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**GRANDY CORPORATION**

**泓迪有限公司\***

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

**(Stock Code: 8143)**

**MAJOR TRANSACTION INVOLVING  
ACQUISITION OF EQUITY INTERESTS IN AND SHAREHOLDERS' LOAN OF  
DAY VIEW GROUP LIMITED  
AND  
PROPOSED CHANGE OF COMPANY NAME  
AND  
RESUMPTION OF TRADING**

**THE ACQUISITION**

The Board is pleased to announce that on 12 June 2006, Grand Brilliant, a wholly-owned subsidiary of the Company, has entered into the Agreement with the Vendor pursuant to which Grand Brilliant agreed to acquire from the Vendor, the Target which comprises the Sale Shares and the Sale Loan, for a total consideration of HK\$96.86 million.

The total consideration of HK\$96.86 million for the sale and purchase of the Sale Shares and the Sale Loan shall be satisfied by Grand Brilliant in the following manner: (i) HK\$10 million as deposit which has already been paid by Grand Brilliant pursuant to the MOU as earnest money; (ii) HK\$76.86 million by procuring the Company to allot and issue the Consideration Shares at an issue price of HK\$0.61 per Consideration Share, credited as fully paid, representing approximately 24.13% of the existing issued share capital of the Company and approximately 19.44% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares upon Completion; and (iii) HK\$10 million by cash upon Completion.

\* *for identification purpose only*

The Target Group is principally engaged in the business of healthcare management and training and consultancy for mainly hospitals in the PRC.

The Directors believe that the Acquisition will provide a stable income source to the Group and will also provide the Group with an opportunity to benefit from the synergistic effect and positive return brought by investments in the healthcare sector in Hong Kong and the PRC.

The Acquisition constitutes a major transaction for the Company under Rule 19.06 of the GEM Listing Rules and is subject to Shareholders' approval at the EGM. A circular will be despatched as soon as practicable to the Shareholders containing details of, among other things, the Acquisition and a notice to convene the EGM in compliance with the GEM Listing Rules.

**As the Completion is subject to a number of conditions, the Acquisition may or may not proceed, Shareholders and the public should exercise caution in dealing in the securities of the Company.**

### **PROPOSED CHANGE OF COMPANY NAME**

The Board further announces that a special resolution will be proposed at the EGM to approve the change of the Company's name from "Grandy Corporation" to "Hua Xia Healthcare Holdings Limited" and upon the name change becoming effective, the new Chinese name "華夏醫療集團有限公司" will be adopted to replace "泓迪有限公司" for identification purposes. A circular containing details of the proposed change of the Company's name and a notice of the EGM will be despatched to the Shareholders as soon as practicable.

### **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 13 June 2006 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 16 June 2006.

The Company noted that the reason given in the announcement for the suspension of trading of the Shares on 13 June 2006 was the entering into of a major transaction in relation to a formation of a joint venture company. The Company wishes to clarify that the reason for the suspension of trading of the Shares should have been the entering into of a major transaction involving the acquisition of equity interests in and shareholders' loan of the Target as announced herein.

## **THE ACQUISITION**

Reference is made to the announcement and the circular of the Company dated 30 March 2006 and 20 April 2006 respectively regarding the MOU in respect of the proposed acquisition of the whole or part of the equity interests indirectly held by the Vendor in Hospital Management Company by Grand Brilliant.

The Board is pleased to announce that on 12 June 2006, Grand Brilliant, a wholly-owned subsidiary of the Company, has entered into the Agreement with the Vendor pursuant to which Grand Brilliant agreed to acquire from the Vendor, the Target which comprises the Sale Shares and the Sale Loan, for a total consideration of HK\$96.86 million.

## **THE AGREEMENT**

Date: 12 June 2006

- Parties: (i) Grand Brilliant, a wholly-owned subsidiary of the Company
- (ii) Vendor, who currently owns 85.8% direct interest in the Target and upon Completion, will own 51% indirect interests in Hospital Management Company, the main operating subsidiary of the Target

The remaining 14.2% interest in the Target is beneficially owned by a Minority Shareholder. Each of the Vendor, the Minority Shareholder, Hospital Management Company and the other shareholders of the remaining 49% interests in Hospital Management Company and their respective ultimate beneficial owners, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third parties independent of each other, the Company and its connected persons in accordance with the GEM Listing Rules.

