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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: 2309)**

### **TOP-UP PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES AND RESUMPTION OF TRADING**

**Placing Agent**



**KINGSTON SECURITIES LIMITED**

#### **THE TOP-UP PLACING AND TOP-UP SUBSCRIPTION**

On 7 June 2009, the Vendors, the Company and the Placing Agent entered into the Top-up Placing and Subscription Agreement pursuant to which, the Vendors agreed to place, through the Placing Agent, an aggregate of 150,000,000 existing Shares, on a fully underwritten basis, to not fewer than six Placees who and whose ultimate beneficial owners are to be parties independent of the Company and not connected persons (as defined in the Listing Rules) of the Company and its connected persons (as defined in the Listing Rules) and shall be independent of, and not acting in concert with, the Vendors and their concert parties, at a price of HK\$0.40 per Top-up Placing Share. Pursuant to the Top-up Placing and Subscription Agreement, the Vendors conditionally agreed to subscribe for, following the completion of the Top-up Placing, an aggregate of 150,000,000 Top-up Subscription Shares at a Top-up Subscription Price of HK\$0.40 per Top-up Subscription Share.

The Top-up Placing Price (or the Top-up Subscription Price) of HK\$0.40 represents a discount of approximately 14.89% to the benchmarked closing price of HK\$0.47 per Share, which is the higher of (i) the closing price of HK\$0.47 as quoted on the Last Trading Day; and (ii) the average closing price of HK\$0.31 as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Top-up Placing and Subscription Agreement.

\* *For identification purpose only*

A total of 150,000,000 Top-up Placing Shares (or a total of 150,000,000 Top-up Subscription Shares) represent (i) approximately 13.94% of the existing issued share capital of the Company of 1,076,059,000 Shares as at the date of this announcement; and (ii) approximately 12.23% of the issued share capital of the Company of 1,226,059,000 Shares as enlarged by the Top-up Subscription.

The Top-up Subscription is conditional upon (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Top-up Subscription Shares; and (ii) completion of the Top-up Placing.

The gross proceeds from the Top-up Subscription will be HK\$60 million. The net proceeds of approximately HK\$58 million from the Top-up Subscription are intended to be used as general working capital of the Group, for expansion of the Group's business and/or possible investments in the future when opportunities arise.

#### **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 3:12 p.m. on 5 June 2009 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 9 June 2009.

#### **THE TOP-UP PLACING AND SUBSCRIPTION AGREEMENT**

##### **Date**

7 June 2009

##### **Parties involved**

The Vendors, the Company and the Placing Agent

#### **THE TOP-UP PLACING**

##### **Parties involved**

The Vendors and the Placing Agent

## **Placing Agent**

The Placing Agent will receive a placing commission of 2.5% on the gross proceeds of the Top-up Placing Shares being placed, which was arrived at after arm's length negotiations between the Company and the Placing Agent. The Placing Agent and its ultimate beneficial owners are not connected persons (as defined in the Listing Rules) of the Company and its connected persons (as defined in the Listing Rules).

## **Placees**

The Placing Agent has agreed to place the Top-up Placing Shares, on a fully underwritten basis, to not fewer than six Placees who and whose ultimate beneficial owners are to be parties independent of the Company and not connected persons (as defined in the Listing Rules) of the Company and its connected persons (as defined in the Listing Rules) and shall be independent of, and not acting in concert with, the Vendors and their concert parties. No individual Placee will become a substantial Shareholder (as defined in the Listing Rules) immediately after completion of the Top-up Placing.

## **Top-up Placing Price**

The Top-up Placing Price (or the Top-up Subscription Price) of HK\$0.40 represents a discount of approximately 14.89% to the benchmarked closing price of HK\$0.47 per Share, which is the higher of (i) the closing price of HK\$0.47 as quoted on the Stock Exchange on the Last Trading Day; and (ii) the average closing price of HK\$0.31 as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Top-up Placing and Subscription Agreement.

The Top-up Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent on the date of the Top-up Placing and Subscription Agreement. The Directors consider that the terms of the Top-up Placing are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **Number of the Top-up Placing Shares**

A total of 150,000,000 Top-up Placing Shares (or the maximum number of 150,000,000 Top-up Subscription Shares) represent (i) approximately 13.94% of the existing issued share capital of the Company of 1,076,059,000 Shares as at the date of this announcement; and (ii) approximately 12.23% of the issued share capital of the Company of 1,226,059,000 Shares as enlarged by the Top-up Subscription.

