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If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Graneagle Holdings Limited**, you should at once hand this circular to the purchaser(s) or the transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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**

30 May 2007

* For identification purpose only

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“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 was beneficially owned as to 100% by Invigo before the Completion
“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
“Latest Practicable Date”	25 May 2007, being the latest practicable date for the purpose of ascertaining certain information contained herein prior to the printing of the circular

DEFINITIONS

“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
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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.



GRANEAGLE HOLDINGS LIMITED
鷹馳實業有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00147)

Executive Directors:

Mr. Kong Ho Pak (*Chairman*)
Mr. Ling Tai Yuk, John (*C.E.O.*)
Mr. Pang Hon Chung

Registered Office:

Clarendon House
Church Street
Hamilton HM11
Bermuda

Non-executive Directors:

Mr. Ng Tze Kin, David
Mr. Chau Wai Yin, Jonathan

Principal Office:

Suite 1114
Lippo Sun Plaza
28 Canton Road
Tsimshatsui, Kowloon
Hong Kong

Independent Non-executive Directors:

Mr. Leung Shu Yin, William
Mr. Lee Tsoh Ching, Jonathan
Mr. James Keir

30 May 2007

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION
DISPOSAL OF THE ENTIRE INTEREST IN
GENTECH (ASIA) LIMITED

INTRODUCTION

On 15 May 2007, the Board announced that 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.

The Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The purpose of this circular is to provide you with details of the Disposal.

* For identification purpose only

LETTER FROM THE BOARD

THE AGREEMENT

Date

11 May 2007

Parties

Vendor: Invigo Overseas Limited, a wholly-owned subsidiary of the Company.

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 person 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.

Consideration

The Consideration of an aggregate amount of HK\$8,878,686 was 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 took place on 23 May 2007. After the Completion, Gentech is no longer a subsidiary of the Company, and the Group ceases to hold any interest in the Gentech Group.

INFORMATION ON THE GROUP AND GENTECH

The principal activity of the Company is investment holding. Before the Completion, 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 is not engaged in the development, production and distribution of health food products.

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

LETTER FROM THE BOARD

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 have decided to reformulate the Group's business strategy by disposing Gentech. The Directors consider 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 material effect on the earnings, assets and liabilities of the Group.

GENERAL

Pursuant to Chapter 14 of the Listing Rules, the Disposal constitutes a discloseable transaction of the Company.

Your attention is drawn to the additional information set out in the appendix to this circular.

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

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement contained herein misleading.

2. DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or they are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules, to be notified to the Company and the Stock Exchange are as follows:

Interest in ordinary Shares of HK\$0.01 each of the Company

Name of Director	Capacity/Nature of Interest	Number of ordinary shares held (long position)	Approximate percentage of the issued share capital of the Company
Ling Tai Yuk, John	Beneficial owner	29,893,336	17.90
	Held by a controlled corporation (<i>Note</i>)	44,705,322	26.76
		74,598,658	44.66
Kong Ho Pak	Beneficial owner	6,647,530	3.98%
Ng Tze Kin, David	Beneficial owner	507,000	0.30%
Chau Wai Yin, Jonathan	Beneficial owner	10,000	0.01%

Note: The shares are held by Accura Overseas Limited, a company incorporated in the British Virgin Islands, wholly and beneficially owned by Mr. Ling Tai Yuk, John.

Interest in Koniko Company Limited – an indirectly wholly owned subsidiary of the Company

Name of Director	Capacity/ Nature of Interest	Number of shares held (long position)
Ling Tai Yuk, John	Beneficial owner	1,550,010 non-voting deferred shares (Note)
Kong Ho Pak	Beneficial owner	664,290 non-voting deferred shares (Note)

Note: The deferred non-voting shares practically carry no rights to dividends or to receive notice of or to attend or vote at any general meeting or to participate in any distribution on winding up.

Save as disclosed herein, as at the Latest Practicable Date, none of Directors and chief executive of the Company has any interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which are required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules to be notified to the Company and the Stock Exchange.

3. DISCLOSURE OF SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, no person, other than Mr. Ling Tai Yuk, John whose interests have been disclosed in the paragraph headed “Disclosure of Directors’ Interests” above, has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

5. MATERIAL LITIGATION

As at the Latest Practicable Date, so far as known to the Directors, there is no litigation or claim of material importance pending or threatened against any member of the Group.

6. COMPETING INTERESTS

In accordance with Rule 8.10 of the Listing Rules, Mr. Ling Tai Yuk, John, a Director, is deemed to have an interest in business that may compete with the subsidiaries of the Company in the garment industry, as mentioned below:

- (i) He is a director and a substantial shareholder of Casual Center Garment Industries Limited, which is engaged in the manufacture and trading of garments;
- (ii) He is a director of Pace Fashion Industries Limited, the principal activities of which are the leasing of properties to companies engaged in the manufacture of garments, the trading of garments and the design and sale of sample garment products; and
- (iii) He is the sole proprietor of Progressive Industries which is engaged in the trading of fabric and garments.

Save as aforesaid, as at the Latest Practicable Date, none of Directors or their respective associates (as defined in the Listing Rules) has any interests in a business which competes or may compete with the business of the Group.

7. MISCELLANEOUS

- (a) Ms. Tam Shuit Mui, a member of both the Hong Kong Institute of Certified Public Accountants and the American Institute of Certified Public Accountants, is the company secretary and the qualified accountant of the Company.
- (b) The registered office of the Company is at Clarendon House, Church Street, Hamilton HM11, Bermuda.
- (c) The principal office of the Company in Hong Kong is at Suite 1114, Lippo Sun Plaza, 28 Canton Road, Tsimshatsui, Kowloon, Hong Kong.
- (d) The branch share registrar of the Company in Hong Kong is Secretaries Limited, 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (e) The English text of this circular shall prevail over their respective Chinese text in the case of inconsistency.