
THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular, you should consult a licensed securities dealer, 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, together with the enclosed form of proxy to the purchaser or transferee or to the bank, a licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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GRANDTOP INTERNATIONAL HOLDINGS LIMITED

泓鋒國際控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 02309)

DEEDS OF VARIATION RELATING TO THE PROPOSED ISSUE OF UNLISTED WARRANTS

Placing Agent



KINGSTON SECURITIES LIMITED

A notice convening the extraordinary general meeting of Grandtop International Holdings Limited to be held at Boardroom 3-4, M/F Renaissance Harbour View Hotel, 1 Harbour Road, Wanchai, Hong Kong on Friday, 2nd November, 2007 at 9:30 a.m. is set out on pages 12 to 13 of this circular. Whether or not you are able to attend the extraordinary general meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit at the Company's Hong Kong Branch Share Registrar, 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 extraordinary general meeting or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the extraordinary general meeting or any adjourned meeting (as the case may be) should you so wish.

* *for identification purpose only*

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DEFINITIONS

In this circular, the following expressions have the meanings respectively set opposite them unless the context otherwise requires:

“Announcement”	the announcement of the Company dated 13th July, 2007 in relation to the Placing
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than Saturday and Sunday) on which 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
“Deed of Variation”	the deed dated 4th October, 2007 relating to the amendment to the longstop date under the Placing Agreement and the Initial Subscription Price
“Deed of Variation II”	the deed dated 12th October, 2007 relating to further amending to longstop date under the Placing Agreement to 30th November, 2007 and additional terms of 6-month lock-up period for exercising the subscription rights in relation to the Warrants
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to approve, among others, the Deed of Variation and the Deed of Variation II
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Independent Third Party”	the counterparty and its ultimate beneficial owners being third parties independent of the Company and connected persons (as defined under the Listing Rules) of the Company
“Initial 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
“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
“Latest Practicable Date”	16th October, 2007, the latest practicable date prior to the issue of this circular for the purpose of ascertaining certain information contained therein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Announcement”	the announcement of the Company dated 5th October, 2007 relating to the Deed of Variation
“New Subscription Price”	HK\$0.80 per Subscription Share (subject to adjustment) which holder of the Warrants may subscribe for the Subscription Shares
“Placee(s)”	any person or entity whom the Placing Agent has 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 out business in type 1 regulated activity (dealing in securities) under Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Placing Agreement”	the conditional placing agreement dated 13th July, 2007 entered into between the Company and the Placing Agent in relation to the Placing (as amended or varied from time to time)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) 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 Share(s)”	new Share(s) 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 New 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
“Warrantholder”	holders of the Warrants
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



GRANDTOP INTERNATIONAL HOLDINGS LIMITED

泓鋒國際控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 02309)

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
Ms. Bessie Siu

Non-Executive Director:

Mr. Christian Lali Karembeu

Independent Non-executive Directors:

Mr. Chang Kin Man
Mr. Zhou Han Ping
Mr. Yip Man Ki
Mr. Yau Yan Ming, Raymond

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

18th October, 2007

To the Shareholders

Dear Sir or Madam,

INTRODUCTION

On 13th July, 2007, the Board announced that the Company had entered into the Placing Agreement with the Placing Agent on 13th July, 2007 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 138,240,000 Warrants, on a fully underwritten basis, at the issue price of HK\$0.1 per Warrant. A circular to Shareholders had been despatched on 27 July, 2007 convening a general meeting to approve the Placing Agreement and the Placing of Warrants. That circular is available for inspection at the principal place of business of the Company and is available for viewing on the website of Hong Kong Exchanges and Clearing Limited website at www.hkex.com.hk and at the website of the Company at www.irasia.com/listco/hk/grandtop/index.htm.

