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**GRANDY CORPORATION**

**泓迪有限公司\***

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8143)**

**DISCLOSEABLE TRANSACTION  
AND  
DISCLOSURE PURSUANT TO RULE 17.15 OF THE GEM LISTING RULES  
AND RESIGNATION OF DIRECTOR AND CHANGES IN COMPLIANCE  
OFFICER AND AUTHORISED REPRESENTATIVE**

**Financial Adviser to the Company**



**INCUBUS CORPORATE FINANCE LIMITED**

**MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE PROPOSED  
ACQUISITION**

The Board is pleased to announce that on 30 March 2006, Grand Brilliant, a wholly-owned subsidiary of the Company, entered into the MOU with the Vendor and Hospital Management Company in relation to the proposed acquisition of the whole or part of the equity interests held by the Vendor in the Hospital Management Company by Grand Brilliant.

Hospital Management Company is a company established in the PRC and is principally engaged in the business of healthcare management, training and consultancy etc. in relation to healthcare management mainly for hospitals in the PRC.

\* *for identification purpose only*

A refundable deposit of HK\$10,000,000 will be made by Grand Brilliant pursuant to the MOU and will be financed from the Company's net proceeds from the issue of the Convertible Notes, and will constitute an advance pursuant to Rule 17.15 of the GEM Listing Rules and a discloseable transaction of the Company under the GEM Listing Rules as it exceeds 5% but not more than 25% of the applicable five tests under Chapter 19 of the GEM Listing Rules. A circular containing, among other things, details of the Proposed Acquisition, will be despatched to the shareholders of the Company as soon as practicable.

**The Board wishes to emphasize that no binding agreement in relation to the Proposed Acquisition has been entered into as at the date of this announcement. As the Proposed Acquisition may or may not be entered into, investors and Shareholders are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Proposed Acquisition will be made by the Company in the event any Formal Agreement has been signed.**

### **RESIGNATION OF DIRECTOR AND CHANGES IN COMPLIANCE OFFICER AND AUTHORISED REPRESENTATIVE**

The Board also announces that Mr. Chan Hon Chiu has tendered his resignation as an executive director, the compliance officer and an authorised representative of the Company with effect from 1 April 2006.

The Board further announces that Mr. Yung Kwok Leong has respectively been appointed as the compliance officer and authorised representative of the Company with effect from 1 April 2006.

Reference is made to the previous announcement of the Company dated 2 March 2006 regarding the proposed rights issue of the Company, of which the Group has been in negotiation with the Vendor to enter into the MOU with a view to acquire the whole or part of his equity stake in the Hospital Management Company and has subsequently entered into the MOU.

### **MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE PROPOSED ACQUISITION**

Date: 30 March 2006

- Parties:
- (i) Grand Brilliant, a wholly-owned subsidiary of the Company.
  - (ii) Vendor, who currently has a 51% indirect interests in the Hospital Management Company
  - (iii) Hospital Management Company

## **Major terms of the MOU**

Under the MOU, it is proposed that Grand Brilliant will acquire the whole or part of the equity interests held by the Vendor in the registered capital of Hospital Management Company. Hospital Management Company is a company established in the PRC and is principally engaged in healthcare management business in the PRC.

Under the MOU, both Grand Brilliant and the Vendor will proceed to the negotiation for a legally-binding Formal Agreement on or before 30 June 2006 (or such later date to be agreed by the parties). The entering into the legally-binding Formal Agreement is subject to conditions including, inter alia, the completion of reorganization of Hospital Management Company. It is also agreed that the Vendor will not, prior to 30 June 2006 (or such other date to be agreed by the parties), negotiate with any third party for the disposal of such equity interest in Hospital Management Company. A refundable amount of HK\$10,000,000 is payable by Grand Brilliant to Hospital Management Company as earnest money within three Business Days from the date of the MOU. There is no collateral provided for the deposit paid. The deposit will be financed from the Company's net proceeds from the issue of the Convertible Notes. The Directors consider that the Refundable Deposit, as one of the terms of the MOU, in exchange for an exclusivity period agreed by the Vendor from the date of the MOU up to 30 June 2006 (or such other date to be agreed by the parties), is determined by parties to the MOU as reasonable, under normal commercial terms and negotiated on an arm's length basis.

If no legally-binding Formal Agreement has been entered into on or before the aforesaid date, the sum will be refunded to Grand Brilliant in full (without interest) within three Business Days thereof.

The aggregate consideration for the Proposed Acquisition shall be subject to further negotiation between the parties thereto. It is contemplated that such consideration will be settled in cash and/or consideration shares and/or convertible notes and/or promissory notes of the Company to be determined and agreed by the respective parties.

The MOU does not constitute legally-binding commitment in respect of the Proposed Acquisition. The Proposed Acquisition will be subject to the execution and completion of the Formal Agreement.