### **Assets to be acquired**

Pursuant to the Agreement, Grand Brilliant has agreed to acquire and the Vendor has agreed to sell the following:

- (a) the Sale Shares, being 760 shares of US\$1.00 each in the share capital of the Target, representing 76% of the issued share capital of the Target; and
- (b) the Sale Loan, being 76% of all obligations, liabilities and debts owing or incurred by the Target to its existing shareholders comprising the Vendor and the Minority Shareholder, whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion.

Except for the shareholder's loans owed to the Vendor and the Minority Shareholder, the Target and its wholly owned subsidiary, Shine Concord Enterprises Limited, being company through which Hospital Management Company is owned upon completion of the Target Group Reorganisation and Completion, are investment holdings companies which have not been carrying on any businesses since their incorporation. Hospital Management Company will be the main operating subsidiary of the Target. Details of the Target Group are set out under the sub-heading "Group Structure" and further elaborated under the heading "INFORMATION OF THE TARGET GROUP" below.

Based on the unaudited accounts of Hospital Management Company, the unaudited net asset value of Hospital Management Company amounted to RMB21 million (equivalent to approximately HK\$20.19 million) as at 31 December 2005. 76% of the unaudited net asset value of Hospital Management Company would be approximately RMB15.96 million (equivalent to approximately HK\$15.35 million) as at 31 December 2005.

At the time of entering into of the Agreement, the Target owed the Vendor and the Minority Shareholder in aggregate of approximately HK\$10 million and 76% of which is approximately HK\$7.6 million.

### **Consideration**

The total consideration for the sale and purchase of the Sale Shares and Sale Loan is HK\$96.86 million which shall be settled by Grand Brilliant in the following manner:

- (i) as to HK\$10 million as deposit which has been paid by Grand Brilliant as earnest money pursuant to the MOU;
- (ii) as to HK\$76.86 million by procuring the Company to allot and issue the Consideration Shares at an issue price of HK\$0.61 per Consideration Share, credited as fully paid upon Completion; and
- (iii) as to the remaining HK\$10 million by cash upon Completion.

The issue price of HK\$0.61 per Consideration Share represents:

- (i) a discount of approximately 18.67% to the closing price of HK\$0.75 per Share as quoted on the Stock Exchange on 12 June 2006, being the date of the Agreement;
- (ii) a discount of approximately 17.57% to the average closing price of approximately HK\$0.74 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 12 June 2006, being the date of the Agreement;
- (iii) a discount of approximately 17.79% to the average closing price of approximately HK\$0.742 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 12 June 2006, being the date of the Agreement;
- (iv) a discount of approximately 8.82% to the average closing price of approximately HK\$0.669 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including 12 June 2006, being the date of the Agreement;
- (v) a premium of approximately 1.16% over the average closing price of approximately HK\$0.603 per Share as quoted on the Stock Exchange for the last 60 consecutive trading days up to and including 12 June 2006, being the date of the Agreement;

- (vi) a premium of approximately 30.90% to the average closing price of approximately HK\$0.466 per Share as quoted on the Stock Exchange for the last 90 consecutive trading days up to and including 12 June 2006, being the date of the Agreement; and
- (vii) a premium of approximately 1,084.47% over the unaudited pro forma adjusted consolidated net tangible asset value per Share of HK\$0.0515 based on the unaudited consolidated management accounts of the Group as of 30 September 2005 and adjusted by the net proceeds from the rights issue as disclosed in the prospectus of the Company dated 27 March 2006 and the existing issued Shares as at the date of this announcement.