On 4th October, 2007 (after trading hours), the Company entered into the Deed of Variation with the Placing Agent to extend the longstop date in the Placing Agreement to 31st October, 2007 and to vary the Initial Subscription Price to the New Subscription Price. On

* for identification purpose only

LETTER FROM THE BOARD

12th October, 2007 (after trading hours), the Deed of Variation II was also entered into by the Company with the Placing Agent to further extend the longstop date in the Placing Agreement to 30th November, 2007 in order to accommodate the time required to issue this circular and to convene the EGM. Under the Deed of Variation II, a new clause has been added to the Placing Agreement to the effect that the Placing Agent shall use its reasonable endeavours to ensure that each of the Placees shall, upon the Completion, undertake to the Company that it will not for a period of 6 months from the date of issue of the Warrants exercise its subscription rights in relation to the Warrants.

The purpose of this circular is to provide further details of, among others, the Deed of Variation and the Deed of Variation II and give you the notice of EGM.

THE DEED OF VARIATION AND THE DEED OF VARIATION II

Date: 4th October, 2007 and 12th October, 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 is an Independent Third Party.

Extension of the Longstop Date, Change in the Initial Subscription Price and Lock-up Restriction

The Board announced that on 4th October, 2007 (after trading hours), the Company and the Placing Agent entered into the Deed of Variation (i) to further extend the longstop date for satisfaction of the conditions precedent under the Placing Agreement from 5th October, 2007 to 31st October, 2007 as additional time is required for certain placees to confirm their taking up of the Warrants and (ii) to change the Initial Subscription Price from HK\$1.5 to HK\$0.8. The change was made to the Initial Subscription Price as certain investors had requested a discount on the price given the volatile market sentiment and the fact that the price of the Shares have been trading at a deep discount to the Initial Subscription Price since the Announcement.

On 12th October, 2007 (after trading hours), the Deed of Variation II was entered into by the Company with the Placing Agent on 12th October, 2007 to further extend the longstop date in the Placing Agreement to 30th November, 2007 in order to accommodate the time required to issue this circular and to convene the EGM. Under the Deed of Variation II, a new clause has been added to the Placing Agreement to the effect that the Placing Agent shall use its reasonable endeavours to ensure that each of the Placees shall, upon the Completion, undertake to the Company that it will not for a period of 6 months from the date of issue of the Warrants exercise its subscription rights in relation to the Warrants ("Lock-up Restriction"). The implementation of the Lock-up Restriction is to ensure no immediate dilution and pressure on the Share price.

LETTER FROM THE BOARD

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 29th June, 2007 will be financed by shareholders' loan. Assuming the full exercise of the subscription rights attaching to the Warrants at the New Subscription Price, it is expected approximately HK\$110.6 million will be raised which will be utilised by the Group for additional general working capital. The Directors are of the view that the New Subscription Price is fair and reasonable and in the interest of the Company and its shareholders as a whole given the current trading price of the Shares and volatility in the current market.

The New Subscription Price of HK\$0.8 per Subscription Share, represents:

- (i) a discount of approximately 13.98% to the closing price of HK\$0.93 per Share as quoted on the Stock Exchange on 4th October, 2007, being the Last Trading Day;
- (ii) a discount of approximately 11.50% to the average of the closing prices of HK\$0.904 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 15.07% to the average of the closing prices of HK\$0.942 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 15.79% to the closing price of HK\$0.95 per Share as quoted on the Stock Exchange as at the Latest Practicable Date.

The aggregate of the Issue Price and the New Subscription Price of HK\$0.9 represents:

- (i) a discount of approximately 3.23% to the closing price of HK\$0.93 per Share as quoted on the Stock Exchange on 4th October, 2007, being the Last Trading Day;
- (ii) a discount of approximately 0.44% to the average of the closing prices of HK\$0.904 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 4.46% to the average of the closing prices of HK\$0.942 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 5.26% to the closing price of HK\$0.95 per Share as quoted on the Stock Exchange as at the Latest Practicable Date.

LETTER FROM THE BOARD

Save for the further amendments made pursuant to the Deed of Variation and the Deed of Variation II, all other terms of the Placing Agreement shall remain unchanged.