A refundable deposit of HK\$10,000,000 to be made by Grand Brilliant pursuant to the MOU will constitute an advance pursuant to Rule 17.15 of the GEM Listing Rules and a discloseable transaction of the Company under the GEM Listing Rules as it exceeds 5% but not more than 25% of the applicable five tests under Chapter 19 of the GEM Listing Rules.

The Acquisition, if the Formal Agreement has been entered into, will also constitute a notifiable transaction pursuant to the GEM Listing Rules.

## **Hospital Management Company**

Hospital Management Company is a company established in the PRC and is principally engaged in the business of healthcare management, training and consultancy, etc. in relation to healthcare management mainly for hospitals in the PRC.

## **Reasons for the Proposed Acquisition**

As disclosed in the previous announcement of the Company dated 2 March 2006 regarding the proposed rights issue of the Company, the Group intends to continue to pursue its principal business and also intends to make investments in the healthcare sector in Hong Kong and the PRC which will bring synergistic effect and positive return to the existing environmental business and related projects of the Company. In order to seek for more business opportunities and to maximize return to the Company in the long run, the Group has decided to cooperate and enter into the MOU with the Vendor and the Hospital Management Company for the provision of healthcare management services (including environmentally-related services) to certain hospitals in the PRC.

**The Board wishes to emphasize that no binding agreement in relation to the Proposed Acquisition has been entered into as at the date of this announcement. As the Proposed Acquisition may or may not be entered into, investors and Shareholders are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Proposed Acquisition will be made by the Company in the event any Formal Agreement has been signed.**

## **General**

The Company and its subsidiaries are principally engaged in the production, sourcing, sales and marketing, design and development of environmental protection products and ancillary services for combating environmental problems.

A circular containing, among other things, details of the Proposed Acquisition, will be despatched to the shareholders of the Company as soon as practicable.

## **RESIGNATION OF DIRECTOR AND CHANGES IN COMPLIANCE OFFICER AND AUTHORISED REPRESENTATIVE**

The Board also announces that Mr. Chan Hon Chiu has tendered his resignation as an executive director, the compliance officer and authorised representative of the Company with effect from 1 April 2006 due to personal reasons. Mr. Chan confirmed that there was no disagreement with the Board, and there was no other matter regarding his resignation that should be brought to the attention of the shareholders of the Company.

The Board further announces that Mr. Yung Kwok Leong has respectively been appointed as the compliance officer and authorised representative of the Company with effect from 1 April 2006. Mr. Yung is currently the executive Director of the Company.

The Board would like to take this opportunity to express its appreciation for Mr. Chan for his contributions towards the Company during his term of service.

## **DEFINITIONS**

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

“Board”	the board of Directors
“Business Day”	any day on which the Exchange is open for the business in dealing securities
“Company”	Grandy Corporation, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM
“Convertible Notes”	the series of unsecured convertible notes issued by the Company in the aggregate principal amount of HK\$18,000,000 on 11 January 2006
“Director(s)”	the director(s) of the Company
“Formal Agreement”	the sale and purchase agreement which may or may not be entered into in relation to the Proposed Acquisition
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM
“Grand Brilliant”	Grand Brilliant Corporation Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Hospital Management Company”	Shanghai Humanity Hospital Management Company Limited (上海博愛醫院管理股份有限公司), a company established in the PRC, together with its associates, to the best of Directors’ knowledge, information and belief having made all reasonable enquiries, is a third party independent of the Company and its connected persons under the GEM Listing Rules
“MOU”	the non-legally binding memorandum of understanding dated 30 March 2006 entered into between Grand Brilliant, the Vendor and the Hospital Management Company setting out the basic understanding in relation to the Proposed Acquisition
“PRC”	The People’s Republic of China, excluding Hong Kong for the purpose of this announcement
“Proposed Acquisition”	the proposed acquisition of the whole or part of the equity interests held by the Vendor in the registered capital of Hospital Management Company, as contemplated under the MOU
“Shareholder(s)”	holder(s) of existing Shares
“Share(s)”	ordinary share(s) of HK\$0.05 each in the issued and unissued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Mr. Wu Wendong, the ultimate beneficial owner of 51% interest in Hospital Management Company, and to the best of Directors’ knowledge, information and belief having made all reasonable enquiries, is a third party independent of the Company and its connected persons under the GEM Listing Rules
“HK\$” and “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong

By order of the Board  
**Grandy Corporation**  
**Yung Kwok Leong**  
*Chairman*

Hong Kong, 30 March 2006

*As at the date of this announcement, the executive Directors are Mr. Yung Kwok Leong, Mr. Chan Hon Chiu and Mr. Yeung Kam Yan. The independent non-executive Directors are Mr. Chan Francis Ping Kuen, Mr. Hsu Shiu Foo, William and Mr. Yu Chai Mei.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website for at least 7 days from the date of its posting and on the website of the Company at [www.grandy.com.hk](http://www.grandy.com.hk).*