The total consideration for the sale and purchase of the Sale Shares and Sale Loan represents a price earning multiple of 9.8 times of the Guaranteed Profit (as defined herein) and approximately 4.2 times of the unaudited net asset value of Hospital Management Company as at 31 December 2005 attributable to the Company. The price earning multiple of 9.8 times is arrived at by dividing the total consideration of HK\$96.86 million by HK\$9.88 million, being Guaranteed Profit attributable to the Company. The total consideration to the unaudited net asset value of Hospital Management Company attributable to the Company of approximately 4.2 times represents a quotient of HK\$96.86 million, being the total consideration for the Acquisition, over approximately HK\$23 million, being entitlement of the Company under the Acquisition which comprises the summation of the unaudited net asset value of Hospital Management Company of RMB15.96 million (equivalent to approximately HK\$15.35 million) as at 31 December 2005 and approximately HK\$7.6 million loan as at the date of Agreement owed by the Target to the Vendor and the Minority Shareholder attributable to the Company. The loan of HK\$7.6 million will be assigned to Grand Brilliant as part of the Sale Loan upon Completion.

The total consideration, including the issue price per Consideration Share, was determined after arm's length negotiation between Grand Brilliant and the Vendor after having considered: (i) the Profit Guarantee given by the Vendor; (ii) the Directors' belief that the Acquisition will provide a stable income source to the Group and will bring synergistic effect and positive return to the existing environmental business of the Company; (iii) the market prices of the Shares as stated above; (iv) the premium over the net asset value per Share as stated above; and (v) the P/E ratios of a number of listed companies engaging in the healthcare sector ranging from about 10.44 to 20.49 times.

In addition, in consideration for the issue price per Consideration Share, the Directors and the Vendor have also taken into account that: (i) there is no immediate cash outlay; (ii) a lock-up period for the Consideration Shares; (iii) the fluctuation in the price of the Shares as indicated above; and (iv) the liquidity of the Shares.

The Directors (including the independent non-executive Directors) consider the total consideration and the issue price of HK\$0.61 per Consideration Share for the Acquisition to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

As regards, Hospital Management Company, which is going to be the main operating subsidiary of the Target Group, provides mainly services to hospitals in the PRC. The Directors consider that the prospect of a servicing business lies on its earning potential, rather than on its net asset value, as such, comparison with the price earning multiple is a more reasonable reference rather than comparison with the net asset value of the Target Group. Given the potential of the healthcare business in the PRC and price earning multiple of 9.8 times of the Guaranteed Profit falling on the low end of the P/E ratio range of the companies within the industry as disclosed above, the Directors consider a price earning multiple of 9.8 times of the Guaranteed Profit is justified. The Company further explains the reasons for the Acquisition under the heading “REASONS FOR THE ACQUISITION” below.

### **Profit Guarantee**

Pursuant to the Agreement, the Vendor has guaranteed and warranted to Grand Brilliant that the audited consolidated net profit after taxation and extraordinary or exceptional items of the Target Group for the year ending 31 March 2007 (the “**Net Profit**”) shall not be less than HK\$13 million (the “**Guaranteed Profit**”). If the Guaranteed Profit is not achieved, an indemnity amount equivalent to the difference between the actual Net Profit and the Guaranteed Profit shall be payable by the Vendor to Grand Brilliant.

The Target has a year end date of 31 March whereas Hospital Management Company has a year end date of 31 December. The Hospital Management Company has recorded an unaudited profit after taxation of approximately HK\$0.53 million and an unaudited loss after taxation of approximately HK\$0.26 million for the year ended 31 December 2005 and 31 December 2004 respectively. The businesses of Hospital Management Company took off since early 2005. As the number of secured contracts of Hospital Management Company has increased in 2005, Hospital Management Company has turned around its operation from suffering losses into making profit in 2005. In view of the aforesaid, the Vendor is confident in the potential of Hospital Management Company and willing to provide the Guaranteed Profit.

### **Conditions Precedent**

Completion is subject to the following conditions having been fulfilled or waived (as the case may be):

- (a) all necessary consents and approvals required to be obtained on the part of Grand Brilliant and the Vendor in respect of the sale and purchase of the Sale Shares and the Sale Loan and the matters contemplated thereunder having been obtained;
- (b) the warranties given by the Vendor under the Agreement remaining true and accurate in all respects;
- (c) the Listing Committee granting the listing of and permission to deal in the Consideration Shares;

- (d) the passing by the Shareholders at the EGM of necessary resolution(s) to approve the Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Consideration Shares to the Vendor credited as fully paid;
- (e) the obtaining of a PRC legal opinion (in form and substance satisfactory to Grand Brilliant) in relation to the legality of Hospital Management Company's incorporation, Hospital Management Company operating as a going concern and the transaction contemplated under the Agreement;
- (f) Grand Brilliant being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, operations and affairs of the Target Group;
- (g) completion of the Target Group Reorganisation; and
- (h) delivery of a set of audited accounts for the three years ended 31 December 2005 of Hospital Management Company.