As the Placing Agreement and the Placing had been approved by Shareholders in general meeting on 13th August, 2007, the change for the Subscription Price and the Lock-up Restriction constitute material changes to the terms of the Placing Agreement and as such requires re-approval from Shareholders at the EGM to be convened.

Shareholders should refer to the circular of the Company dated 27th July, 2007 for reference and details of the Placing.

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

The following table summaries the fund raising activities of the Group during the last 12 months before the date of the Placing Agreement:

Date of Announcements	Event	Net Proceeds	Intended use of Proceeds	Actual use of Proceed as at the Latest Practicable Date
6th February, 2007	Issue of 64,000,000	approximately HK\$7,744,000	For general working capital of the Group	The amount of approximately HK\$6,320,000 has been used for general working capital of the Group and the remaining balance has not yet been utilized

LETTER FROM THE BOARD

Date of Announcements	Event	Net Proceeds	Intended use of Proceeds	Actual use of Proceed as at the Latest Practicable Date
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 general working capital of the Group
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 placing was completed on 11th July, 2007. The amount of approximately HK\$65,414,000 has been used for general working capital of the Group

LETTER FROM THE BOARD

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 Latest Practicable Date		Immediately after completion of the Placing and assuming full exercise of the subscription rights attaching to the Warrants	
	<i>No. of Shares</i>	<i>Approximate percentage %</i>	<i>No. of Shares</i>	<i>Approximate percentage %</i>
Huge Gain Development Limited ("Huge Gain") (Note 1)	96,000,000	13.89	96,000,000	11.57
Premier Rise Investments Limited (Note 2)	96,000,000	13.89	96,000,000	11.57
Great Luck Management Limited (Note 3)	125,200,000	18.11	125,200,000	15.09
Ms. Leung Choi Fan (Note 4)	18,975,000	2.75	18,975,000	2.29
Public Shareholders:				
The Placees (Note 5)	—	—	138,240,000	16.67
Other public Shareholders	<u>355,025,000</u>	<u>51.36</u>	<u>355,025,000</u>	<u>42.81</u>
Total	<u>691,200,000</u>	<u>100.00</u>	<u>829,440,000</u>	<u>100.00</u>

Notes:

- 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, Jenny have indirect interest in Nerine Trust.
- Premier Rise Investments Limited, a company incorporated in the British Virgin Islands and wholly owned by Mr. Hui Ho Luek, Vico, a substantial shareholder.

LETTER FROM THE BOARD

3. Great Luck Management Limited, a company incorporated in British Virgin Islands and wholly owned by Mr. Yeung Ka Sing, Carson, a substantial shareholder.
4. Ms. Leung, spouse of Mr. Hui Ho Luek, Vico who wholly and beneficially owns Premier Rise.
5. This represents the number of Shares to be issued upon exercise of the Warrants.

IMPLICATIONS UNDER THE LISTING RULES

As at the Latest Practicable Date, save for the 24,000,000 options granted by the Company on 7th June, 2007 under the share option scheme of the Company adopted on 22nd October, 2002; the 69,120,000 options granted by the Company on 21st August, 2007 under new share option scheme of the Company approved and adopted on 30th July, 2007; 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. Accordingly, the issue of the Warrants will be in compliance with Rule 15.02(1) of the Listing Rules.

GENERAL

The Deed of Variation and the Deed of Variation II are subject to the confirmation, approval and ratification by the Shareholders at the EGM as they constitute material change to the terms of the Placing Agreement.

To the best of the Directors' knowledge, no Shareholders have material interest in the Deed of Variation, the Deed of Variation II and the Specific Mandate which are different than other Shareholders therefore no Shareholders are required to be abstained from voting at the EGM.

