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GRANEAGLE HOLDINGS LIMITED

(鷹 馳 實 業 有 限 公 司 *)

(Incorporated in Bermuda with limited liability)

(Stock Code: 00147)

DISCLOSEABLE TRANSACTION

DISPOSAL OF THE ENTIRE INTEREST IN GENTECH (ASIA) LIMITED

On 11 May 2007, Invigo, a wholly-owned subsidiary of the Company, entered into the Agreement with Trump Star, pursuant to which Invigo agreed to sell and Trump Star agreed to purchase (i) the Sale Shares (which represent the entire issued share capital of Gentech as at the date of the Agreement) and (ii) the Loan (which represents all loans owing by Gentech to Invigo as at the date of the Agreement), at a total consideration of HK\$8,878,686. Completion shall take place within 14 days following the signing of the Agreement.

The Disposal contemplated under the Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. A circular containing, among other things, details of the Agreement and the Disposal will be sent to the Shareholders as soon as practicable.

THE AGREEMENT

Date

11 May 2007

Parties

1. Vendor: Invigo Overseas Limited, a wholly-owned subsidiary of the Company
2. Purchaser: Trump Star Limited, a company legally and beneficially owned by Mr. Ng. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Trump Star and its beneficial owner are third parties independent of the Company and any connected persons of the Company

Interest being disposed of

The entire issued share capital of Gentech and all loans owing by Gentech to Invigo as at the date of the Agreement.

* *for identification purpose only*

Consideration

The Consideration of an aggregate amount of HK\$8,878,686 will be satisfied by payment in cash upon Completion. The Consideration was negotiated between the parties at arm's length on normal commercial terms, having regard to the unaudited consolidated total asset value of the Gentech Group as at 31 March 2007 of approximately HK\$8.88 million.

Having considered the above and the factors described in the paragraph headed "Reasons for the Disposal" below, the Directors are of the view that the terms of the Agreement (including the Consideration) are fair and reasonable and in the interests of the Shareholders as a whole.

Completion

Completion shall take place within 14 days following the signing of the Agreement. After the Completion, Gentech will no longer be a subsidiary of the Company, and the Group will cease to hold any interest in the Gentech Group.

INFORMATION ON THE GROUP AND GENTECH

The principal activity of the Company is investment holding. The principal activities of its subsidiaries consist of (i) garment manufacture and trading and (ii) development, production and distribution of health food products in the PRC. Immediately after the Disposal, the Group will not be engaged in the development, production and distribution of health food products.

Gentech is a wholly-owned subsidiary of Invigo and is beneficially owned as to 100% by Invigo. The Gentech Group is principally engaged in the development, production and distribution of health food and supplement products in the PRC.

The unaudited consolidated net loss (both before and after tax) of the Gentech Group for the years ended 31 March 2005 and 31 March 2006 was approximately HK\$1.53 million and HK\$2.04 million respectively. The unaudited consolidated net liabilities of the Gentech Group as at 31 March 2005 and 31 March 2006 was approximately HK\$2.20 million and HK\$4.03 million respectively.

The total assets of the Gentech Group as at 31 March 2005 and 31 March 2006 was approximately HK\$3.96 million and HK\$9.47 million, which attributed approximately 4.2% and 10.6% to the total asset of the Group as at 31 March 2005 and 31 March 2006 as respectively shown in the 2005 and 2006 Annual Reports of the Company. The unaudited consolidated total asset value and net liabilities of the Gentech Group as at 31 March 2007 was approximately HK\$8.88 million and HK\$4.15 million respectively. The book value of the Loan as at 31 March 2007 was approximately HK\$13.01 million as shown in the unaudited consolidated management accounts of the Gentech Group.

REASONS FOR THE DISPOSAL

As mentioned in the 2006 Annual Report of the Company, the Group was optimistic about the prospect of its core business, i.e. garment manufacture and trading as the PRC and the US had reached a three-year agreement on import of Chinese clothing and textile in November 2005. This agreement had removed the uncertainties for buyers and create a stable and predictable environment for the US importers to place orders again starting from the first quarter of 2006. Therefore, the Directors take the view that the future of the Group's garment business will be on track and the Group plans to expand its production facilities in the future. The 2006 Annual Report further pointed out that the Group decided to put on hold the health supplement business due to the leave of the key member of the research and development team of the Group's health supplement products.

In view of the above, the Directors decided to reformulate the Group's business strategy by disposing Gentech. The Directors considered that the Disposal will allow the Group to focus on its other core businesses, i.e. garment manufacture and trading. Further, the sale proceeds of approximately HK\$8.88 million generated by the Disposal will provide additional working capital for the Group.

FINANCIAL EFFECTS OF THE DISPOSAL

Based on the carrying amount of the Group's investment in the Gentech Group, the Company estimates that the expected net gain from the Disposal (before deducting the related transaction costs) will not be more than HK\$50,000. The Directors consider that the Disposal does not have any significant adverse effect on the financial position of the Group.

GENERAL

The Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing, among other things, details of the Agreement and the Disposal will be sent to the Shareholders as soon as practicable.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Agreement”	the sale and purchase agreement dated 11 May 2007 entered into between Trump Star and Invigo relating to the Disposal
“Board”	board of Directors
“Company”	Graneagle Holdings Limited, a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposal upon the terms set out in the Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the aggregate consideration for the sale and purchase of the Sale Shares and the assignment of the Loan under the Agreement, being a sum of HK\$8,878,686
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Shares and the assignment of the Loan to Trump Star by Invigo
“Gentech”	Gentech (Asia) Limited, a company incorporated in Hong Kong with limited liability, which is beneficially owned as to 100% by Invigo
“Gentech Group”	Gentech and its subsidiaries
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China

“Invigo”	Invigo Overseas Limited, a company incorporated in the British Virgin Islands with limited liability, which is a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	all loans owing by Gentech to Invigo as at the date of the Agreement
“Mr. Ng”	Mr. Ng Siu Kau, a third party independent of the Company and any connected person of the Company
“PRC”	the People’s Republic of China
“Sale Shares”	2 ordinary shares of HK\$1 each in the issued share capital of Gentech, which represent its entire issued share capital as at the date of the Agreement
“Shareholder(s)”	holder(s) of the shares of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trump Star”	Trump Star Limited, a company incorporated in Hong Kong with limited liability
“US”	United States of America
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
Graneagle Holdings Limited
Kong Ho Pak
Chairman

Hong Kong, 15 May 2007

As at the date of this announcement, the Board comprises Mr. Ling Tai Yuk, John, Mr. Kong Ho Pak, Mr. Pang Hon Chung as Executive Directors, Mr. Ng Tze Kin, David, Mr. Chau Wai Yin, Jonathan as Non-executive Directors, Mr. Leung Shu Yin, William, Mr. James Keir and Mr. Lee Tsoh Ching, Jonathan as Independent Non-executive Directors.