Only conditions (b) and (f) are waivable by Grand Brilliant in writing under the Agreement. Grand Brilliant has no current intention to waive any of the waivable conditions above.

The Agreement provides that should the satisfaction of all the above conditions, if not waived by Grand Brilliant, not occur on or before 120 days from the date of the Agreement or such later date as Grand Brilliant and the Vendor may agree in writing, the Agreement shall terminate.

### **Completion**

Completion shall take place at 4:00 p.m. on the third Business Day after all the conditions of the Agreement having been fulfilled or waived or such later date as may be agreed between the Vendor and Grand Brilliant.

The Company will issue to the Vendor the Consideration Shares on the date of Completion.

### **TERMS OF CONSIDERATION SHARES**

126,000,000 Consideration Shares will be issued at an issue price of HK\$0.61 per Consideration Share, credited as fully paid. The Consideration Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares then in issue which includes the right to receive all dividends, distributions and other payments made or to be made, the record date for which falls on or after the date of such allotment and issue.

The Consideration Shares represent: (i) approximately 24.13% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 19.44% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

## Non-disposal of Consideration Shares

The Vendor undertakes to and covenants with Grand Brilliant that, it will not, within the period commencing on the date of Completion and ending on the date falling six months after Completion, transfer or otherwise dispose of or create any encumbrance or other rights in respect of any of the Consideration Shares except with the prior written consent of Grand Brilliant.

## Application for listing

Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares.

## Mandate to issue Consideration Shares

The Directors will seek a specific mandate from the Shareholders at the EGM to allot and issue the Consideration Shares.

## CHANGES IN SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company before and immediately after Completion:

Shareholders	Shareholdings as at the date of this announcement and before Completion		Shareholdings immediately after issue of Consideration Shares upon Completion	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Easeglory Holdings Limited & Mr. Yung Kwok Leong ( <i>Note 1</i> )	126,929,000	24.30%	126,929,000	19.58%
Top Rainbow Ltd. ( <i>Note 2</i> )	67,351,887	12.90%	67,351,887	10.39%
Ms. Shum Ngai Pan ( <i>Note 3</i> )	3,600,000	0.69%	3,600,000	0.56%
Mr. Weng Jiaxing ( <i>Note 3</i> )	3,750,000	0.72%	3,750,000	0.58%
Ms. Ge Su Lan ( <i>Note 4</i> )	2,420,000	0.46%	2,420,000	0.37%
The Vendor	–	–	126,000,000	19.44%
Public	318,193,362	60.93%	318,193,362	49.08%
Total	<u>522,244,249</u>	<u>100%</u>	<u>648,244,249</u>	<u>100%</u>



Notes:

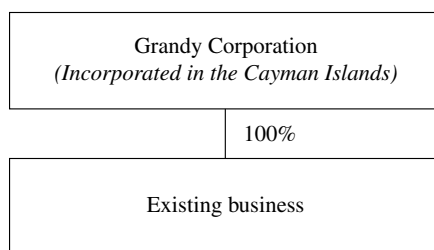
1. The issued share capital of Easeglory Holdings Limited is 100% beneficially owned by Mr. Yung Kwok Leong, an executive Director and the chairman of the Company.
2. The issued share capital of Top Rainbow Ltd. is 100% beneficially owned by Mr. Yang Pei Gen.
3. Ms. Shum Ngai Pan and Mr. Weng Jiaxing are executive Directors.
4. Ms. Ge Su Lan is the spouse of Mr. Weng Jiaxing.

The Vendor will become a new substantial shareholder (as defined under the GEM Listing Rules) of the Company as a result of the allotment and issue of Consideration Shares to him upon Completion.