EGM

A notice convening the EGM to be held at 9:30 a.m. on Friday, 2nd November, 2007 at Boardroom 3-4 M/F, Renaissance Harbour View Hotel, 1 Harbour Road, Wanchai, Hong Kong is set out on pages 12 to 13 of this circular. Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited, 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

LETTER FROM THE BOARD

for holding the EGM or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

PROCEDURES FOR DEMANDING A POLL

For your further information as required by the Listing Rules, set forth below are the procedures for demanding a poll at general meeting of the Company. Pursuant to Article no. 66 of the Company's Articles of Association, every resolution put to the vote of a general meeting shall be decided on a show of hands unless (before or on the declaration of the results of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three members present in person or in the case of a member being a corporation by its duly authorized representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a member or members present in person or in the case of a member being a corporation by its duly authorized representative or by proxy representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or
- (d) by a member or members present in person or in the case of a member being a corporation by its duly authorized representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

A poll which is duly demanded shall be then held in such manner prescribed by the Articles of Association of the Company.

RECOMMENDATION

The Directors consider that the terms of the Deed of Variation and the Deed of Variation II are fair and reasonable and consider the Deed of Variation and the Deed of Variation II are in the interests of the Company and the Shareholders as a whole. Therefore, the Directors recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM. If the relevant ordinary resolution to be proposed at the EGM is not approved by Shareholders, the Placing will not proceed.

Yours faithfully,
Grandtop International Holdings Limited
Hui Ho Luek, Vico
Executive Director

NOTICE OF EXTRAORDINARY GENERAL MEETING



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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 02309)

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of Grandtop International Holdings Limited (the “Company”) will be held at Boardroom 3-4, M/F Renaissance Harbour View Hotel, 1 Harbour Road, Wanchai, Hong Kong on Friday, 2nd November, 2007 at 9:30 a.m. for the following purpose of considering and, if thought fit, passing with or without modification the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT**

- (a) the deed of variation dated 4th October, 2007 (“Deed of Variation”) and deed of variation dated 12th October, 2007 (“Deed of Variation II”) entered into between the Company and Kingston Securities Limited (a copy of which has been produced to the meeting marked “A” and “B” and signed by the Chairman of the meeting for the purpose of identification respectively), pursuant to which, inter alia, (i) the longstop date in the placing agreement dated 13th July, 2007 entered into between the Company and Kingston Securities Limited (relating to the issue of 138,240,000 unlisted warrants of the Company) be extended to 30th November, 2007; (ii) the subscription price at which holder of warrants may subscribe for shares in the Company be varied to HK\$0.8 per Subscription Share (“New Subscription Price”); and (iii) the Warrants are subject to the 6-month lock-up period for exercising the subscription rights in relation to the Warrants from the date of issue be and is hereby approved, ratified and confirmed;
- (b) any one director of the Company be and is hereby authorised to take such actions or execute such documents to effect the allotment and issue of the shares of the Company upon exercise of the Warrants at the New Subscription Price and to do such other things (including affixing the Company’s common seal) and to take all such action as he or she considers necessary or desirable for the purpose of giving effect to the Deed of Variation and the Deed of Variation II and the

* *for identification purpose only*

NOTICE OF EXTRAORDINARY GENERAL MEETING

allotment and issue of shares of the Company at the New Subscription Price upon exercise of the Warrants.”

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

Hong Kong, 18th October, 2007

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Principal place of business in Hong Kong:

3008, 30th Floor
West Tower, Shun Tak Centre
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 proxies to attend and, in the event of a poll, vote in his stead. A proxy need not be a member of the Company. In order to be valid, the form of proxy must be deposited at the Company's Hong Kong branch share registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, not less than 48 hours before the time for holding the meeting or adjourned meeting.
- (2) In the case of joint holders of shares in the Company, the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holders, seniority being determined by the order in which names stand in the register of members.
- (3) Completion and return of the form of proxy will not preclude members from attending and voting in person at the extraordinary general meeting or any adjournment.
- (4) As at the date of this notice, 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 Karembeu and independent non-executive directors, namely Mr. Chang Kin Man, Mr. Zhou Han Ping, Mr. Yip Man Ki and Mr. Yau Yan Ming, Raymond.