Completion). GTC will be principally engaged in operating cafe and bar as well as providing catering services in the PRC.

The Existing GTC Shareholders are PRC residents who are principally engaged in operating cafe and bar as well as providing catering services in the PRC.

Pursuant to the Sale and Purchase Agreement, it is a condition precedent for Completion that the Vendor shall have completed the restructuring in relation to GMF and GTC (including but not limited to full payment of the registered capital of GTC in the amount of RMB3,000,000) whereby the transfer of all equity interests in GTC to GMF at nil consideration and all relevant approvals, consents and permits shall have been obtained.

Save as disclosed in this announcement, the Company does not have any further capital commitment or a plan for further capital commitment for GMF and GTC as at the date of this announcement.

REASONS FOR THE ACQUISITION

The Group is principally engaged in the business of (i) apparel sourcing, (ii) apparel trading, and (iii) sale support services. The Acquisition provides a good opportunity for the Group to diversify its business and to look for additional income sources. Following completion of the Sale and Purchase Agreement, it is contemplated that the cafe and restaurant chains of GMF and GTC will be operated in the PRC.

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

LISTING RULES IMPLICATIONS

The Acquisition constitutes a major transaction for the Company under the Listing Rules and is therefore subject to the approval of the Shareholders at the EGM. As the Vendor is an Independent Third Party and has no interest in the Shares and no Shareholder has a material interest in the Acquisition which is different from the other Shareholders, no Shareholder is required to abstain from voting in respect of the proposed ordinary resolution to approve the Acquisition at the EGM.

A circular containing, among other things, the details of the Sale and Purchase Agreement and a notice of the EGM to approve the Acquisition will be despatched to the Shareholders as soon as practicable.

PRESS ARTICLES

Reference is made to the press articles appearing on the various newspapers dated 24 July 2007 (the "Articles") regarding the various statements made by the relevant Directors during the press conference held by the Company on 23 July 2007 including but not limited to the possible general offer for Birmingham City Plc. and the revenue to be generated by ticket sales. The Company confirms that such statements were made by the relevant Directors and only relate to the proposed business plan of the Company and that all the financial information appearing on the Articles is merely personal views of the relevant Directors based on past records and a rough estimate of revenue only which is entirely not a profit forecast. Investors are advised not to rely on such statements when dealing in the Shares of the Company.

Save as announced herein, the Company confirms that there are no negotiations or agreement relating to intended acquisitions or realizations which are discloseable under Rule 13.23, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09, which is or may be of a price-sensitive nature.

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 23 July 2007 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 3 August 2007.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Acquisition”	the proposed acquisition of a 51% equity interest in GMF by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors
“Company”	Grandtop International Holdings Limited, a company incorporated in Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
“Completion”	completion of the Acquisition
“Deed of Variation”	the deed of variation dated 24 July 2007 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and if thought fit, approve and the Sale and Purchase Agreement and the Acquisition
“GMF”	Guangzhou Yuexiu Music Factory Entertainment Ballroom 廣州市越秀區音樂工廠娛樂歌舞廳, a domestic limited liability company incorporated in the PRC
“Group”	the Company and its subsidiaries
“GTC”	Guangzhou Tangcheng Culture and Recreation Company Limited 廣州市唐盛文化休閒有限公司, a domestic limited liability company to be incorporated in the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	person who himself is, and (in the case of corporate entity) its ultimate beneficial owners are, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, third parties who are independent of the Company and its connected persons (as that term is defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Net Profit”	means the audited consolidated net profit after taxation of GMF and excluding extraordinary items, any amounts received or written back for debt or any other provisions and, such profit shall be calculated by reference to the prevailing generally accepted accounting principles, standards and practices in Hong Kong during the Relevant Period
“PRC”	the People’s Republic of China
“PRC GAAP”	generally accepted accounting principles in the PRC
“Purchaser”	Far Grow Investments Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Relevant Period”	means a period of two financial years commencing from the date of Completion
“RMB”	Reminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 23 July 2007 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Share(s)”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Equity Interest”	the 51% equity interest in GMF to be sold to the Purchaser by the Vendor pursuant to the Sale and Purchase Agreement
“Vendor”	Chung Tat Fun, an Independent Third Party
“%”	per cent.

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

Hong Kong, 2 August 2007

(In this announcement, the exchange rate of RMB1.00 to HK\$1.04 is used. However, it does not constitute a representation that any amount has been or may be exchanged at this or another rates or at all.)

As at the date of this announcement, the Board comprises of 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. Fu Wing Kwok, Ewing and independent non-executive Directors, namely Mr. Chang Kin Man, Mr. Zhou Han Ping and Mr. Yip Man Ki.