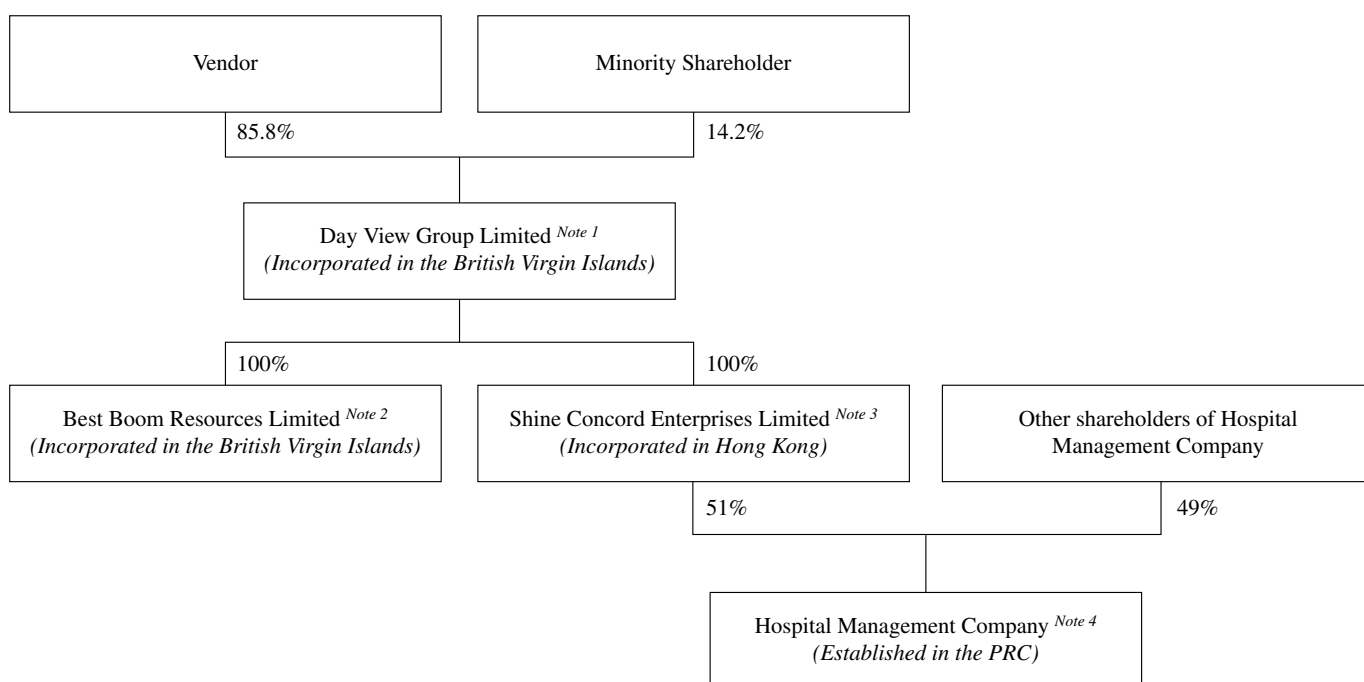
**Group Structure:**

The diagram below shows separately the structure of the Group and the Target Group immediately before Completion:

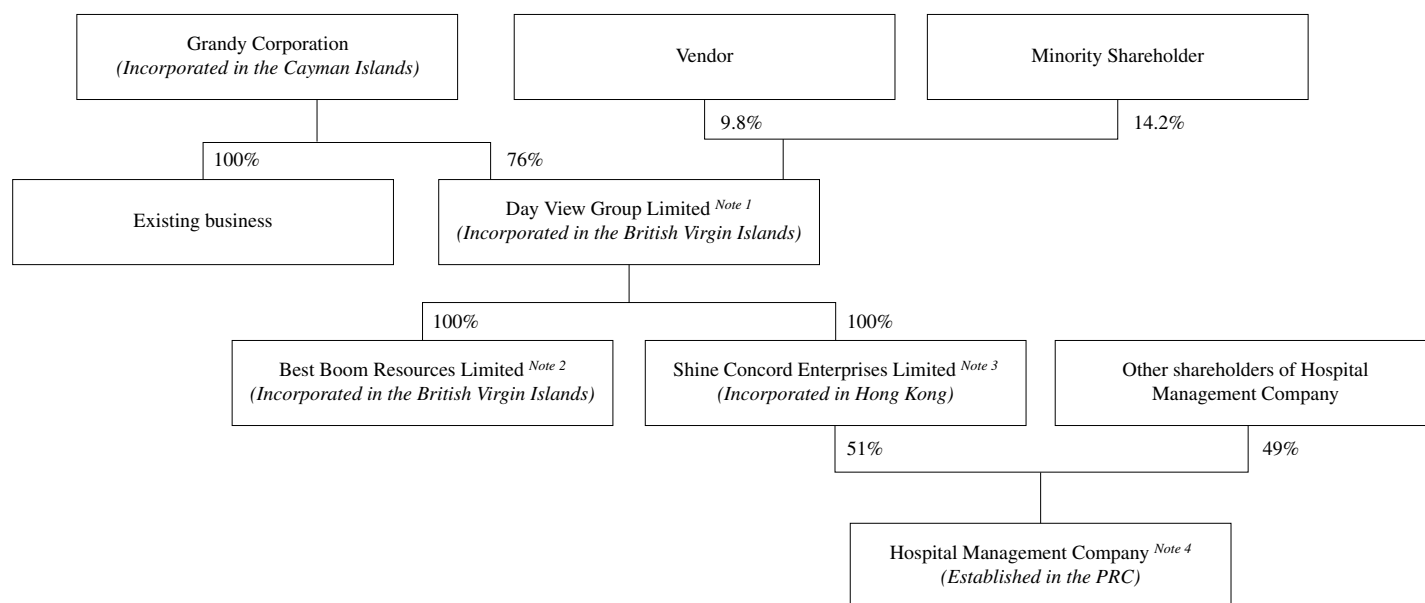
**Structure of the Group:**



**Structure of the Target Group:**



The diagram below shows the structure of the Group immediately after Completion:



*Notes:*

1. The Target, an investment holding company established solely for the purpose of holding Shine Concord Enterprises Limited.
2. Best Boom Resources Limited is a company incorporated in the British Virgin Islands on 26 September 2005 and intends to carry on principal business of the provision of consultancy services in aspects of hospital management including overall packaging, planning, logistics and procurement and administrative support which has yet commenced its business since its incorporation.
3. Shine Concord Enterprises Limited is a company incorporated in Hong Kong on 24 August 2005 as an investment holding company solely for the purpose of holding the interests of Hospital Management Company.
4. Hospital Management Company is a company established in the PRC on 3 August 2001. In accordance with its business license, Hospital Management Company is principally engaged in the business of healthcare management and training and consultancy for mainly hospitals in the PRC. The business of Hospital Management Company is further elaborated under the heading “INFORMATION OF THE TARGET GROUP” below.

**CHANGE IN COMPOSITION OF THE BOARD**

Upon Completion, the Vendor has no present intention to nominate any representative to the Board as a result of the Acquisition.

## **INFORMATION OF THE TARGET GROUP**

As mentioned above, the Target is an investment holding company with Hospital Management Company, its main operating subsidiary upon Completion, being principally engaged in the business of healthcare management and training and consultancy for mainly hospitals in the PRC. The services provided by the Target Group includes advising on the management strategies, operation and business model, logistics and procurement, workflow and human resources, market strategies and providing training and administrative support. As set out above, Target Group comprises the Target, being the immediate holding company, and two wholly owned subsidiaries of Best Boom Resources Limited and Shine Concord Enterprises Limited with the latter owning 51% of Hospital Management Company upon completion of the Target Group Reorganisation. Whereas the Target and Shine Concord Enterprises Limited are holding companies only, Best Boom Resources Limited intends to carry on principal business of the provision of consultancy services in aspects of hospital management including overall packaging, planning, logistics and procurement and administrative support. As at the date of this announcement, apart from owing loan to the Vendor and the Minority Shareholder as at the date of the Agreement, the Target, Shine Concord Enterprises Limited and Best Boom Resources Limited have not been carrying out operations since their incorporation.

Upon Completion, the Company intends to obtain majority control over the Target Group by nominating its representatives to the board of the Target Group and as senior management.