## **Ranking of Top-up Placing Shares**

The Top-up Placing Shares rank *pari passu* among themselves and with Shares in issue as at the date of this announcement.

## **Conditions of the Top-up Placing**

The Top-up Placing is unconditional.

## **Completion**

The Top-up Placing is expected to be completed on or before 21 June 2009.

## **THE TOP-UP SUBSCRIPTION**

### **Parties involved**

The Company and the Vendors

### **The Top-up Subscription Price**

The Top-up Subscription Price is HK\$0.40 per Top-up Subscription Share. The Top-up Subscription Price is the same as the Top-up Placing Price and was determined after arm's length negotiation between the Company and the Vendors with reference to the Top-up Placing Price of the Top-up Placing Shares.

### **Number of Top-up Subscription Shares**

The number of Top-up Subscription Shares is equivalent to the number of Top-up Placing Shares, being a total of 150,000,000 Top-up Subscription Shares. The aggregate nominal value of the Top-up Subscription Shares will be HK\$1,500,000.

### **Ranking of Top-up Subscription Shares**

The Top-up Subscription Shares, when allotted and issued and fully paid, will rank *pari passu* among themselves and with the Shares in issue at the time of allotment and issue of the Top-up Subscription Shares.

### **The Top-up Subscription Shares**

The Top-up Subscription Shares are to be allotted and issued under the General Mandate. The total number of issued Shares as at the date of the AGM was 760,320,000 Shares. Pursuant to the General Mandate, the total number of new Shares that the Company is authorised to allot and issue are 152,064,000 Shares (up to 20% of the then issued share capital of the Company). Since the date of the AGM and up to the date of this announcement, no new Shares have been allotted and issued by the Company under the General Mandate.

## **Conditions of the Top-up Subscription**

The Top-up Subscription is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Top-up Subscription Shares; and
- (ii) completion of the Top-up Placing.

## **Completion**

Under Rule 14A.31(3)(d) of the Listing Rules, the Top-up Subscription must be completed within 14 days after the date of the Top-up Placing and Subscription Agreement, that is, on or before 21 June 2009.

In the event that the conditions to the Top-up Placing and Subscription Agreement are not fulfilled by 31 July 2009, or such later date as may be agreed between the Company and the Vendors, the Company and the Vendors may elect, subject to compliance with all requirements in relation to connected transactions under the Listing Rules (including the Shareholder's approval), to postpone completion of the Top-up Subscription to a later date to be agreed between the Company and the Vendors.

## **REASON FOR THE TOP-UP PLACING AND USE OF PROCEEDS**

The Directors considered various ways of raising funds and believe that the Top-up Placing and the Top-up Subscription represent an opportunity to raise capital for the Company while broadening the Shareholder base and capital base of the Company. The recent market sentiment is an appropriate opportunity for the Company in raising capital. Appropriate investment opportunities may arise at any time. The Company may have to make investment decisions regarding these opportunities and to procure funding within a short period of time. It is therefore favourable to the Company to preserve more capital, through the Top-up Placing and the Top-up Subscription, and to enhance the Company with financial flexibility in order to support its ongoing operations and to finance possible investment if suitable opportunities arise. Accordingly, the Directors consider the Top-up Placing and Subscription Agreement is in the interest of the Company and the Shareholders as a whole.

The gross proceeds from the Top-up Subscription will be HK\$60 million. The net proceeds of approximately HK\$58 million from the Top-up Subscription are intended to be used as general working capital of the Group, for expansion of the Group's business and/or possible investments in the future when opportunities arise. The net proceeds raised per Share upon completion of the Top-up Subscription will be approximately HK\$ 0.39 per Share.

## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not conducted any fund raising activities in the past twelve months before the date of this announcement:

<b>Date of announcement</b>	<b>Event</b>	<b>Gross proceeds (approximately)</b>	<b>Intended use of proceeds as announced</b>	<b>Actual use of proceeds</b>
22 May 2008	Issue of convertible notes	HK\$20 million	The proceeds are intended to be used for future expansion, investments, potential corporate acquisitions and general working capital of the Group	Has been used as general working capital of the Group

## EFFECTS ON SHAREHOLDING STRUCTURE

	<b>Immediately before the Top-up Placing and Top-up Subscription</b>		<b>Immediately after the Top-up Placing but before the Top-up Subscription</b>		<b>Immediately after the Top-up Placing and Top-up Subscription</b>	
	<i>Approximate</i>		<i>Approximate</i>		<i>Approximate</i>	
	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
Great Luck Management Limited ( <i>note 1</i> )	115,200,000	10.71%	—	—	115,200,000	9.40%
Mr. Yeung Ka Sing, Carson ( <i>note 1</i> )	53,304,000	4.95%	18,504,000	1.72%	53,304,000	4.35%
Premier Rise Investments Limited ( <i>note 2</i> )	63,000,000	5.86%	63,000,000	5.86%	63,000,000	5.14%
Ms. Leung Choi Fan ( <i>note 3</i> )	18,975,000	1.76%	18,975,000	1.76%	18,975,000	1.55%
Public:						
Placees of the Top-up Placing ( <i>note 4</i> )	—	—	150,000,000	13.94%	150,000,000	12.23%
Other public Shareholders	825,580,000	76.72%	825,580,000	76.72%	825,580,000	67.33%
<b>Total</b>	<b>1,076,059,000</b>	<b>100.00%</b>	<b>1,076,059,000</b>	<b>100.00%</b>	<b>1,226,059,000</b>	<b>100.00%</b>

*Notes:*

- 1) These Shares are held by Great Luck Management Limited, a company incorporated in the British Virgin Islands and wholly owned by Mr. Yeung Ka Sing, Carson, an executive Director.
- 2) These Shares are held by 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) These Shares are held by Ms. Leung Choi Fan, the spouse of Mr. Hui Ho Luek, Vico.
- 4) Such Shares would be allotted and issued upon completion of the Top-up Placing.

## **GENERAL**

The Group is principally engaged in the provision of apparel sourcing and sportswear and apparel trading.

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

## **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 3:12 p.m. on 5 June 2009 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 9 June 2009.

## **Terms and definitions**

“AGM”	the annual general meeting of the Company held on 28 August 2008
“Board”	the board of Directors
“Company”	Grandtop International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange
“Director(s)”	director(s) of the board of the Company
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM

“Great Luck”	Great Luck Management Limited, a company incorporated in the British Virgin Islands with limited liability and its sole beneficial owner is Mr. Yeung
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	5 June 2009, being the last trading date of the Shares prior to the release of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Yeung”	Mr. Yeung Ka Sing, Carson, an executive Director
“Placee(s)”	any individual(s), institutional or other professional investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under Top-up Placing and Subscription 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)
“PRC”	The People’s Republic of China
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Top-up Placing”	the placing of the Top-up Placing Shares by the Placing Agent to the Placees pursuant to the terms of the Top-up Placing and Subscription Agreement
“Top-up Placing and Subscription Agreement”	the agreement dated 7 June 2009 entered into between the Vendors, the Company and the Placing Agent in relation to the Top-up Placing and the Top-up Subscription
“Top-up Placing Price”	HK\$0.40 per Top-up Placing Share



“Top-up Placing Share(s)”	a total of 150,000,000 existing Shares beneficially owned by Great Luck and Mr. Yeung as to 115,200,000 Shares and 34,800,000 Shares respectively and to be placed pursuant to the Top-up Placing and Subscription Agreement
“Top-up Subscription”	the subscription of Top-up Subscription Shares by the Vendors pursuant to the terms of the Top-up Placing and Subscription Agreement
“Top-up Subscription Price”	HK\$0.40 per Top-up Subscription Share
“Top-up Subscription Share(s)”	a total of 150,000,000 new Shares to be subscribed by Great Luck for 115,200,000 Shares and by Mr. Yeung for 34,800,000 Shares pursuant to the Top-up Placing and Subscription Agreement
“Vendors”	collectively Great Luck and Mr. Yeung
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 8 June 2009

*As at the date of this announcement, the executive Directors are Mr. Yeung Ka Sing, Carson, Mr. Hui Ho Luek, Vico, Mr. Steven McManaman, Mr. Fan Zhi Yi, Mr. Lee Yiu Tung, Mr. Ip Wing Lun and Ms. Wong Po Ling, Pauline, the non-executive Directors are Mr. Christian Lali Karembeu and Mr. Chan Wai Keung and the independent non-executive Directors are Mr. Chang Kin Man, Mr. Yau Yan Ming Raymond and Mr. Zhou Han Ping.*