According to the unaudited accounts of Hospital Management Company for the 2 years ended 31 December 2005 (which were prepared in accordance with the generally accepted accounting principles in Hong Kong) provided by the Vendor, Hospital Management Company recorded an unaudited profit before taxation of approximately RMB0.67 million (equivalent to approximately HK\$0.64 million) and unaudited profit after taxation of approximately RMB0.55 million (equivalent to approximately HK\$0.53 million) for the year ended 31 December 2005 and unaudited loss before taxation of approximately RMB0.27 million (equivalent to approximately HK\$0.26 million) and unaudited loss after taxation of approximately RMB0.27 million (equivalent to approximately HK\$0.26 million) for the year ended 31 December 2004. Hospital Management Company has also recorded and unaudited net asset value of approximately RMB21 million (equivalent to approximately HK\$20.19 million) as at 31 December 2005; and an unaudited net asset value of approximately RMB20 million (equivalent to approximately HK\$19.23 million) as at 31 December 2004.

## **REASONS FOR THE ACQUISITION**

The Group is principally engaged in the production, sourcing, sales and marketing, design and development of environmental protection products and ancillary services for combating environmental problems in, particularly, the PRC and Korea.

Prior to entering into of the MOU and the Agreement, the Group has been cooperating with Hospital Management Company for the provision of healthcare management services (including environmentally-related services) to certain hospitals in the PRC. Moreover, in order to explore more business opportunities in the healthcare sector in the PRC and in view of the established business relationship with the Vendor, the Company has entered into the MOU with the Vendor and Hospital Management Company on 30 March 2006 in relation to the proposed acquisition of the whole or part of the equity interests held by the Vendor in Hospital Management Company, by Grand Brilliant. Further to the MOU, Grand Brilliant decided to enter into the Agreement with the Vendor to secure equity interests in the Hospital Management Company. While developing the business in the healthcare sector, the Group will continue to pursue its principal business in the environmental business.

Upon Completion, the Target will become a non wholly-owned subsidiary of the Group and the accounts of the Target will be consolidated into the accounts of the Group. The Directors consider that the Acquisition will enhance the Group's overall business performance, strengthen its revenue bases and diversify its business risk through the synergistic effect. Taking into account of the benefits of the Acquisition as described above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Acquisition are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

## **GEM LISTING RULES IMPLICATION**

The Acquisition constitutes a major transaction for the Company under Rule 19.06 of the GEM Listing Rules and is subject to Shareholders' approval at the EGM. The Board confirms, having made all reasonable enquiries, that no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition and no Shareholders have any interest in the Acquisition. A circular will be despatched as soon as practicable to the Shareholders containing details of, among other things, the Acquisition and a notice to convene the EGM in compliance with the GEM Listing Rules.

## **PROPOSED CHANGE OF COMPANY NAME**

The Board proposes to change the name of the Company from "Grandy Corporation" to "Hua Xia Healthcare Holdings Limited" and upon the name change becoming effective, the new Chinese name "華夏醫療集團有限公司" will be adopted to replace "泓迪有限公司" for identification purposes. The Board believes that the change of the Company's name would benefit its future business development as the new name would better reflect the recent expansion of the Company's business into the healthcare sector.

The proposed change of the Company's name will be subject to the following:

1. the passing of a special resolution by the Shareholders at the EGM to approve the change of the Company's name; and
2. the Registrar of Companies in the Cayman Islands approving the change of name of the Company.

The new name of the Company will take effect from the date of entry of the new name on the register maintained by the Registrar of Companies in the Cayman Islands. The Company will then carry out all necessary filing procedures with the Companies Registry in Hong Kong.

The change of company name will not affect any rights of the holders of securities of the Company. The existing certificates in issue bearing the present name of the Company shall, after the proposed change of the Company's name becoming effective, continue to be evidence of title to such securities and will be valid for trading, settlement, and registration purposes. There will not be any arrangement for exchange of the existing share certificates. Once the change of the Company's name has become effective, new share certificates will only be issued in the new name of the Company.

A circular containing details of the proposed change of company name and a notice of the EGM will be despatched to the Shareholders as soon as practicable.

The Company will make further announcements as and when appropriate on the outcome of the EGM and the arrangement relating to the change of company name, the trading and dealings in the securities of the Company on the GEM under the new name of the Company and as to when the new name of the Company becoming effective.

## **GENERAL**

**As Completion is subject to a number of conditions, the Acquisition may or may not proceed, Shareholders and the public should exercise caution in dealing in the securities of the Company.**

## **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 13 June 2006 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 16 June 2006.

The Company noted that the reason given in the announcement for the suspension of trading of the Shares on 13 June 2006 was the entering into of a major transaction in relation to a formation of a joint venture company. The Company wishes to clarify that the reason for the suspension of trading of the Shares should have been the entering into of a major transaction involving the acquisition of equity interests in and shareholders' loan of the Target as announced herein.

## DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Sale Shares and the Sale Loan in accordance with the terms contained in the Agreement
“Agreement”	the conditional sale and purchase agreement dated 12 June 2006 entered into between Grand Brilliant and the Vendor relating to the Acquisition
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Grandy Corporation, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Agreement
“Consideration Share(s)”	126,000,000 new Shares to be issued by the Company as part of the consideration for the Acquisition payable under the Agreement
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Acquisition and/or the proposed change of Company’s name (as the case may be)
“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”	together, the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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, which together with its associates, to the best of Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons under the GEM Listing Rules
“Listing Committee”	the listing committee appointed by GEM for consideration of application for listing and the granting of listing
“Minority Shareholder”	the beneficial owner of 14.2% interests in the Target, a company incorporated in the British Virgin Islands
“MOU”	the non-legally binding memorandum of understanding dated 30 March 2006 entered into between Grand Brilliant, the Vendor and Hospital Management Company setting out the basic understanding in relation to the proposed acquisition, details of which have been set out in the announcement of the Company dated 30 March 2006
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administration Region of the PRC and Taiwan
“Profit Guarantee”	the profit guarantee provided by the Vendor under the Agreement in respect of the audited consolidated net profit after taxation and extraordinary or exceptional items of the Target Group for the year ending 31 March 2007 will not be less than HK\$13 million
“Sale Loan”	76% of all obligations, liabilities and debts owing or incurred by the Target to its existing shareholders comprising the Vendor and the Minority Shareholder, whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion
“Sale Shares”	760 shares of US\$1.00 in the share capital of the Target, representing 76% of the issued share capital of the Target and is legally and beneficially owned by the Vendor
“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
“Target”	Day View Group Limited, a company incorporated in the British Virgin Islands which is 85.8% beneficially owned by the Vendor before Completion
“Target Group”	together, the Target and its subsidiaries, including Hospital Management Company upon Completion
“Target Group Reorganisation”	the restructuring of the Target Group prior to Completion which includes, among other matters: <ul style="list-style-type: none"> <li>(i) the transfer of 51% equity interests in Hospital Management Company to Shine Concord Enterprises Limited, a wholly owned subsidiary of the Target and having completed the transformation of Hospital Management Company into a sino-foreign enterprise in the PRC; and</li> <li>(ii) the registered capital of Hospital Management Company having been increased from RMB20,000,000 (equivalent to approximately HK\$19,230,769) to RMB30,000,000 (equivalent to approximately HK\$28,846,154) and the Vendor having fulfilled his contribution obligation on such increase of registered capital</li> </ul>
“Vendor”	Mr. Wu Wendong, the ultimate controlling shareholder of the Target which will indirectly hold 51% interests in Hospital Management Company upon completion of the Target Group Reorganisation
“HK\$” and “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

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

Hong Kong, 15 June 2006



*For the purpose of this announcement, unless otherwise specified, conversion of RMB into HK\$ is based on the approximate exchange rate of HK\$1.00 to RMB1.04. The exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been or may be exchanged at this or any other rates at all.*

*As at the date of this announcement, the executive Directors are Mr. Yung Kwok Leong, Ms. Shum Ngai Pan, Mr. Chen Jin Shan and Mr. Weng Jiaxing. 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 Company. 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 GEM website on the “Latest Company Announcements” page and on the website of the Company at [www.grandy.com.hk](http://www.grandy.com.hk) for at least 7 days from the date of its posting.*